

**FRANCHISE DISCLOSURE DOCUMENT  
for Unit Franchises**



**Kramerica Enterprises, LLC**  
A Wisconsin Limited Liability Company,  
d/b/a Jan-Pro Franchise Development of Greater Madison  
d/b/a Jan-Pro Franchise Development of Northwestern Illinois  
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As a JAN-PRO Cleaning & Disinfecting unit franchisee, you will own and operate an independent cleaning and maintenance business that performs commercial, industrial and institutional cleaning and maintenance services under the service mark “JAN-PRO Cleaning & Disinfecting” and other trademarks, trade names, service marks, slogans and logos we authorize.

The total investment necessary to begin operation of a JAN-PRO Cleaning & Disinfecting unit franchised business is between \$3,433 and \$65,270. This includes between \$1,008 and \$51,000 that must be paid to the franchisor or its affiliate(s).

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 governmental 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 Corey Thompson at Kramerica Enterprises, LLC, 525 Junction Road Suite 6500, Madison, WI 53717, (925) 200-8807.

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

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

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

**Issuance Date: May 14, 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 Item 20 or Exhibits D and E.
<b>How much will I need to invest?</b>	Item 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 C 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 JAN-PRO 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 JAN-PRO franchisee?</b>	Item 20 or Exhibits D and E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising Generally

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

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

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

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

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

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

**When you 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 Exhibit E.

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

## Special Risks to Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Wisconsin. 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, and/or litigate with the franchisor in Wisconsin than in your own state.
2. **Royalty Fees.** You will be subject to a royalty fee of 12% of total revenues due from all accounts for services you provide. If you choose to engage the franchisor to provide billing and accounting services, the franchisor will invoice and collect payment from your accounts and deduct and pay itself royalty fees, support fees, collection costs, and any other money due to the franchisor. On the last business day of each month, the franchisor will remit net amount billed to your recurring accounts from the previous month. If accounts you service do not pay, you suffer the loss of non-payment.
3. **Personal Guarantees.** As you are a partnership, corporation or limited liability company, all of your owners will be required to sign personal guarantees. This requirement places the personal assets of the franchise owner(s) at risk.
4. **Security Interest.** Your obligations under the promissory note are secured by a security interest in all your assets, including all equipment, inventory, agreements, contracts, accounts, accounts receivables, and all other property you own, or will later acquire, used in the franchise business.
5. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
6. **Customer Accounts.** The size, number and location of accounts offered to you are solely within the franchisor's discretion. If you reject an account that the franchisor offers you, the franchisor is under no obligation to replace it.
7. **Loss of Customers.** After six months, if you lose a customer account for any reason, the franchisor is under no obligation to replace it.
8. **Additional Accounts.** Once the franchisor's contractual obligation to offer you initial customer accounts has been fulfilled, the franchisor is under no contractual

obligation to expand your business with additional customer accounts, even if you are willing to pay for them.

9. **Billing for Customers.** You have the option of contracting with the franchisor to perform billing and collection for all services that you provide to your customers, whether you obtain the customer or you purchase the customer contract from the franchisor. In these circumstances, if accounts you service do not pay, you suffer the loss of nonpayment. In these circumstances, if the franchisor takes action to collect payments, the franchisor does so solely at your expense.
  
10. **Pricing of Customer Accounts.** Franchisor will provide sales and marketing support for your business at the direction of the franchise community, through the guidance of the Pricing Council. The Pricing Council is comprised of [minimum 8, maximum 16] representative members of our franchise community; owners are a cross-section of company size, local geographic and vertical market expertise, and experience. The franchisees use industry recognized production rates as published by the ISSA as part of the pricing model. All sales and marketing services for accounts are based on the pricing directives provided by the franchise owner Pricing Council. All information used in determining how an individual account, such as the bid worksheet and supporting documentation, will be made available to you during the offer period. Despite the fact that account pricing is set by the Pricing Council, as an independent business, you will need to determine whether the pricing of any account/contract conforms to the profitability needs of your business.

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

To simplify the language in this disclosure document, Kramerica Enterprises, LLC means the franchisor and is referred to in this disclosure document as “we,” “us,” and “our.” “You” and “your” means the entity (generally a corporation or limited liability company) that buys the franchise, the franchisee. You may not acquire the franchise as a sole proprietor. All of your owners must agree to be personally bound under the franchise agreement.

Our Information

We are a Wisconsin limited liability company that was organized on July 11, 2022. We do business under the name Jan-Pro Franchise Development of Greater Madison and Jan-Pro Franchise Development of Northwestern Illinois. Our principal business address is 525 Junction Road Suite 6500, Madison, WI 53717. Our agent for service of process is listed in Exhibit D.

We are in the business of offering, selling and supporting Jan-Pro Cleaning & Disinfecting unit franchises (“Franchise(s)” or “Unit Franchises”) and we also provide outsourced sales and marketing services, billing and collection services, and customer management services on behalf of unit franchisees for a fee. We do not provide janitorial or cleaning services. We have been offering Unit Franchises since January 13, 2023. Although we are a Jan-Pro regional franchise developer, we have never operated a Franchise. We also have never offered franchises in any other line of business.

Our Parents

We have no parents.

Our Affiliates

We have no affiliates that are selling Unit Franchises or that provide products or services to our Unit Franchisees.

Our Predecessor

We have no predecessors.

The Franchises Offered

Jan-Pro Franchising International, Inc. (the “Master Franchisor”) has developed a system (the “System”) to independently own and operate a comprehensive cleaning and maintenance business that performs commercial janitorial and related services under the service mark “JAN-PRO Cleaning & Disinfecting” and other trademarks, trade names, service marks, slogans and logos that it authorizes (collectively, the “Proprietary Marks”). The Master Franchisor has granted us the right to offer and sell Unit Franchises to persons who want to independently own and operate JAN-PRO Cleaning & Disinfecting franchised businesses that service janitorial customers of the Unit Franchise in our designated territory. Our designated territory includes Dane, Green, Iowa, Jefferson, Lafayette, and Rock counties for Jan-Pro Franchise Development of Greater Madison; and Boone, Carroll, DeKalb, Lee, Ogle, Stephenson, and Winnebago counties for Jan-Pro Franchise Development of Northwestern Illinois (the “Territory”). Selling and servicing these Unit Franchises and providing outsourced sales and marketing services, billing and



collection services and customer management services to our Unit Franchisees, is our only businesses. Neither we, nor the Master Franchiser, provides janitorial or cleaning services.

Each Unit Franchise is an independently owned and operated business. When you purchase a Unit Franchise from us, you will sign a unit franchise agreement (“Franchise Agreement”). The Franchise Agreement includes the rights and responsibilities you have when operating your Unit Franchise under the “JAN-PRO Cleaning & Disinfecting” brand. Each Unit Franchise provides janitorial and related services under the Proprietary marks for one or more customer accounts that you own, engage and/or services (an “Account”). Accounts include those accounts you purchase from us (if any) and those accounts that you procure without our assistance but that you service under the Proprietary Marks.

You also have the option of signing a support services agreement, under which you can elect to have us provide billing and accounting services and certain other support services (the “Support Services Agreement”). You are not required to sign the Support Services Agreement and you may perform these services for your accounts or contract with a third party to perform these services.

You operate your Unit Franchise as an independent business owner, not as our or anyone else’s employee. As the owner of your own independent franchised business, you make all decisions on the goals of your franchised business and on how you achieve those goals. You alone choose the details of the day-to-day operations of your Unit Franchise, subject to our System brand standards, which are necessary to protect and promote the JAN-PRO Cleaning & Disinfecting™ brand.

For example, you choose your work hours and what work is done and how it is done (subject to customers’ preferences); you may hire your own employees and you may delegate work to your employees; you independently employ your own employees, and you determine those matters governing the essential terms and conditions of their employment, including hiring, firing, disciplining, setting compensation and benefits, and supervising performance; you furnish your own supplies, equipment and workplace; and you pay for your own expenses. We do not pay you a wage or salary, and you may suffer losses if you are not successful in your Franchise.

As an independent business owner, you must prepare, file and pay all federal and state taxes, payments and tax returns required on all income you earn from your Franchise, including all income, unemployment and payroll taxes, such as FICA (social security and Medicare), FUTA (federal unemployment), and SECA (self-employment contributions) payments. You must also comply with all laws, including, but not limited to, all employment laws.

### General Market and Competition

Your market includes commercial customers requiring janitorial or maintenance services. Typical customers are offices, retail stores, automobile dealerships, childcare businesses, churches, fitness centers, medical facilities, etc. The market for commercial janitorial services is well developed. You will compete with individuals and other businesses that offer janitorial and building maintenance services.

### Industry Regulations

Some of the laws specific to the commercial cleaning industry are health and sanitation laws and the Occupational Safety and Health Act (“OSHA”). OSHA regulations require you to comply with Safety Data Sheets (“SDS”) concerning cleaning chemicals and waste disposal. There may be other laws applicable to your Franchise. You should research these laws.



Laws and regulations vary widely from place to place. You should consult an advisor in your area to determine all applicable laws and regulations. You must also obtain all necessary permits, licenses and approvals to operate your Unit Franchise.

#### The Master Franchisor's Corporate Information and Business Experience

The Master Franchisor is a Massachusetts corporation incorporated on April 6, 1995. The Master Franchisor does business as Jan-Pro Systems International™ and Jan-Pro. The Master Franchisor's principal business address is 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. The Master Franchisor has never operated a Jan-Pro unit franchise and it does not offer or sell Unit Franchises such as those that we offer. It has offered and sold Jan-Pro regional franchise development franchises such as ours since 1995. As of September 30, 2023, the Master Franchisor had 107 operating regional franchise development franchises. The Master Franchisor has never operated a regional franchise development franchise; however, in the past, it has owned subsidiaries that have operated businesses similar to the regional franchise development franchise. The Master Franchisor has never offered franchises in any other line of business and has no other business activities.

#### The Master Franchisor's Parents, Affiliates and Predecessors

The Master Franchisor is a wholly-owned subsidiary of Empower Brands Franchising LLC formerly known as Lynx Franchising, LLC, a Delaware limited liability company ("Empower Brands"). Empower Brands was known as Lynx Franchising, LLC from April 2019 to January 2023, and before that was known as Premium Franchise Brands, LLC until April 2019. Empower Brands is owned by Lynx-JP Holdings, Inc., a Delaware corporation ("Lynx-JP Holdings"). Lynx-JP Holdings was formerly known as Jan-Pro Holdings, Inc. and was purchased on December 23, 2020, by MidOcean BCAT Holdings, Inc., a Delaware corporation ("BCAT"). BCAT is owned by Bobcat Holdings Group, LP, a Delaware limited partnership ("Bobcat"). Bobcat is majority owned by MidOcean Associates V, LP ("MidOcean"). Empower Brands, Lynx-JP Holdings, BCAT and Bobcat each have a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009. MidOcean has a principal business address of 245 Park Avenue, 38th Floor, New York, New York 10167. None of these entities has ever operated a regional franchise development or unit franchise, nor have they offered franchises in this or any other line of business.

Although the Master Franchisor is owned by Empower Brands, it has no parent that shapes its policies or controls franchise sales or operations. It makes its own decisions on policies and franchise sales and operations. The Master Franchisor has no predecessors.

#### The Master Franchisor's Affiliates

Jan-Pro Enterprises, LLC ("JPE") sells and supports JAN-PRO Franchise Development country master franchises and international regional franchise development franchises that sell franchises and provide support services under the JAN-PRO Cleaning & Disinfecting brand for the operation of janitorial and building maintenance service franchises outside of the United States. JPE, with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009 was formed as a Delaware limited liability company on February 15, 2005. JPE has offered JAN-PRO franchises outside of the United States since February 2005 and operates a National Accounts program for the benefit of JAN-PRO Cleaning & Disinfecting franchisees. As of September 30, 2023, there were eight country or international regional developer franchises operating outside of the United States. JPE has never conducted a business of the type that you will operate and has not offered franchises in any other line of business.

PMA Insurance SPC, Cayman (“PMA”), a subsidiary of Lynx-JP Holdings, is a Cayman Island Company formed on December 15, 1999. A segregated portfolio (PMA Insurance SPC, Cayman for and on behalf of JAN-PRO Segregated Portfolio) was created in 2018 to facilitate participation in the reinsurance program by Lynx-JP Holdings. PMA’s principal business address is Governors Square, Building 4, 2<sup>nd</sup> Floor, 23 Lime Tree Bay Avenue, P.O. Box 1051, Grand Cayman, KY1-1102 Cayman Islands. PMA operates a captive worker’s compensation insurance program through which franchisees may (but are not required to) participate in the Business Protection Program that is described in Item 6 below. PMA has not operated a business similar to the type described in this disclosure document and has not sold franchises in any line of business.

Archadeck Franchisor, LLC (“Archadeck”) is the franchisor of the ARCHADECK® franchise system. ARCHADECK® franchises are businesses offering certain construction sales and services of outdoor living spaces and environments. In September 2021, Archadeck became affiliated with the Master Franchisor through an acquisition. Archadeck, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. Archadeck, through its predecessor, Archadeck Franchising Corporation (“AD Corp.”) had offered ARCHADECK® franchises since June 1980. As of September 30, 2023, there were 86 ARCHADECK® franchises (83 franchises located throughout the United States and 3 franchises located in Canada). Archadeck has not conducted a business of the type that you will operate, and has not offered franchises in any line of business other than described above.

Bumble Roofing Franchisor, LLC (“Bumble”) is the franchisor of the Bumble Roofing franchise system. Bumble franchises are businesses offering roofing installation and repairs for residential and commercial customers. In March 2023, Bumble became affiliated with Empower Brands through an acquisition. Bumble’s principle business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. As of September 30, 2023, there were 0 franchised Bumble outlets. Bumble has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Canopy Franchise Corporation (“Canopy”) is the franchisor of the Canopy franchise system. Canopy franchises are businesses offering environmentally responsible, subscription-based, tech-enabled turf care services, including lawn applications such as turf fertilization, and weed control and prevention. In June 2023, Empower Brands became a majority equity owner in Canopy. Canopy’s principal business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. As of September 30, 2023, there were 0 franchised Canopy outlets.

Conserva Irrigation Franchisor, LLC (“Conserva”) is the franchisor of the CONSERVA IRRIGATION® franchise system in the United States. CONSERVA IRRIGATION® franchises are businesses offering repair, maintenance, service, design and construction of irrigation systems for residential and commercial customers with an emphasis on water conservation. In September 2021, Conserva became affiliated with the Master Franchisor through an acquisition. Conserva, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. Outdoor Living Brands, Inc. began offering royalty-free pilot licenses for CONSERVA IRRIGATION® businesses in April 2014. All pilot licensees were offered the opportunity to enter into franchise agreements with Conserva’s predecessor, Conserva Irrigation Franchising, LLC (“CILLC”) during 2017. As of September 30, 2023, there were 195 CONSERVA IRRIGATION® franchises located throughout the United States. Conserva has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Custom Commercial Dry Cleaners, LLC (“CCDC”) operates company owned CCDC restoration dry cleaning and electronics restoration businesses. In June 2020, CCDC became affiliated with the Master Franchisor through an acquisition. CCDC, with a principal business address of 3201 A Investment Blvd., Hayward, CA 94545, was incorporated as a California corporation on May 26, 1993 under the name “Custom Commercial Dry Cleaners, Inc.” CCDC was converted to a limited liability company under the name “Custom Commercial Dry Cleaners, LLC” on August 20, 2020. As of September 30, 2023, CCDC operated eleven company owned outlets. CCDC has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

FRSTeam, LLC (“FRSTeam”) franchises businesses that provide specialty and emergency dry cleaning and laundry services for clothing and fabrics following a residential or commercial disaster, including damage due to smoke, fire, water and mold. As an option, franchisees may also provide electronics restoration services following similar disasters. In June 2020, FRSTeam became affiliated with the Master Franchisor through an acquisition. FRSTeam, with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, was incorporated in California on September 30, 2005 under the name “FRSTeam Corp.” FRSTeam was converted to a California limited liability company under the name “FRSTeam, LLC” on August 20, 2020. FRSTeam has offered FRSTeam franchises since March 2006. As of September 30, 2023, there were 49 franchised FRSTeam outlets in the United States. FRSTeam has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

Koala Insulation Franchisor, LLC (“Koala”) is the U.S. franchisor of the KOALA INSULATION® franchise system. Koala franchises are businesses currently specializing in providing insulation evaluation, installation, and certain energy efficiency / indoor air improvements to residential and commercial customers. In April 2023, Koala became affiliated with Empower Brands through an acquisition. Koala, through its predecessor Koala Franchise, LLC (“Koala LLC”), offered KOALA INSULATION franchises from January 2, 2020 to April 2023. As of September 30, 2023, there were 385 Koala franchises located throughout the U.S., and 0 franchises located in Canada. Koala’s principal business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. Koala has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Outdoor Lighting Perspectives Franchisor, LLC (“OLP”) is the franchisor of the OUTDOOR LIGHTING PERSPECTIVES® franchise system in the United States. OUTDOOR LIGHTING PERSPECTIVES® franchises are businesses specializing in providing outdoor lighting design, automated lighting control equipment, holiday lighting design, installation services, and sales to residential and commercial customers. In September 2021, OLP became affiliated with the Master Franchisor through an acquisition. OLP, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on August 31, 2021. OLP, through its predecessor, Outdoor Lighting Perspectives Franchising, Inc. (“OLPFI”), offered OUTDOOR LIGHTING PERSPECTIVES® franchises since March 2005. As of September 30, 2023, there were 128 OUTDOOR LIGHTING PERSPECTIVE® franchises, including 126 franchises located throughout the United States and two franchises located in Canada. OLP has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

Superior Fence & Rail Franchisor, LLC (“Superior”) is the franchisor of the Superior Fence & Rail, Inc.® franchise system. Superior Fence & Rail, Inc.® franchises are businesses offering certain fencing services for residential and commercial customers. In December 2021, Superior became affiliated with the Master Franchisor through an acquisition. Superior, with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, is a Delaware limited liability company formed on December 3, 2021.

Superior, through its predecessor, Superior Fence & Rail Franchising, LLC (“Superior Franchising”) had offered Superior Fence & Rail, Inc.® franchises since January 2017. As of September 30, 2023, there were 242 Superior Fence & Rail franchises located throughout the United States. Superior has not conducted a business of the type that you will operate, and has not offered franchises in any line of business other than described above.

Superior Fence & Rail of NOFL, LLC (“Superior NOFL”) operates two company owned facilities that perform fencing services under the Superior Fence & Rail, Inc.® brand. In December 2021, Superior NOFL became affiliated with the Master Franchisor through an acquisition. Superior NOFL, with a principal business office of 510 Superior Commerce Point, Oviedo, Florida 32765, is a Delaware limited liability company formed on December 3, 2021. Superior NOFL has not offered franchises in any line of business.

Wallaby Windows Franchisor, LLC (“Wallaby”) is the U.S. franchisor of the Wallaby Windows® franchise system. Wallaby franchises are businesses currently specializing in providing window installation, replacement, repair and related services. In April 2023, Wallaby became affiliated with Empower Brands through an acquisition. Wallaby, through its predecessor Wallaby Franchise, LLC (“Wallaby LLC”), offered Wallaby Window franchises from October 1, 2022 to April 2023. Wallaby’s principal business address is 2426 Old Brick Road, Glen Allen, Virginia 23060. As of September 30, 2023, there were 45 Wallaby franchises located throughout the U.S., and 0 franchises located in Canada. Wallaby has not conducted a business of the type that you will operate and has not offered franchises in any line of business other than described above.

#### Other Affiliates of Master Franchisor with Franchise Programs

Through control with private equity funds managed by MidOcean Partners, a New York-based private equity firm, we are affiliated with the following franchise programs. None of these affiliates operate a Jan-Pro franchise.

Grease Monkey Franchising, LLC (“GMF”), which operates under the names Grease Monkey Franchising, LLC, Grease Monkey, and FullSpeed Automotive, is a franchisor of automotive quick lube franchises operating under the Grease Monkey® trade name and business system. GMF is a Colorado limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMF became an affiliate through an acquisition. GMF has been offering Grease Monkey franchises since January 2006, and as of September 30, 2023, there were approximately 196 franchises operating in the United States and 61 international franchises. GMF has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

GMF acquired substantially all of its assets from Grease Monkey International, LLC (“GMI”), which was the franchisor of the Grease Monkey franchise system from approximately September 1978 through March 2006. Until 2022, GMI remained as the franchisor for franchises granted before April 2006, at which time GMI transferred those franchises granted before 2006 to GMF. In the past, GMF, and its predecessor, GMI, offered to franchisees the right to operate a car wash franchise with their Grease Monkey Center. The car wash facility was called “Monkey Shine.” GMF no longer offers the right to operate a Monkey Shine car wash facility in connection with a Grease Monkey Center, although as of September 30, 2023, GMF still has eight franchisee-owned Monkey Shine facilities.

GMI is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, GMI became an affiliate

through an acquisition. As of September 30, 2023 GMI operated company-owned units under the following brand names: Grease Monkey, SpeeDee Oil and Auto, American LubeFast, AutoLube, Economy Oil Change, Fast Lube Plus, Grease Monkey, Herbert Auto Emissions, Herbert Automotive, Ingleside Auto, Insta-Quick, Kwik Kar, Lambuth's Quick Lube, Master Lube, Minit Man, Mobil 1 Express, Pioneer Lube & Wash, Premier, Shop N Lube, SpeeDee, Super Lube Plus, Texas Express, Uncle Ed's Oil Shoppes, and Waterfall Car Wash. Some of the units are a non-Grease Monkey brand but are substantially similar to the Grease Monkey franchise. GMI has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

GMI Services S de RL de CV ("GMI Mexico") is a subsidiary of GMI. GMI Mexico provides support services to franchisees operating in Mexico. GMI Mexico's principal business address is Calzada del Valle 255, Office 233, San Pedro Garza García, N.L., CP 66220, México. GMI Mexico has not conducted a business of the type that you will operate and has not offered franchises in any line of business.

SpeeDee Worldwide, LLC ("SpeeDee") is a franchisor of automotive maintenance and repair services operating under the SpeeDee® trade name and business system. SpeeDee is a subsidiary of GMI. SpeeDee is a Delaware limited liability company with a principal business address of 5575 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111. In January 2021, SpeeDee became an affiliate through an acquisition. SpeeDee has been franchising since 1986, and as of September 30, 2023 there were 93 franchises operating in the United States and 29 franchises operating internationally. Until January 2017, SpeeDee also offered co-branding franchises under a separate Franchise Disclosure Document and different franchise agreement with its former parent, Midas International Corporation ("Midas"), for a Midas/SpeeDee co-branding shop. SpeeDee also operates 20 SpeeDee franchises in the United States which are co-branded with Midas, who is not an affiliate. SpeeDee has not conducted a business of the type that you will operate and has not offered franchises in any other line of business.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Our Business Experience**

#### **Chairman of the Board: James C. Smith**

James has been Chairman of the Board for Kramerica Enterprises LLC since August 2022. James also serves as the Chief Financial Officer of P&D Ventures Inc. based in Pleasanton California and as the Chief Executive Officer of Vandelay Investment LLC and Right First Inc., based in Los Angeles and San Jose California respectively. He is based in California's San Francisco Bay Area.

#### **Chief Executive Officer: Jason Lopez**

Jason has been Chief Executive Officer for Kramerica Enterprises LLC since August 2022. Jason has been the Chief Executive Officer of P&D Ventures Inc. since July 2020. From March 2018 to June 2020, Jason was the Vice President and General Manager of Northern California operations for P&D Ventures Inc. in Pleasanton, California. From February 2021 to present, Jason has been the Chief Operating Officer of Vandelay Investment. From August 2015 to present, Jason has been the Owner of Paceline

Performance LLC in Foster City, California. He is based in Anaheim, California.

General Manager: Corey Thompson

Corey has been General Manager for Kramerica Enterprises LLC since October 2022. From January 2016 to present, Corey has been the Director of Franchise Development for P&D Ventures Inc. Corey is based in Madison Wisconsin.

**The Master Franchisor's Business Experience**

Brand President: Gary Bauer

From April 2020 to present, Gary has been the Brand President for the Master Franchisor and Jan-Pro Enterprises, LLC. From October 2016 through March 2020, Gary served as Operations Manager of Orkin Pest Control. Gary served as CEO of BDRY Systems from September 2015 to May 2016. From September 2000 to August 2015, Gary served in various senior executive roles for the AmeriSpec, Furniture Medic, ServiceMaster Clean, and ServiceMaster Restore franchise brands, including serving as Chief Operations Officer of the ServiceMaster Franchise Group from March 2012 to August 2015. He is based in Alpharetta, Georgia.

Vice President of Operations: Paul Scales Paul has been the Master Franchisor's Vice President of Operations since July 2023 based on Columbus, Ohio. From February 2020 until July 2023, Paul was Regional Vice President of United Franchise Group in West Palm Beach, Florida. From April 2019 until October 2019, Paul was Regional Vice President of Atalian Global Services in Columbus, Ohio. From October 2017 until April 2019, Paul was the President of The Cleaning Pros in Cleveland, Ohio.

Vice President of Training, Technical Development and Sourcing: Neeraj Gupta

Neeraj has been the Master Franchisor's Vice President of Technical Development, Training and Sourcing since September 2020. From October 2016 until August 2020, Neeraj was the Vice President of Excelerate Learning, LLC in Memphis, Tennessee. Prior to that, from June 2001 until September 2016, Neeraj was the Director of Product Research and Development for the ServiceMaster Franchise Group in Memphis, Tennessee. He is based in Memphis, Tennessee.

Vice President of Marketing: Karen Forrest

Karen has been the Master Franchisor's Vice President of Marketing since June 2021. From August 2020 until May 2021, Karen served as an independent Marketing Consultant in Atlanta, Georgia. Prior to that, from September 2017 to August 2020, Karen served as Director of Global Marketing for InterContinental Hotels Group in Atlanta, Georgia. From December 2015 to September 2017, Karen served as Global Director of the IHG Rewards Club of InterContinental Hotels Group in Atlanta, Georgia. She is based in Atlanta, Georgia.

Senior Director of Field Operations: David Meyer

Dave has been the Master Franchisor's Senior Director of Field Operations since October 2021. Dave was the Master Franchisor's Director of Field Services from October 2019 to October 2021, the Master Franchisor's Director of Field Services and International from October 2018 to October 2019, and

the Master Franchisor's Director of International/Domestic Field Services from October 2014 to October 2018. He is based in Beaverton, Oregon.

Director of Field Services: Robert Stapleton

Robert has been the Master Franchisor's Director of Field Services since October 2018 and was the Master Franchisor's Director of Operations for Field Services from November 2016 to October 2018. From September 2016 to October 2016, Robert worked in new car sales for Bommarito Nissan in St. Louis, Missouri. From August 2013 to September 2016, Robert worked in new car and pre-owned car sales and was the new car internet manager and Assistant Manager at Suntrup Ford in St. Louis, Missouri. He is based in St. Louis, Missouri.

Director of Field Services: Aaron Brown

Aaron has served as the Mater Franchisor's Director of Field Services since October 2022. From October 2019 until October 2022, Aaron was a Loan Officer with Mr. Cooper in Dallas Texas. Prior to that from March 2018 until October 2019, Aaron served as Regional Support Specialist with Jani-King International in Addison Texas. Aaron is currently based out of Frisco Texas.

Director of Field Services: Rico Lane

Rico (Retired Major Lane) has served as our Director of Field Services since December 2023. Prior to that, he had been the National Advertising Branch Chief at HQ Air Force Recruiting Services (U.S. Air Force) in San Antonio, Texas from April 2021 to December 2023. From June 2019 to April 2021, he was the Joint Ground Systems Military GPS Team Lead at the Space and Missile Center (U.S. Air Force) located in Los Angeles, California. Prior to that, Rico was an Assistant Professor of Aerospace Studies at the University of Georgia located in Athens, Georgia from May 2016 to June 2019.

Director of Sales: Kim Lyznicki

Kim has been our Director of Sales since November 2023, based in Palm Coast, FL. From September 2018 until November 2023, Kim held 2 leadership roles : Director of Business Development and US Operations Support with ServiceMaster Clean in Sandy Springs, GA.

**The Master Franchisor's Parent's Business Experience**

Chief Executive Officer: Scott Zide

Mr. Zide has been the Chief Executive Officer of Empower Brands since March 2022. Mr. Zide was also the President, COO and a Director of each of Archadeck, Conserva, and OLP from September 2021 to March 2022, and the COO of their predecessor, Outdoor Lighting Perspectives Holdings Corporation ("OLPHC"), from January 2007 to September 2011 and President of OLPHC from September 2010 to September 2021. Mr. Zide was also the Chief Operating Officer and a Director of Superior Fence from December 2021 to March 2022. From September 2008 to September 2021, Mr. Zide was also the COO of OLPHC's parent, Outdoor Living Brands, Inc., and served as its President from September 2010 to September 2021, in Richmond, Virginia. Mr. Zide also served as the President and Chief Operating Officer of Outdoor Living Brands Supply Corporation from December 2010 to September 2021, and OLP Commercial Services from June 2010 to September 2021, in Richmond, Virginia. Mr. Zide has owned and operated an Outdoor Lighting Perspectives® business in Richmond, Virginia since March 2014. From December 2018 to September 2021, Mr. Zide also served as President, COO, and a Director of CI LLC and

as AD Corp.'s COO from September 2009 to September 2021, and as its President and a Director from September 2010 to September 2021. From February 2009 until December 2018, Mr. Zide served as Mosquito Squad Franchising Corporation's COO in Richmond, Virginia and as President and a Director from September 2010 until December 2018. From July 2012 to January 2020, Mr. Zide served as President and Chief Operating Officer of Renew Crew Franchise Corporation in Richmond, Virginia. Mr. Zide is based in Richmond, Virginia.

Vice President and Chief Financial Officer: Michael Borreca

Mr. Borreca has been the Vice President and Chief Financial Officer of Empower Brands since March 2017. From January 2015 to February 2017, Mr. Borreca was the Vice President, Corporate Finance and Treasurer of FOCUS Brands, Inc. in Atlanta, Georgia. From December 2007 to January 2015, Mr. Borreca held various positions with KPMG, LLP in Tampa and Miami, Florida. Mr. Borreca is based in Alpharetta, Georgia.

Chief Development Officer: R. Scott Sutton

Mr. Sutton has been the Chief Development Officer of Empower Brands since December 2022. From July 2021 to December 2022, Mr. Sutton was the Chief Growth Officer of Threshold Brands, LLC in Boston, Massachusetts. From August 2010 to July 2021, Mr. Sutton was VP of Business Development at Deluxe Corporation (d/b/a Safeguard Franchise Systems) in Dallas, Texas.

Vice President, Information Technology: Andrew Forrest

Mr. Forrest has been the Vice President, Information Technology of Empower Brands since January 2018 and was the Director of Information Technology of Empower Brands from January 2017 to January 2018. From April 2016 to December 2016, Mr. Forrest was unemployed as he waited for his U.S. work permit to issue. During this time, he obtained a CAPM (Certified Associate Project Manager) certification, and a CSM (Certified Scrum Master) certification. From September 2009 to March 2016, Mr. Forrest worked for Abbey Protection Group in London, England, first as a Development Manager and then as Head of IT. Mr. Forrest is based in Alpharetta, Georgia.

Vice President, General Counsel: Sanjay B. Malhotra

Mr. Malhotra has served as Vice President, General Counsel for Empower Brands and its affiliates since August 2022. Mr. Malhotra is based in Richmond, Virginia. From June 2019 to August 2021, Mr. Malhotra was the Chief Legal Officer of Paris Baguette Bon Doux and its US and Canadian affiliates headquartered in Moonachie, New Jersey. From December 2014 to October 2018, Mr. Malhotra was the Global General Counsel of Le Pain Quotidien based in New York, NY and Brussels, Belgium.

**ITEM 3  
LITIGATION**

**Our Litigation Disclosures**

No litigation must be disclosed by us in this Item.



## The Master Franchisor's Litigation Disclosures

### *Pending Actions of the Master Franchisor*

#### Employee Misclassification in Federal Court

Roman, Vazquez and Aguilar, and all others similarly situated v. Jan-Pro Franchising International, Inc. (Case No. 3:16-cv-05961, United States District Court, Northern District of California). On November 3, 2016, the Court accepted a transfer of this case from the Massachusetts District Court, where the franchisees in Massachusetts had already lost their case (as they also had in Georgia state court). The Plaintiffs were Unit Franchises of certain of the Defendant's Regional Franchise Developers. The Defendant had no contracts or relationship with the Plaintiffs and never dealt with the Plaintiffs in their franchise purchases or their business operations. On January 26, 2017, the Plaintiffs filed a Second Amended Complaint. The Plaintiffs alleged that the Defendant was liable for the actions of a few of the Defendant's Regional Franchise Developers who were alleged to have engaged in unfair and deceptive business practices. The Plaintiffs also alleged that they were the Defendant's direct employees, were misclassified as independent contractor franchisees rather than as employees, and that they were denied wages and/or other employee benefits. The Plaintiffs' claims also were based on theories of quantum meruit and unjust enrichment. The Plaintiffs sought certification as a class action, damages attributable to the Defendant's alleged statutory and common law violations, statutory enhancement of damages, declaratory and injunctive relief against the Defendant, and any other relief to which they might have been entitled.

The Defendant filed a Motion for Summary Judgment on February 16, 2017, and both parties briefed this Motion. Oral argument on this Motion was held on May 4, 2017 and on May 24, 2017, the Court issued its Decision, granting the Defendant's Motion for Summary Judgment and holding that the Plaintiffs were not the Defendant's employees. On July 20, 2017, the Court ordered the Plaintiffs to pay the Defendant a portion of the Defendant's costs.

On May 25, 2017, the Plaintiffs appealed this loss to the U.S. Court of Appeals for the Ninth Circuit. Both parties completed briefing of the issues in January 2018 and the Court scheduled oral arguments for December 18, 2018. On May 2, 2019, the 9th Circuit issued its opinion, reversing and remanding the case back to the U.S. District Court, holding that the new ABC test<sup>1</sup> could be applied to the Plaintiffs' ten-year old claims. The District Court will have to analyze the applicability of California's new ABC test for employee status against the facts in the Defendant's case. On May 31, 2019, the Defendant filed a Petition in the 9th Circuit requesting the entire Court to review the 9th Circuit's decision. On July 22, 2019, however, the Ninth Circuit granted a panel rehearing; withdrew the court's previously-published opinion; and declared its intention to file "[a] revised disposition and an order certifying to the California Supreme Court the question of whether [Dynamex] applies retroactively." Thereafter, the court reissued its opinion and certified the question of retroactively applying the ABC test to the California Supreme Court. On October 8, 2019, the Defendant filed a Petition for rehearing by the panel or en banc of the 9th Circuit's reissued opinion. On November 7, 2019, the 9th Circuit denied the Defendant's petition for a panel rehearing or rehearing en banc. The Supreme Court accepted the certification to answer the retroactivity question on November 20, 2019. The Plaintiffs' opening brief was submitted to the California Supreme

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<sup>1</sup> The New ABC test is defined by the State of California as "(A) The person is free from the control and direction of the hiring entity in connection with the performance of the work, both under the contract for the performance of the work and in fact; (B) The person performs work that is outside the usual course of the hiring entity's business; and (C) The person is customarily engaged in an independently established trade, occupation, or business of the same nature as that involved in the work performed.

Court on January 22, 2020. On March 17, 2020, the Defendant submitted two 28j letters to the Ninth Circuit Court of Appeals asking them to decertify the question of retroactivity to the Supreme Court, or order supplemental briefing. The Defendant submitted its reply brief on May 27, 2020 to the California Supreme Court arguing against retroactivity and asking for the Supreme Court to decertify the retroactivity question. The California Supreme Court held a hearing on November 3, 2020, and issued a decision on January 14, 2021, holding that the ABC test announced in *Dynamex* could apply retroactively, but declined to state whether the ABC test applied in a franchise context, a threshold issue that will be the subject of additional proceedings in this matter. On February 2, 2021, the Ninth Circuit reissued its prior opinion and remanded the case to the California Northern District Court. On January 22, 2022, Plaintiffs filed a motion for summary judgment and class certification. On August 2, 2022, the Northern District Court of California granted plaintiffs motion for class certification and summary judgment as to (1) failure to pay minimum wage for mandatory training, (2) failure to reimburse for expenses incurred for (a) required uniforms and (b) necessary cleaning supplies and equipment, and (3) unlawful deductions of (a) management fees and (b) sales and marketing fees for the following group: all unit franchisees who signed a franchise agreement with a master franchisee in the state of California and who performed cleaning services for defendant from December 12, 2004, to the latest date on which a named plaintiff terminated employment.

On August 17, 2022, Jan-Pro petitioned the Ninth Circuit Court of Appeals pursuant to Rule 23(f) of the Federal Rules of Civil Procedure seeking permission to appeal the District Court’s decision holding that JPI had waived its right to arbitrate as to unnamed class members and that Plaintiffs’ claims for management and sales-and-marketing fees are encompassed by certain California wage orders. On November 10, 2022, the Ninth Circuit denied Jan-Pro’s Rule 23(f) petition.

On October 31, 2023, the parties entered into a settlement agreement, subject to the approval of the Court, whereby Jan-Pro agreed to pay thirty million dollars (\$30,000,000) to resolve all individual and class wide claims in exchange for releases from all plaintiffs, class members, and putative class members. There was no admission of liability by Jan-Pro and the settlement was reached solely to compromise highly disputed claims and end 15 years of litigation. The class period includes all claims from December 12, 2004 through date of preliminary approval of the settlement by the Court. On December 5, 2023, the Court granted Plaintiffs’ Motion for Preliminary Approval. Pursuant to the Court’s December 5, 2023 Order, class members have until February 23, 2024 to file objections or opt-out of the settlement and Plaintiffs’ counsel must file a motion for final approval no later than February 29, 2024. A final fairness hearing is scheduled for May 22, 2024.

#### Employee Misclassification Case in Washington, DC Superior Court

District of Columbia v. Nabicorp Enterprises, Inc. and JAN-PRO Franchising International, Inc. (Case Number 2022 CA 003128 B, Superior Court of the District of Columbia, Civil Division). On July 13, 2022, the Office of the Attorney General (“OAG”) for the District of Columbia filed a lawsuit alleging that Nabicorp Enterprises, Inc. (“Nabicorp”), a Regional Franchise Developer for the Washington DC and surrounding Maryland and Virginia territory, misclassified its Unit Franchisees who reside in or do a substantial amount of work in the District of Columbia as independent businesses rather than as employees. The OAG alleges that JAN-PRO Franchising International, Inc. (“JPI”) is a joint employer of Nabicorp’s Unit Franchisees. The OAG alleges violations for unlawful deductions and failure to keep records under the Wage Payment and Collection Law and failing to provide sick leave under the Sick and Safe Leave Act (“SSLA”). The OAG seeks declaratory relief on the status of Unit Franchisees and injunctive relief on future misclassification as well as damages for unlawful wage deductions, damages and punitive damages under the SSLA and reinstatement of paid sick leave, statutory penalties and costs and fees. The case is in active discovery.

## Prior Actions

### Employee Misclassification Case in Massachusetts State Court

Claudio Brandao and Rommel Lima, et al. v. Jan-Pro Franchising International, Inc. (Case number 13-4439B, Superior Court of Suffolk County, Massachusetts). The attorney in the above federal case attempted to add two additional plaintiffs to the federal case in 2012. After receiving a preliminary indication in December 2013 from the judge that he would not allow additional plaintiffs to be added, the attorney then sued in the Massachusetts state court on December 18, 2013. The Plaintiffs were Massachusetts unit franchisees of certain of the Defendant's regional franchise developers. The Plaintiffs allege that they were the Defendant's direct employees and were denied wages and/or other employee benefits. The Plaintiffs' claims were based on theories of misclassification as independent contractors and wage act violations. The Plaintiffs sought certification as a class action, damages attributable to alleged statutory law violations, statutory enhancement of damages, injunctive relief, and any other relief to which they might be entitled.

The Defendant was served with this action on January 14, 2014. On August 4, 2015, the Defendant filed a Motion to Compel Arbitration based on a recent ruling by the Massachusetts Supreme Judicial Court in an unrelated case. On February 25, 2016, a new plaintiff, Barros, was added to the case. On May 7, 2016, the judge granted the Defendant's Motion and dismissed this action and stated that Brandao should have filed an arbitration action and Lima should have filed suit in New Hampshire. Brandao and Barros then filed separate arbitration actions, which are described in the next subsection. Lima has not refiled in New Hampshire.

#### Further Proceedings for Barros

Barros then filed a Motion to Correct the Judgment as the Judgment did not specifically address his claims. On August 24, 2018, the Superior Court ruled that Barros should be compelled to arbitration. On September 6, 2019, the parties entered into a settlement agreement whereby Barros released all claims in exchange for a payment of \$13,000.

#### Further Proceedings for Brandao

On November 30, 2017, Brandao moved in the Superior Court to reopen his case in court rather than arbitration, claiming that he could not afford to pay the American Arbitration Association deposit. The Defendant opposed this motion.

On August 21, 2019, the parties entered into a settlement agreement whereby Brandao released all claims in exchange for a payment of \$22,000.

### Employee Misclassification Arbitration Proceeding

Claudio Brandao v. Jan-Pro Franchising International, Inc., Before the American Arbitration Association (Case No. 01-16-0003-954). On July 28, 2016, Brandao, a plaintiff in the above action, filed an individual Demand for Arbitration before the American Arbitration Association. The Plaintiffs allege that they were the Defendant's direct employees and were denied wages and/or other employee benefits. The Plaintiffs' claims were based on theories of misclassification as independent contractors and wage act violations. An arbitrator was selected.

On November 30, 2017, Brandao moved in the Superior Court to reopen his case in court (described above) rather than arbitration, claiming that he cannot afford to pay the American Arbitration Association deposit. The Defendant has opposed this motion. On August 21, 2019, the parties entered into a settlement agreement whereby Brandao released all claims in exchange for a payment of \$22,000.

Tony Barros v. Jan-Pro Franchising International, Inc., Before the American Arbitration Association (Case No. 01-16-0003-0958). On July 28, 2016, Barros, a plaintiff in the above Massachusetts state court action, filed an individual Demand for Arbitration before the American Arbitration Association. The Plaintiffs allege that they were the Defendant's direct employees and were denied wages and/or other employee benefits. The Plaintiffs' claims were based on theories of misclassification as independent contractors and wage act violations. In November 2018, the Defendant informed the American Arbitration Association that Barros had signed a release of claims and the American Arbitration Association should not go forward without resolving whether Barros even has a right to go forward due to the release he signed. On September 6, 2019, the parties entered into a settlement agreement whereby Barros released all claims in exchange for a payment of \$13,000.

Other than the actions described above, no litigation must be disclosed in this Item for the Master Franchisor.

#### **ITEM 4 BANKRUPTCY**

No bankruptcies must be disclosed in this Item for us or the Master Franchisor.

#### **ITEM 5 INITIAL FEES**

##### Initial Franchise Fee

When you sign your Franchise Agreement, you must pay us an initial franchise fee (the "Initial Franchise Fee"). This fee is \$1,008.00 if you elect *not* to purchase an Initial Plan from us and desire to pursue "**Self-Acquired Accounts**" only when you sign your Franchise Agreements. Self-Acquired Accounts are customer accounts we have not offered to you, or that you procured without our assistance, but that you are servicing under the Proprietary Marks.

If you elect to purchase an Initial Plan from us, the Initial Franchise Fee ranges from \$5,000 to \$51,000, depending on the Account Gross Billings (as defined below in Item 5) of the Initial Plan you purchase. The Initial Plans are described below. If you pay the Initial Franchise Fee of an FP-24, FP-48, FP-75, or FP-200 in full when you sign the Franchise Agreement (without financing), we will discount the Initial Franchise Fee (ranging from \$9,000 to \$51,000) by 10%.

We may, at our option, finance a portion of the Initial Franchise Fee to help you purchase your Franchise. Participation in the Support Services Program may automatically qualify you for financing. If we finance, you must make a down payment of \$4,500 to \$42,000, depending on the Initial Plan you choose, when you sign the Franchise Agreement. You must pay the balance, ranging from \$4,500 to \$9,000, in equal monthly installments over the time that we establish before you sign your Franchise Agreement. You must pay interest on this balance at an annual rate of 10%. You must sign a promissory note ("Promissory Note") to evidence your obligation to repay us these amounts. The form of Promissory Note is attached to the Franchise Agreement as Exhibit A. All of your owners must guarantee payment of the Promissory Note. The form of Guaranty is attached to the Franchise Agreement.

## Initial Plans

This section only applies if you have elected to purchase an Initial Plan from us. You are not required to purchase an Initial Plan or acquire any Accounts from us.

### *Initial Plan Options*

We offer 5 Franchise plans (each, an "Initial Plan"). Each Initial Plan represents the purchase of contract(s) totaling a different amount of "Account Gross Billings." "Account Gross Billings" are the total estimated annual revenues from any Accounts that you purchase from us and service.

Initial Plan	Account Gross Billings <sup>(2)</sup>	Total Fee	If You Pay All Cash <sup>(3)</sup>	If You Finance the Initial Franchise Fee		
				Down Payment	Amount Financed	Monthly Payments <sup>(4)</sup>
FP-12	Accounts totaling \$12,000 per year	\$5,008	N/A	N/A	N/A	N/A
FP-24	Accounts totaling \$24,000 per year	\$9,000	\$8,100	\$4,500	\$4,500	\$145.20
FP-48	Accounts totaling \$48,000 per year	\$17,000	\$15,300	\$8,000	\$9,000	\$290.40
FP-75	Accounts totaling \$75,000 per year	\$20,000	\$18,000	\$11,000	\$9,000	\$290.40
FP-200	Accounts totaling \$200,000 per year	\$51,000	\$45,900	\$42,000	\$9,000	\$290.40

Your Account Gross Billings do not reflect the costs of sales and operating expenses that must be deducted from Account Gross Billings to determine your net revenue or profit.

Once you agree to purchase an Account contract, you will sign an Account contract with the Account and the Account remains your property unless repossessed pursuant to the Unit Franchise Agreement or by operation of the terms of the Account contract. An Account contract will be repossessed if: (i) there is any documented misconduct involving the Account; (ii) your Account requests in writing that it be serviced by another JAN-PRO Cleaning & Disinfecting; (iii) you sell cleaning or similar services to your Account outside of the Franchise Agreement or fail to notify us of all services performed for the Account; (iv) your Franchise Agreement is terminated; (v) you otherwise stop being a Jan-Pro franchisee. In addition, you may transfer your contract to another JAN-PRO Cleaning & Disinfecting franchisee directly or request assistance in selling the contract to another franchisee if you no longer want to service a customer.

<sup>2</sup> The actual Gross Billings you receive under your Initial Plan depend on many variables, including satisfying your customers and retaining your Accounts, and whether or not you accept Accounts offered to you (and do not stop servicing your Accounts), and which Accounts are counted in the fulfillment of your Initial Plan. The Account Gross Billing figures used for our various Initial Plans must not be considered as actual or potential sales, costs, income or profits you will realize; your actual sales, costs, income or profits will vary. We do not guarantee that you will realize or maintain these Account Gross Billing figures because it is impossible for us to do so with any degree of certainty.

<sup>3</sup> This amount shows a 10% discount.

<sup>4</sup> "Monthly Payments" include interest at 10% annually. The length of time for these payments varies by Initial Plan.

You will review each new Account contract we offer to you and decide for yourself whether or not you will accept that Account contract under your Initial Plan. If you reject an Account contract we offer under your Initial Plan, we will have a reasonable time to offer you a replacement Account contract, which may take longer than our original time commitment to you.

If, within the first six months after you accept an Account contract, the Account contract is terminated for any reason other than your documented Misconduct (as defined in in Section 1.2.3 of the Franchise Agreement), or if you stop servicing an Account contract because the Account does not make payment (a “Terminated Account”), we will, within a reasonable time, offer a replacement Account contract(s) as follows:

- a. We can offer replacement Account contract(s) that are equal to, or more than, the full Account Gross Billings of the Terminated Account. In this case, our replacement obligation ends at 6 months from *the Terminated Account’s start date*; or
- b. We can offer replacement Account contract(s) that are equal to, or more than, the remaining Account Gross Billings of the Terminated Account that was a replacement account. In this case, our replacement obligation ends 6 months from the *replacement Account start date*.

If an Initial Plan Account has Account Gross Billings that are greater than the amount required to be offered under the Initial Plan, or a replacement Account contract offered has Account Gross Billings that are greater than the Terminated Account, you must pay us a Sales and Marketing Fee (as defined below in Item 6) for the excess.

For example, if a Terminated Account’s Account Gross Billings is \$1,000 per month (\$12,000 per year), and you provided services for 3 months before the Account terminates, you have received Account value of \$3,000. We will replace the Account with Account contract(s) that provide the remaining \$3,000 in Account Gross Billings during the 6 months after you start servicing the new Account.

If a customer terminates your services at any time after our replacement obligation period outlined above, we are not obligated to refund any portion of the Initial Franchise Fee or replace that Account, no matter what the reason for termination.

#### *Our Time to Fulfill the Initial Plan*

Under the Franchise Agreement, we generally have 120 business days after your Start Date (as defined below in this Item 5) to offer you Accounts with the required Account Gross Billings. However, if your Initial Plan is over \$35,000 in Account Gross Billings, we have 120 business days, plus an additional 30 business days for each \$15,000 of Account Gross Billings *or portion of that amount* over the \$35,000 of Account Gross Billings, to offer you Accounts with required Account Gross Billings. These time periods will be extended if you lose an Account (other than for your Misconduct) or we discontinue your services to an Account because we determine that you need additional certification or if you default under your Franchise Agreement (See Section 1.2 of the Franchise Agreement for more information).

#### *Refunds of Initial Franchise Fee*

If we fail to offer you initial Accounts with the Account Gross Billings required under your Franchise Agreement within the agreed-upon time, we will reduce the Initial Franchise Fee by the Adjustment Amount. The “Adjustment Amount” is the difference between the Initial Franchise Fee for the

Initial Plan you purchased and the Initial Franchise Fee for the Initial Plan we actually offered. We will apply the Adjustment Amount first to reduce any amounts you owe us (including under a Promissory Note) and any remaining amount will be refunded to you. Other than this circumstance, the Initial Franchise Fee is not refundable for any reason.

If the Initial Plan we offer to you is not one of the standard Initial Plans, we use a formula to determine the Adjustment Amount. For example, if you purchase an FP-24 (\$24,000 of estimated Account Gross Billings per year), the Initial Franchise Fee is \$9,000. If we offer you Accounts with Account Gross Billings that only total \$16,000 per year (which is between the FP-12 and FP-24 Initial Plans), the marginal rate (“Marginal Rate”) between the FP-24 and the FP-12 is 33.40%. Here is the calculation:

- The difference between the Initial Franchise Fees for FP-24 and FP-12 is \$3,992 (\$9,000 - \$5,008)
- The difference between the Account Gross Billings for FP-24 and FP-12 is \$12,000 (\$24,000 - \$12,000)
- The Marginal Rate is calculated as  $\$3,992 \div \$12,000 = 33.27\%$
- The Initial Franchise Fee for the actual Accounts offered to you would be:
  - the FP-12 Initial Franchise Fee of \$5,008
  - PLUS the amount above \$12,000 in Account Gross Billings of \$4,000 (\$16,000 offered - \$12,000), multiplied by the Marginal Rate of 33.27% = \$1,331
- The Initial Franchise Fee of the Initial Plan we offered would therefore be  $\$5,008 + \$1,331 = \$6,339$ . Your refund would be  $\$9,000 - \$6,339 = \$2,661$ . If you financed your Initial Franchise Fee, the refund amount will be deducted first from any remaining balance under your Promissory Note.

Your “Start Date” is the date on which your business entity that is the Unit Franchisee has: 1) obtained all licenses and permits required by law to operate your Franchise; 2) obtained the initial equipment and supplies described in Item 7 (the “Initial Equipment Package”); 3) obtained the required insurance; 4) successfully completed our Certification Program (defined below in in Item 11); and 5) fulfilled any other reasonable conditions that we require.

If you have elected not to purchase any Initial Plans from us, the Initial Franchise Fee is not refundable.

#### Initial Equipment Package

Before the Start Date and within a reasonable time after you have completed our Certification Program, you must demonstrate that your entity possesses all the supplies listed in the Initial Equipment Package either from us for \$1,200 to \$1,500 plus any applicable sales tax, or from a third party or parties at their market price.

**ITEM 6  
OTHER FEES**

<b>Required Fees Under the Franchise Agreement</b>			
Type of Fee	Amount	Due Date	Remarks
Royalty Fee	12% of your Gross Billings for the previous month	Monthly on the last business day of the month	You must pay a “Royalty Fee” on Gross Billings. “ <u>Gross Billings</u> ” means the total revenues due from each Account for all services you provided under the Proprietary Marks during a calendar month. See Section 5.1.1 of the Franchise Agreement for more information on what Gross Billings includes.
Administrative Fee for Special Services	10% of your Gross Billings for Special Services for the previous month	Monthly	You must pay us an Administrative Fee for Special Services. “ <u>Special Services</u> ” are special or isolated cleaning services performed under one-time, short-term and/or nonrecurring contract(s) that you accept. These services may include, for example, carpet cleaning and extraction, floor stripping and refinishing, disinfection services, or initial cleaning. Amounts due from customers for Special Services are included in your Gross Billings but are separately reported and invoiced.
National Account Support Charge	1% of Gross Billings from National Accounts for the previous month	Monthly	A “ <u>National Account</u> ” is a national or regional account referred by the Master Franchisor’s affiliate. This fee is in addition to the Royalty Fee due on Gross Billings from National Accounts.
Renewal Fee	\$1,500	Before the start of the renewal term	You must pay us a renewal fee (“ <u>Renewal Fee</u> ”) for renewing your Franchise Agreement.
Business Transfer Fee	10% of your annual Gross Billings of the Accounts being transferred, up to a maximum of \$3,500	Before the transfer	If you transfer your Franchise, you must pay us a transfer fee (“ <u>Business Transfer Fee</u> ”). If we require the transferee to enter a new Franchise Agreement, the transferee will not pay an Initial Franchise Fee.
Key Return Fee	\$500 for each day that you do not return customer keys or other means of access to your customers’ premises	On demand	When your Account contract expires or terminates, or the Account exercises their option to request a new JAN-PRO Cleaning & Disinfecting service provider, you must immediately return to us (acting in our role as a service coordinator) or the Account (as designated by the Account) all keys, security passes, security codes, and any other means of access to your customers’ premises. You also must do this if you stop servicing any customer.



Required Fees Under the Franchise Agreement			
Type of Fee	Amount	Due Date	Remarks
Sales and Marketing Fee	Either 3 or 4 times the Additional Account's monthly Account Gross Billings	As incurred	See Note 1.
Additional Persons Certification Fee	The then-current fee (currently \$250 per additional person) for attendance at the Certification Program	Before attendance	All of your managers must attend our Certification Program (defined in Item 11). You must pay the costs your manager incurs in attending the Certification Program. We may charge a reasonable fee after we have provided the Certification Program for 4 of your representatives.
Interest	The lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law	On demand	If you don't pay us on time, interest accrues from the due date until the amount is paid in full.
Default Collection Expenses	Our actual costs	On demand	If we hire an attorney or other professionals due to your nonpayment to us or our affiliates, or you don't submit required reports, information or supporting records, or you otherwise breach your Franchise Agreement, you must pay us these amounts.
Indemnification	All amounts we must pay on your behalf	On demand	If we or the Master Franchisor must pay any amounts on your behalf, you must reimburse us. Examples of amounts covered by this indemnity include claims relating to: (i) your or your employee's car accident; (ii) your failure to comply with applicable law in the event that you or your workers are determined to be our employee or joint employee by any federal or state agency (iii) your failure to act as an independent business owner; (iv) your failure to pay any income, unemployment or payroll tax; or (v) your failure to file any tax return relating to being an independent business owner.
Testing Fee	The reasonable cost of the inspection and the actual cost of the testing, plus our then-current per diem charges for our personnel	On demand	If you propose to purchase or lease any equipment, supplies, inventory or other products or services that do not comply with our specifications, you must pay us this amount for inspecting and testing.

Required Fees Under the Franchise Agreement			
Type of Fee	Amount	Due Date	Remarks
Liquidated Damages	The total of all Royalty Fees, Administrative Fees for Special Services, and Support Services Fees for the lost Initial Plan Accounts and Additional Accounts for 12 months	On demand	If you violate Section 17.1.1 of the Franchise Agreement, you must pay to us a lump sum payment (as liquidated damages for causing the loss of business and not as a penalty). This payment is not exclusive of any other remedies that we have.

All fees in the above chart are imposed by and paid to us. All fees are nonrefundable.

### Additional Accounts

After you sign a Franchise Agreement, we provide sales and marketing services for you on a commission basis relating to additional Accounts (not included in the original Initial Plan) that we may offer to you ("Additional Accounts"). You may review each Additional Account and decide whether you want to purchase it. To obtain Additional Accounts, you must pay us a sales and marketing commission/fee (the "Sales and Marketing Fee") for the value of the services we provide in the acquisition and negotiation of the Account on your behalf. We will transfer ownership of the Additional Account to you upon your written acceptance of the Additional Account. The Sales and Marketing Fee for each Additional Account is determined by your total Annualized Billings (as defined below), as follows:

- a. If your Annualized Billings are less than \$75,000, the Sales and Marketing Fee is four (4) times the Additional Account's monthly Account Gross Billings (as defined below).
- b. If your Annualized Billings are \$75,000 or more, the Sales and Marketing Fee is three (3) times the Additional Account's monthly Account Gross Billings.

"Annualized Billings" means the product of 12 times your total Gross Billings for the month prior to the month in which you are acquiring the Additional Account(s). "Monthly Account Gross Billings" for an Additional Account equals the Annualized Billings for that account divided by 12.

As an example, if your Annualized Billings are \$70,000 and you purchase an account with monthly gross billings of \$400, you would pay \$1,600 as a Sales and Marketing Fee. If your Annualized Billings are \$75,000 and you purchase an account with monthly gross billings of \$400, you would pay \$1,200 as a Sales and Marketing Fee.

### Payment for Additional Accounts

The following payment options are available for payment of the Sales and Marketing Fee:

- a. You may pay the entire Sales and Marketing Fee in cash prior to or at the time you receive the Additional Accounts and receive a 10% discount on the Sales and Marketing Fee, or;
- b. You may pay the Sales and Marketing Fee in five or fewer consecutive equal monthly installments. If you enroll into the Support Services Program, we will deduct those

installments (and any other amounts you owe us) from the first five payments we collect for you from all of your Accounts. If those first five or fewer collected payments are not sufficient to fully pay the Sales and Marketing Fee (and any other amounts you owe us), we may either require you to pay the balance due on demand or deduct the balance due from amounts we later collect from your Accounts.

c. If you qualify for financing, you may finance the Sales and Marketing Fee by making a down payment and financing the balance of the Sales and Marketing Fee. Under this loan option, you must sign the Promissory Note attached to the Franchise Agreement in Exhibit A, and all of your beneficial and legal owners must guarantee all of your obligations under the Promissory Note by signing a Guaranty in the form attached to the Franchise Agreement. The Promissory Note will have an original principal amount equal to the outstanding balance of the Sales and Marketing Fee and annual interest on the unpaid principal amount at the rate of 10%. Installments of principal and interest are due monthly after the month you begin servicing the Additional Account(s).

#### Loss of Additional Accounts

If any Additional Accounts are terminated within the Replacement Obligation Period (as defined below) because of a material change in the cleaning schedule not resulting in a corresponding change in billing, an inability to pay, or the Account's relocation out of the service area, we will replace the terminated Additional Account within a reasonable time as stated in your Franchise Agreement. The "Replacement Obligation Period" is:

a. twelve months from the date you begin servicing the Additional Account if you participate in the Business Protection Plan as provided in the Support Services Agreement (Exhibit B) or;

b. six months from the date you begin servicing the Additional Account if you elect to opt out of the Business Protection plan.

If an Additional Account is terminated after the Replacement Obligation Period expires, we are not required to replace it for any reason.

#### Cooperatives

There are no cooperatives in which you must or may participate; however, we may negotiate with some suppliers for you, at your request.

**If you elect to enter into a Support Services Agreement for one or more of the services that we offer, you also may incur the following fees:**

<b>Optional Fees Under the Support Services Agreement</b>			
Type of Fee	Amount	Due Date	Remarks
Support Services Fee	4% of your Gross Billings for the previous month.	Monthly	If you elect to participate in the “Support Services Program” under the Support Services Agreement to have us perform invoicing and collection services on your behalf, you must pay us the Support Services Fee. See Note 1
Customer Collection Costs	Our out-of-pocket costs (including legal fees and court costs)	On demand	Upon your consent and approval, we may engage collection agencies, attorneys, file litigation, or take any other actions to collect and enforce payment from your Accounts at your expense.
Uncollected Advances	Amount of the uncollected Advance	90 days after Account is invoiced	<p>If you elect to participate in the Support Services Program, our payments to you under Section B(1) of the Support Service Agreement are advances ("Advances"), to the extent that your customers have not actually paid.</p> <p>If, after 90 days from the date an Account is invoiced, the customer has not paid, you must reimburse us for the amount of the uncollected Advances and our related fees (unless you have enrolled in the Advance Assurance Program under the Support Services Agreement). We will not charge interest on Advances unless you don't repay them on time, in which case interest accrues at the lesser of 18% per year or the maximum rate allowed by applicable law from the date you must repay the Advance until paid. We will not make Advances to you for your Special Services billings.</p>
Advance Assurance Fee	2% of Gross Billings for the previous month	Monthly	If you elect to participate in the “Advance Assurance Program” under the Support Services Agreement, we may offer you the option to pay us an “Advance Assurance Fee” instead of repaying uncollected “Advances.” If you choose to pay this fee, you must pay the Advance Assurance Fee for the remainder of the term, or until we discontinue the “Advance Assurance Program.” By participating in the Advance Assurance Program, if, after 90 days from the date an Account is invoiced, the customer has not paid, we will waive reimbursement of the invoice, up to 3 times per Account. We may discontinue the Advance Assurance Program upon 30 days’ written notice. See Note 2.

Optional Fees Under the Support Services Agreement			
Type of Fee	Amount	Due Date	Remarks
Business Protection Program Fee	Amount of the premium, fees payable to us for administering the program, and other related and incidental costs (currently 5% of Gross Billings for the previous month, subject to change based on cost of insurance).	On demand	If you elect to participate in the “Business Protection Program”, you will be provided with an extension of the replacement period on additional accounts, general liability insurance, workers’ compensation insurance (where available), and bonding to us and our participating franchisees through an insurance company that names us and you as insureds. If we do, and you elect to participate in the Program, you must pay us the Business Protection Fee. See Note 3.
Indemnification	All amounts we must pay on your behalf	On demand	In addition to your indemnification obligations under the Franchise Agreement, under the Support Services Agreement you must indemnify, defend and hold us and our affiliates harmless from all Losses to which we become subject, or that either incurs, of any kind, character or description, arising out of, resulting from or relating in any manner to our provision of the Selected Support Services in accordance with the terms of the Support Services Agreement.

All fees in the above chart are imposed by and paid to us. All fees are nonrefundable.

Pursuant to the Support Services Agreement, we offer the following services that you may elect to have us perform on your behalf. Please refer to Exhibit B to this Franchise Disclosure Document for a full description of available support services and their descriptions:

1. Support Services Program which includes: (a) billing and accounting services; (b) Account support services; and (c) monthly royalty reporting.

If you elect to enter into the Support Services Agreement and elect the Support Services Program, we invoice customer Accounts on your behalf, collect the money due on such Accounts, and deduct and pay ourself Royalty Fees, and all other fees and payments then due to us pursuant to the Franchise Agreement (as reflected in the table entitled “Required Fees Under the Franchise Agreement”) and Support Services Agreement (as reflected in the table entitled “Fees for Optional Support Services Selected Under the Support Services Agreement”). On the last business day of each month, we remit to you the net amount billed to your recurring Accounts for the previous month (after deducting the amounts described in this paragraph). In some cases, your monthly remittance may include money for an Account that has not yet paid your bill. In these cases, your monthly remittance for that Account is an advance to you against future collection. We will include remittance for the net amount invoiced for your Special Services billings after your customer has made payment.

2. Advance Assurance Program which includes Accounts receivable protection for up to 3 months of uncollected advanced funds per Account.

3. Business Protection Program which includes: (a) group insurance plan enrollment, which includes janitorial bonding, general liability insurance, and worker’s compensation (where available); (b) a six-month extension of our replacement obligation period on Additional Accounts as defined in your Franchise Agreement; (c) extra program benefits including a no conviction clause and lost key protection (subject to change).

**You may elect to participate in any or all of the three programs offered above, or none at all. If you do not elect to enroll in the Support Services Program, you are responsible for all billing and collection services (directly or through a third party) and obtaining all insurance requirements.**

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to Be Made
	Low	High			
Initial Franchise Fee	\$1,008	\$51,000	Pay in Full or Installments	When you Sign your Franchise Agreement	Us
Travel and Living Expenses While Attending Certification Program <sup>(1)</sup>	\$50	\$300	As Arranged	During Certification Program	Hotels, Parking facilities, Gas stations
Office and Related Expenses <sup>(2)</sup>	\$150	\$550	Pay in Full	As Incurred	Vendors
Vehicle <sup>(3)</sup>	\$0	\$500	If Needed	As Incurred	Third Party
Initial Equipment Package <sup>(4)</sup>	\$1,200	\$1,500	Pay in Full	Before Opening	Us or Third Party
Real Estate <sup>(5)</sup>	\$0	\$550	As Incurred	As Incurred	Landlord
Electrostatic Sprayer Machine <sup>(6)</sup>	\$50	\$1,500	Lease or Pay in Full	As Incurred	Vendor
Floor Buffing Machine <sup>(7)</sup>	\$50	\$1,300	Lease or Pay in Full	As Incurred	Vendor
Carpet Cleaning Machine <sup>(8)</sup>	\$25	\$4,400	Lease or Pay in Full	As Incurred	Vendor
Insurance <sup>(9)</sup>	\$200	\$620	Pay in Installments	As Incurred	Us or Insurance Company
Legal & Organizational Costs <sup>(10)</sup>	\$50	\$2,000	Pay in Full	Before Opening	Government Agencies and Attorneys
Additional Funds (3 Months) <sup>(11)</sup>	\$650	\$1050	As Incurred	As Incurred	Employees, Government Agencies, Third Parties

YOUR ESTIMATED INITIAL INVESTMENT					
Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to Be Made
	Low	High			
TOTAL ESTIMATED INITIAL INVESTMENT	\$3,383	\$65,270			

1. Travel and Living Expenses While Attending Certification Program. This estimate includes only local travel between your home and a local commercial site where the Certification Program (as defined below in Item 11) is presented.
2. Office and Related Expenses. This estimate includes additional phone costs, office/administrative supplies, uniforms, and may include additional janitorial supplies.
3. Vehicle. You must have a vehicle for transportation to and from the customer facilities you service. The monthly cost will vary based on the make, model and condition of the vehicle, financing arrangements, area in which the vehicle will be used, and the like.
4. Initial Equipment Package. You must possess the items in the Initial Equipment Package, which may be purchased from us at a cost of between \$1,200 to \$1,500 plus any applicable sales tax, or from a third party at their market price. The required Initial Equipment Package includes:

* UNIFORMS:	*CHEMICALS:
2 Collared Shirts	1 Gallon Concentrated Window Cleaner
*EQUIPMENT:	1 Gallon Shinline Multi-Surface Cleaner
3 32-oz. Spray Bottles with Triggers	1 Gallon DMQ Disinfectant
1 Sponge with White Pad	1 Gallon Damp Mop Neutral Floor Cleaner
1 Johnny Mop with Cone	1 Quart Foamy Q & A Cleaner
11" Putty Knife	1 Quart SparCling HCL
1 Gallon Pump	1 Quart SSE Carpet Pre-spray & Spotter
1 Dust Pan	*SAFETY:
1 Angle Broom	1 Wet Floor Sign
1 24-oz. Blended Mop Head Looped End	1 Box Latex or Vinyl Gloves
1 60" Wet Mop Handle	1 Pair Safety Glasses
1 Set Mop Bucket and DPress Wringer	1 Measuring Cup
1 Set 44-Gallon Barrel w/Dolly & Caddy Bag	Appropriate Labels for Trigger Sprayers
1 Pro Team Super Coach Vacuum	Appropriate Safety Data Sheets
1 Pkg. Kent Euroclean Micro Fiber Cloths	
1 24" MicroFiber Floor Cloth Complete with Handle & Pad Holder	

5. Real Estate. Typically, you use your residence as an office and storage facility for your Franchise. You may, however, rent storage space for approximately \$40 to \$75 per month. You also may rent a 10' x 12' office, unfurnished, for approximately \$120 to \$260 per month, or furnished for approximately \$210 to \$475 per month. These costs vary depending on your location and general availability of office space.
6. Electrostatic Sprayer Machine. You may lease this machine for \$50 - \$150 per day. The machine, if purchased, will cost between \$650 - \$1,500.
7. Floor Buffing Machine. You may lease this machine for \$50 to \$150 per day. The machine, if purchased, will cost approximately \$650 to \$1,300.
8. Carpet Cleaning Machine. You may purchase carpet-cleaning equipment for carpet-cleaning requests. The cost to purchase this equipment ranges from approximately \$500 to \$1,500, depending on the supplier, the type of equipment, and whether it is used or new. You also may lease this equipment for approximately \$25 to \$50 per day, depending on the same factors.
9. Insurance. See Item 8 for the required insurance.
10. Legal & Organizational Costs. You must obtain business licenses and permits from various state and local agencies. The costs vary and can range from \$25 to \$800 for each license or permit. Additional fees to prepare and file licenses or permits can range from \$700 to \$1,000. You must form an entity that will sign the Franchise Agreement in order to operate a Unit Franchise and perform any services for a Customer.
11. Additional Funds (3 Months). This is only an estimate of the expenses for your initial start-up phase. The additional funds you will need to operate during this phase include payroll costs, rent, utilities, and transportation costs to service your customers. These estimates do not include a salary or allowance for you; any Royalty Fees; any other amounts you must pay us; or any additional supplies you may need after your initial inventory is consumed. We cannot guarantee you will not have additional expenses starting your franchised business. The actual amount of additional funds you will need during the initial phase of operating will depend on factors such as: the size and location of your Franchise; how much you follow our methods and procedures; your management skills, experience, and business ability; local economic conditions; the local market for Jan-Pro cleaning and maintenance services; the prevailing wage rate; and other factors. By providing these estimates of your costs, we are not making any representation that you will have any level of sales. The estimates are of your expenses only and reflect no offsetting sales revenue you may earn from operations to pay those expenses.

We relied on our experience in supporting Unit Franchises that provide cleaning and maintenance services to compile these estimates. Review these figures carefully with a business advisor before deciding to purchase the Franchise. Except as stated in Item 10, we do not offer direct or indirect financing to franchisees for any items.



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

Purchasing Requirements

You are not required to buy or lease equipment, chemicals, supplies, inventory, advertising materials, or any other products and services used to operate your Unit Franchise directly from us or our affiliates, or the Master Franchisor or its affiliates. However, you must buy or lease equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate your Franchise under our written requirements. These requirements include standards for quality, safety, OSHA compliance, cleaning efficiency and economy, and any other standards we deem appropriate for the Franchise. We are an approved supplier for many items you must buy or lease for the operation of your Franchise.

Purchases from Approved Suppliers/Manufacturers

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Unit Franchise only from manufacturers that we approve in writing. We will provide you with a list of approved and designated manufacturers for supplies and equipment. We have the right at any time to require you to purchase other products and/or services only from suppliers and manufacturers that we approve.

We may designate ourselves or an affiliate as an exclusive or nonexclusive supplier of any of the products or services used to operate your Franchise, and may make a profit supplying these products and services to you. Currently, none of our officers own an interest in a required supplier.

Approval of Alternative Suppliers/Manufacturers

If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved manufacturer, or that does not comply with our specifications, you must submit a written request for our approval, or request the proposed supplier or manufacturer to do so. As a condition of our approval, which we may grant or withhold or revoke in our sole discretion, we may require that our representatives be permitted to inspect the proposed supplier or manufacturer's facilities, and that samples from the supplier or manufacturer be delivered, at our option, either to us or to an independent, certified laboratory we designate for testing. For products involving new specifications, we may require that samples of those products be delivered either to us or to an independent, certified laboratory we designate for testing. We are not liable for damage to any sample that may result from the testing process. You must pay a fee not to exceed the reasonable cost of the inspection and the actual cost of the testing.

We may, at our option, reinspect any approved supplier's or manufacturer's facilities and products and continue to sample the products at the supplier's or manufacturer's expense. We may revoke approval upon the supplier's or manufacturer's failure to continue to meet our specifications. We also may require, as a condition to our approval, that the supplier or manufacturer present satisfactory evidence of insurance, such as product liability insurance, protecting us and our franchisees against all claims arising from the use of the supplied item(s) within the System. We will exercise reasonable efforts to approve or disapprove your proposal within 30 days after we receive your written request for approval.

Authorized suppliers and manufacturers must demonstrate, to our continuing satisfaction, that they possess, among other things: (i) the ability to meet our reasonable standards and specifications; (ii) adequate quality controls; and (iii) capacity to supply the products promptly and reliably. When considering whether

to approve suppliers or manufacturers for the System, we may consider any other relevant factors, including any factors relating to the price and quality of the products or services and the supplier's or manufacturer's reliability. We may approve a single supplier or manufacturer for any brand and may approve a supplier or manufacturer only as to a certain brand or brands. We may concentrate purchases with one or more suppliers and/or manufacturers to obtain the lowest prices or the best advertising support or services for any group of franchised businesses. We may condition our approval of a supplier and/or manufacturer upon the frequency of delivery, standards of service, including prompt attention to complaints, and concentration of purchases. Our approval may be provisional, pending our further evaluation of the supplier or manufacturer. We may revoke our authorization at any time in writing.

#### Purchases in Accordance with Our Specifications

You must purchase or lease certain equipment, chemicals, supplies, inventory, advertising materials, and any other products and services used to operate the Franchise only in accordance with our specifications.

Specifications that we have formulated for these items are in our Unit Franchisee operations manual. We may modify these specifications upon reasonable written notice to you. We will consider your written request for a modification of a specification if you explain the reason for the requested modification (or for the approval of any product or service we have not previously approved) and provide us with sufficient technical data to enable us to evaluate your request. We will provide you with notification of approval or disapproval within 30 days after receipt of your request. We will approve a request if we determine that a modified specification is appropriate or that any product or service meets our specifications then in effect. We may perform tests to determine if any equipment or products meet our specifications. You must pay a fee to cover our out-of-pocket expenses, plus our then-current per diem charges for our personnel, for any required testing or inspection.

#### Insurance

You must obtain the types and amounts of insurance coverage required under the Franchise Agreement. This insurance is in addition to any other insurance you must have by law or otherwise. At a minimum, these policies include:

- a. janitorial bonding of at least \$50,000;
- b. workers' compensation insurance for you and all of your employees with a minimum coverage of \$100,000 or the minimum state law coverage, whichever is higher, and all unemployment insurance required under state and federal laws to maintain a proper unemployment insurance customer account;
- c. comprehensive general liability insurance covering property damage, loss and personal injury of at least \$1,000,000 per occurrence, \$2,000,000 in the aggregate; and
- d. automobile liability insurance of at least \$1,000,000 personal injury and property damage insurance.

These policies must be written by an insurance company reasonably satisfactory to us with a Best rating of "A-" or better, and, to the extent permitted by law, must name us and the Master Franchisor as additional insureds. We reserve the right to adjust the amounts of insurance required under these policies and require different or additional types of insurance, including excess liability insurance. We may do this

to protect against inflation, new risks, changes in law or standards of liability, greater damage awards, or other relevant changes in circumstances.

### Optional Programs

You have the option of participating in the Support Services Program under the Support Services Agreement. If you participate in the Support Services Program, you will contract with us to perform billing and accounting services, and Account support services on your behalf. You also have the option of participating in the Advance Assurance Program which provides Accounts receivable protection for a defined amount of uncollected advanced funds, and waived collection costs for those unpaid funds. You are not required to participate in the Support Services Program, but if you do not participate in the Support Services Program, you are responsible for all billing and collection services for your Accounts (directly or through a third party).

We may offer you the option of participating in the Business Protection Program under the Support Services Agreement, a group insurance plan that provides general liability insurance, workers' compensation insurance (where available), and bonding to us and our participating franchisees through an insurance company that names us and you as insureds.

### Initial Equipment Package

You must purchase the Initial Equipment Package which is described in Item 7 within a reasonable timeframe after you complete our Certification Program (described below in Item 11). You may purchase these items from us or a third party.

### Revenues Derived from Required Purchases and Leases

During our last fiscal year ended December 31, 2023, our revenues derived from the sale of equipment, chemicals, supplies, insurance and uniforms to franchisees was \$547. This revenue represents approximately 1.7% of our total revenue of \$32,530.

During the Master Franchisor's last fiscal year ended September 30, 2023, the Master Franchisor derived \$313,012 in revenue for licensing the software, including web hosting and email services to regional franchisees. The Master Franchisor also received rebates from several suppliers who provide regional franchisees and unit franchisees with marketing materials, paper products, cleaning chemicals and cleaning equipment. During the Master Franchisor's last fiscal year ended September 30, 2023, these rebates totaled \$218,370 (\$26,185 for cleaning chemicals; \$52,284 for cleaning equipment; \$90,989 for paper products; and \$45,912 for other). This revenue totals \$531,382 or 1.9% of our total revenue of \$27,521,925.

During the Master Franchisor's last fiscal year ended September 30, 2023, the Master Franchisor's self-insured workers' compensation captive affiliate, PMA, derived revenue of \$4,922,291 from regional franchisee and unit franchisee purchases of services and/or products. This revenue totals 76% of the Master Franchisor's affiliate's total revenues of \$6,484,501.

The cost of all goods and services purchased under our specifications will range from 80% to 90% of your total purchases in starting your Franchise and range from 15% to 40% of your total purchases during the operation of your Franchise. The range is based on the Initial Plan you purchase (if any) and estimated Gross Billings.

### Supplier Rebates

We did not receive any rebates or discounts as the result of franchisee purchases.

### No Purchasing or Distribution Cooperatives

No purchasing or distribution cooperatives exist. We do not undertake to negotiate purchase arrangements (including price terms) with suppliers.

### No Material Benefits for Use of Approved Sources

We do not provide material benefits to you based on your use of designated or approved suppliers.

## ITEM 9 FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Unit Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Items 11 and 12
b. Pre-opening purchases/leases	Section 8.5	Items 5, 7, 8 and 11
c. Site development and other preopening requirements	Not applicable	Not applicable
d. Initial and ongoing certification	Sections 7.1 and 8.1	Items 6, 7 and 11
e. Opening	Not applicable	Items 7 and 11
f. Fees	Sections 1.4, 2.2, and 3.1, Article 4, Article 5, Article 7, Section 8.6, Article 14, Sections 17.2 and 18.4, and Summary Page  Section A of the Support Services Agreement	Items 5, 6 and 7
g. Compliance with standards and policies/operating manuals	Sections 1.1, 12.1 and 12.2	Items 8 and 11
h. Trademarks and proprietary information	Article 11 and Section 12.3	Items 13 and 14
i. Restrictions on products/services offered	Section 8.10	Item 16
j. Warranty and customer service requirements	Sections 8.3 and 9.1	Not applicable
k. Territorial development and sales quotas	Not applicable	Not applicable

Obligation	Section in Unit Franchise Agreement	Disclosure Document Item
l. Ongoing product/service purchases	Section 8.5	Item 8
m. Maintenance, appearance and remodeling	Not applicable	Not applicable
n. Insurance	Article 14	Items 6, 7 and 8
o. Advertising	Article 11	Items 6, 7 and 11
p. Indemnification	Section 19.3  Section 5 of the Support Services Agreement	Item 6
q. Owner's participation/management/staffing	Sections 7.2, 8.2 and 8.9	Item 15
r. Records/reports	Article 10	Not applicable
s. Inspections/audits	Section 10.4 and Article 13	Item 6
t. Transfer	Article 18	Items 6 and 17
u. Renewal	Section 2.2	Items 6 and 17
v. Post-termination obligations	Article 16	Item 17
w. Non-competition covenants	Article 17	Item 17
x. Dispute resolution	Article 20, and Sections 22.10 and 22.14  Section 6 of the Support Services Agreement	Item 17
y. Other	Not applicable	Not applicable

## ITEM 10 FINANCING

We may finance a portion of the Initial Franchise Fee and the Sales and Marketing Fee for Additional Accounts for qualified franchisees. Financing may also be available for equipment purchases. We offer no other financing. Participation in the Support Services Program may automatically qualify you for financing.

If you qualify for financing, we may finance between \$4,500 and \$9,000 of your Initial Franchise Fee, depending on the Initial Plan that you purchase and a portion of any Sales and Marketing Fee. We may finance up to 75% of the purchase price of certain equipment you purchase from us for 12 to 36 months. In each case, you must sign a Promissory Note in the form attached to the Franchise Agreement in Exhibit A for the amount financed. This amount must be paid in not more than 36 equal monthly installments with interest at 10% per year.

Your obligations under the Promissory Note are secured by a security interest in all of the assets that you use in your franchised business. These assets include all equipment, inventory, agreements,



contracts, your Accounts, your accounts receivable, and all other property you now own or later acquire, used in your franchised business. You may pay the Promissory Note early with no prepayment penalty. All of your owners must sign the Guaranty attached to the Franchise Agreement. Under this Guaranty, your owners guarantee that you will perform all of your obligations under the Promissory Note.

If you default under the Promissory Note:

- a. the entire balance of the Promissory Note becomes immediately due;
- b. you must pay court costs and legal fees we pay to collect the amounts you owe us (even if we don't sue you);
- c. you must pay interest at the lesser of: (i) 18% per annum; or (ii) the maximum legal rate on the remaining principal balance, and all accrued interest; and
- d. we may terminate your Franchise Agreement.

Under the Promissory Note, you waive the following defenses and legal rights: valuation and appraisal, demand, presentment, notice of non-payment, dishonor and protest; and your right to a jury trial.

The Promissory Note and Account Acceptance Agreement permits us to assign it, but it is not our practice or current intention to sell, assign or discount all or any part of any Promissory Note or Account Acceptance Agreement to a third party.

Neither we nor any affiliate receives any consideration for placing financing with any third-party lender.

#### Jan-Pro Veterans Preference Program

To provide support to past veterans and current veterans being released from active service, we offer all qualifying veterans financing of 50% of the Initial Franchise Fee for all Initial Plans FP-24 and above. We will provide this financing for 24 months at no interest. You must sign a Promissory Note in the form attached to the Franchise Agreement in Exhibit A for the amount financed. A summary of the other terms of the Promissory Note and Guaranty you must sign is disclosed above. To qualify for this program, you must be a veteran who has received an honorable discharge from the U.S. Military, and you must provide a copy of your Form DD 214 showing your status as a veteran.

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

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

#### Pre-Opening Obligations

Before you open your Unit Franchise, we (or our designee(s)) will provide the following assistance and services to you:

1. We will offer you an Initial Plan that consists of one or more Accounts for customers in the Territory. These Accounts are estimated to generate a certain dollar amount of Account Gross Billings (Franchise Agreement, Section 1.2).

2. We will provide up to four people with a comprehensive initial instructional program at no charge (the “Certification Program”) (Franchise Agreement, Section 7.1).

3. We will provide you access to each volume of the Jan-Pro operating manuals (together, the “Operations Manual”) (with periodic revisions as required). Our customary practice is to allow you to access the Operations Manual at or shortly before the initial Certification Program (Franchise Agreement, Section 12.2). The Operations Manual’s table of contents is attached to this disclosure statement as Exhibit C.

4. We will sell to you (if you choose) the Initial Equipment Package. The fee in Item 5 will apply (Franchise Agreement, Section 8.5.1).

5. We will provide you with a list of approved manufacturers and approved equipment, chemicals and supplies during initial certification (Franchise Agreement, Section 8.5).

#### Post-Opening Obligations

During the operation of your Unit Franchise, we (or our designee(s)) will provide the following assistance and services to you:

10.1 We may provide additional personal consultations if we can reasonably accommodate your request to do so. We may periodically introduce new methods and materials through personal consultation, group seminars, and other programs. There are no costs to you for personal consultations and group seminars. At your request, we may consult with you on high-level business and operational problems, and assist you to analyze sales, marketing and financial data. At all times, you remain responsible for the day-to-day operations, including but not limited to all employment decisions involving your franchise, such as hiring, firing, disciplining, setting compensation and benefits, and supervising performance. (Franchise Agreement, Section 7.1).

In addition, if you elect to participate in the Support Services Program, we will provide you with the following assistance and services to you:

1. We will invoice Accounts monthly (unless a service contract requires a different procedure, or we consider a different interval appropriate). We will collect the payments due for your Account contract(s), and deduct and pay ourselves the fees due under this Support Services Agreement, Collection Costs, Royalty Fees and any other amount you owe us under the Franchise Agreement or any other agreement between us, which may include charges for products or services purchased or amounts due under any Promissory Note) (Support Services Agreement, Section B(1)).

2. On the last business day of each month, we will advance you the net amount billed on your behalf based on the invoice you submit to us by the 10<sup>th</sup> of the month following services for your customers relating to your recurring Accounts (after deducting the amounts described above). We will include payment for the net amount invoiced for your Special Services billings after the customer has made payment (Support Services Agreement, Section B(1)).

## Advertising

We do not have a national or regional advertising fund or regional advertising cooperative for unit franchisees. We have no obligation to conduct advertising. There is no advertising council composed of franchisees.

You are not required to conduct any local advertising. You may not use the Proprietary Marks or any similar names for any advertising or other written promotional materials or on the Internet or other electronic medium, without our prior written consent. You may not register any domain name containing the Proprietary Marks or any similar names to establish, operate or participate in a website on which these names appear.

## Computer Systems

We may require you to use a business management software platform that is web-based. For example, the Master Franchisor owns a proprietary web-based system called JanHub<sup>SM</sup> that you may use to manage your customer information, invoicing, and other business management. To use the business management software platform, you do not need to purchase or use an electronic cash register or computer system. You will require a device, such as a smart phone, from which you may access the Internet. There is no fee to access the JanHub<sup>SM</sup> System. We estimate you may need to spend \$2,500 per year for an ongoing license fee and third-party computer-related support.

## Location of Your Franchise

You are solely responsible for selecting the site from which you operate your Franchise. Most Unit Franchisees operate their Franchises from their homes.

## Time Between Signing the Franchise Agreement and Opening the Franchise

The typical time between signing your Franchise Agreement and opening your Franchise is about 45 days, depending on when the initial Certification Program is scheduled and completed, and the needs of the Account contract(s) you purchased.

## Certification Program and Advanced Instruction

We will provide the Certification Program for up to four approved people at no additional charge, but may charge a reasonable fee for additional individuals that attend the Certification Program. You must pay for all costs that your representatives incur in attending the Certification Program, including meals, travel and salary. The Certification Program includes video, classroom and on-site expert consultation.

You must attend, or cause one of your managerial personnel (satisfactory to us) to attend, and successfully complete our Certification Program and any other seminars, sessions, programs, consultations and advanced instructional modules we deem necessary or as required by a specialized customer contract that you would like to purchase. The current "Advanced Certification Modules" are: Team Cleaning; Medical Certification; Business Management; and Advanced Floor Cleaning and Carpet Cleaning.

If we determine that you or your manager have failed to attend or satisfactorily complete the Certification Program or any other instruction, we may, at your expense (including our current standard Certification Fee), require you (or your Manager) to attend an additional Certification Program, or terminate your Franchise Agreement without further liability to you. We may conduct the initial Certification



Program and any other certification when and at locations we reasonably determine. You must attend at those times and locations.

### CERTIFICATION PROGRAM

Subject	Hours of Classroom Instruction	Hours of On-The-Job Instruction	Location Where Instruction is Held
The JAN-PRO Story; Starting Your Franchise	3	0	Existing Office Location or Web Enabled
Customer Service; Brand Standards; Industry Best Practices	6	0	Existing Office Location or Web Enabled
Best Practices; Managing Your Employees & Your Accounts; Finance	6	0	Existing Office Location or Web Enabled
Business Owner Resources and Forms; Safety; Test and Review	4	0	Existing Office Location or Web Enabled
<b>Total</b>	<b>19 Hours</b>	<b>0 Hours</b>	

Your instructional materials for the Certification Program include the Brand Standards and Procedures Manual and video presentations. Initial certification is conducted at our office and/or through a web enabled conferencing tool. We schedule the initial Certification Program on an as-needed basis.

### ITEM 12 TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Master Franchisor has granted us the right to grant Unit Franchises to persons who want to independently own and operate businesses that provide janitorial and related services to customers in our Territory. We grant you the right to use the System to operate a Unit Franchise in our Territory.

We will offer you (but you are not required to purchase) an Initial Plan, which consists of Accounts for customers in our Territory. You may not provide janitorial and related services under the Proprietary Marks outside of our Territory. We grant you the nonexclusive right to use JAN-PRO Cleaning & Disinfecting™ and the other Proprietary Marks. We reserve, among other things, the right to use and grant others the right to use the Proprietary Marks.

Your Franchise Agreement does not grant you any options, rights of first refusal, or similar rights to obtain additional Unit Franchises.

You may not use other channels of distribution, such as the Internet, telemarketing, or other direct marketing to make sales outside of the Territory under the Proprietary Marks.




Neither we, the Master Franchisor, or any of our respective affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark and that sells or will sell goods or services similar to those that you will offer.



**ITEM 13  
TRADEMARKS**

We grant you the right to operate your Franchise under the names “JAN-PRO,” “JAN-PRO CLEANING SYSTEMS” and “JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS.”

The Master Franchisor has registered the following Proprietary Marks on the United States Patent and Trademark Office (“USPTO”) principal register:

Mark	Registration Number	Registration Date
JAN-PRO	1,791,912	September 7, 1993
JAN-PRO TRACKER	3,336,856	November 13, 2007
JAN-PRO SIGNATURE CLEAN	3,345,781	November 27, 2007
JAN-PRO TECHNICS	3,353,962	December 11, 2007
JAN-PRO CLEANING SYSTEMS MEASURABLE CLEANING. GUARANTEED RESULTS	3,529,952	November 11, 2008
ENVIROSHIELD	3,902,223	January 4, 2011
	5,616,505	November 27, 2018
MedMetrix	4,529,294	May 13, 2014
	6,687,729	March 29, 2022
	6,687,727	March 29, 2022

All required affidavits and renewals have been filed. There are no effective determinations of the USPTO, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court. There are no pending interference, opposition or cancellation proceedings, nor any pending material litigation involving the Proprietary Marks. There are no decided infringement, cancellation or opposition proceedings in which the Master Franchisor unsuccessfully fought to prevent registration of a trademark to protect the Proprietary Marks.

## Agreements

The Franchise Agreement and your payment of the Royalty Fees grants you the non-exclusive right and license to operate your Unit Franchise using our Proprietary Marks. We have the right to use, and to give you the right to use, the Proprietary Marks under our Regional Franchise Development Agreement with the Master Franchisor. The effective date of our Regional Franchise Development Agreement is September 30, 2022. The Regional Franchise Development Agreement has an initial ten-year term and one ten-year renewal term. The Master Franchisor cannot terminate the Regional Franchise Development Agreement unless we default. If our Regional Franchise Development Agreement is terminated, the Master Franchisor has the right, but not the obligation, to assume our unit franchise agreements. The Franchise Agreement does not provide a right to terminate if our Regional Franchise Development Agreement is terminated. Other than our Regional Franchise Development Agreement, there are no agreements that significantly limit our right to use or license the use of the Proprietary Marks in a manner material to you.

## Protection of Rights

You must immediately notify us if you learn that any party is using the Proprietary Marks without our permission or is using a trademark that is confusingly similar to the Proprietary Marks. You also must immediately notify us if anyone claims that you or we do not have the right to use the Proprietary Marks. We and the Master Franchisor will determine what action, if any, we or the Master Franchisor will take against the unauthorized user or challenger. If we determine that you have used the Proprietary Marks in accordance with your Franchise Agreement and have complied with your obligations under your Franchise Agreement, we will pay to defend you, including the cost of any judgment or settlement. If we determine that you have not used the Proprietary Marks in accordance with your Franchise Agreement, or have not otherwise complied with your obligations, such as using the Proprietary Marks to service customers outside of your Franchise Agreement, you must pay for your own defense, including the cost of any judgment or settlement.

If any litigation arises from your use of the Proprietary Marks, you must sign all documents and perform all acts we believe necessary to conduct a defense, including becoming a party to any litigation. Except to the extent that the litigation results from your use of the Proprietary Marks in breach of your Franchise Agreement, we will reimburse you for your out-of-pocket costs to perform these acts.

If at any time we believe that you should modify or discontinue the use of any of the Proprietary Marks or use one or more additional or substitute names or marks for reasons, including the rejection of any pending application for registration or revocation of any existing registration of any of the Proprietary Marks, or the superior rights of senior users, you must do so at your sole expense within 30 days after our request.

## Superior Rights and Infringing Uses

Neither we nor the Master Franchisor has actual knowledge of superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in our Territory.

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

### Patents

No patents are material to the Franchise.

## Copyrights

Various certification, management and other materials that the Master Franchisor has developed are and will be protected under the U.S. Copyright Act, whether or not the Master Franchisor has filed for registration. You may use these copyrighted materials during the term of your Franchise Agreement, in a manner consistent with the Master Franchisor's ownership rights, solely to operate your Franchise.

There are no pending copyright applications for the Master Franchisor's copyrighted materials. There are no effective determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation involving the copyrighted materials that relate to their use by our franchisees.

All of the provisions in Item 13 under the headings "Agreements" and "Protection of Rights" also apply to copyrights.

We do not know of any superior rights in or any infringing uses of the Master Franchisor's copyrighted materials that could materially affect your use of the copyrighted materials in our Territory.

## Proprietary Information

We have a proprietary, copyrighted Operations Manual for unit franchisees that we received from the Master Franchisor, and copyrighted materials that include guidelines, standards and policies for the operation of your franchised business. Item 11 describes the Operations Manual and the manner in which you may use it. All documents provided to you, including the Operations Manual, are for your exclusive use during the term of your Franchise Agreement, and may not be reproduced, lent or shown to any person outside the Jan-Pro System.

You must promptly notify us when you learn about unauthorized use of our or the Master Franchisor's proprietary or confidential information. We are not obligated to take any action and will respond to this unauthorized use only as we deem appropriate. We will not indemnify you for losses you incur as a result of claims brought by a third party for your use of this information.

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

We require that you have at least one person actively involved in the management of the Franchise, who may be the owner of an entity-franchisee or a manager you have selected (or who has been selected by the owners of an entity-franchisee). Your manager must have completed the Certification Program and other required programs to our satisfaction.

Your Manager and managerial personnel must sign our form of confidentiality and non-competition agreement.

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

You must offer for sale all approved services and products for which you have been certified and for which you have all necessary equipment. You must not deviate from our specifications for the approved

services and products without our written consent, and must discontinue offering any services or products we disapprove in writing. We may change the services and products we approve or authorize. There are no limits on our right to make these changes.

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

**THE FRANCHISE RELATIONSHIP**

**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.**

Provision	Section in Franchise or Other Agreement	Summary
a. Length of the franchise term	Section 2.1	10 years.
	Section C1 of Support Services Agreement	10 years
b. Renewal or extension of the term	Section 2.2	You may renew your Franchise for two additional ten-year periods if you satisfy the conditions in the Franchise Agreement.
	Section C(1) of Support Services Agreement	The Agreement will automatically renew for successive one year terms if you satisfy the conditions of the Support Services Agreement.
c. Requirements for you to renew or extend	Section 2.2	You must satisfy all the following conditions: (i) you notify us in writing of your intention to renew at least 6 months (and not more than 12 months) before expiration; (ii) you have complied with your obligations under the Franchise Agreement or resolved any breaches to our satisfaction; (iii) you pay all amounts due to us and our affiliates; (iv) you sign our then-current form of Franchise Agreement (which may contain materially different terms than your original contract) and ancillary documents; (v) you meet our then-current qualifications and comply with instructional requirements; (vi) you pay us a Renewal Fee; and (vii) you sign a general release.
	Section C(1) of Support Services Agreement	Unless either party gives the other party notice of its intention not to renew the Support Services Agreement, the Support Services Agreement will automatically renew for successive one year terms.
d. Termination by you	None	You have no right to terminate the Franchise Agreement.
	Support Services Agreement: Section C(2)	You may terminate the Support Services Agreement without cause upon 60 days' notice or with cause for a breach of the Support Services Agreement.

Provision	Section in Franchise or Other Agreement	Summary
e. Termination by us without cause	None  Support Services Agreement: Section C(2)	We can terminate the Franchise Agreement only for cause.  We can terminate the Support Services Agreement without cause upon 60 days' written notice.
f. Termination by us with cause	Article 15  Support Services Agreement: Section 2	We can terminate your Franchise Agreement only if you default under your Franchise Agreement.  We can terminate the Support Services Agreement if you default.
g. "Cause" defined – curable defaults	Sections 15.2 and 15.3  Support Services Agreement: Section C(2)	Franchise Agreement: You have 30 days after notice to cure all defaults in Section 15.3 of the Franchise Agreement. Some of the defaults in Section 15.2 of the Franchise Agreement are curable. For example, you have ten days after delivery of a Notice of Default to cure monetary defaults.  Support Services Agreement: 15 days to cure a breach of the Support Services Agreement.
h. "Cause" defined – non-curable defaults	Sections 15.1 and 15.2  Support Services Agreement: Section C(2)	Franchise Agreement: Non-curable defaults include: bankruptcy, insolvency, appointment of a receiver, and any other defaults in Section 15.1. Some of the defaults in Section 15.2 cannot be cured, such as breaching the confidentiality and non-competition covenants, misusing the Proprietary Marks, and transferring your rights in the Franchise Agreement without our consent.  Support Services Agreement: Non-curable defaults include bankruptcy, breach of Franchise Agreement and failure to cure, or termination of Franchise Agreement.
i. Your obligations on termination / nonrenewal	Article 16	You must: (i) cease operations and use of the Proprietary Marks and intellectual property; (ii) return customer keys and any other means of access to customers' premises; (iii) pay all amounts due to us or our affiliates; (iv) not use any reproduction or imitation of the Proprietary Marks or the System or use or attempt to register any marks that are the same as or similar to any of the Proprietary Marks or represent an association or connection with the Master Franchisor, us, or any of our affiliates; (v) return loaned materials and Confidential Information; and (vi) cancel any assumed-name or equivalent registration involving the Proprietary Marks.
j. Assignment of contract by us	Section 18.1	No restrictions on our right to assign.

Provision	Section in Franchise or Other Agreement	Summary
k. "Transfer" by you – defined	Section 18.2	<p>A transfer includes selling, assigning, conveying or otherwise disposing of, voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise, your Franchise Agreement, any direct or indirect interest in the Franchise Agreement, or all or substantially all of your customer accounts. A sale or transfer of an occasional or insubstantial number of customer accounts may proceed without our consent if the sale or transfer is to another franchisee in good standing with us and using the documentation we provide.</p> <p>A transfer of 25% or more of voting or ownership interests, individually or in total, directly or indirectly, is considered a transfer of an interest in your Franchise Agreement. A transfer of all or substantially all of the assets used to operate your Franchise is also considered a transfer of an interest in your Franchise Agreement.</p>
l. Our approval of your transfer	Section 18.2	You may not transfer without our consent.
m. Conditions for our approval of transfer	Section 18.4	<p>(i) you pay all amounts due to us or our affiliates; (ii) you are not in default of your Franchise Agreement or any other agreement; (iii) you sign a general release of all claims against us, our affiliates and the Master Franchisor; (iv) the transferee signs an assumption agreement or our new form of Franchise Agreement (which may contain materially different terms than the original contract) and ancillary documents; (v) transferee’s owners sign our current standard form of personal guaranty; (vi) you pay us a transfer fee; (vii) the transferee demonstrates that it (and/or its owners) has the business and personal skills, reputation, and financial capacity we require; (viii) at the transferee's expense (including our then-current Certification Fee), the transferee completes the Certification Program; and (ix) you and the transferee timely satisfy any other conditions we reasonably impose.</p>
n. Our right of first refusal to acquire your business	None	None.
o. Our option to purchase your business	None	None.

Provision	Section in Franchise or Other Agreement	Summary
p. Your death or disability	Sections 18.5 and 18.6	If an Owner dies or is disabled from any cause and, as a result, for a continuous period of more than three consecutive months, is unable to perform his or her obligations under the Franchise Agreement, within 30 days a replacement satisfactory to us to perform the obligations must be hired. Within six months of the death or permanent disability of any Owner, that individual's estate or representative must transfer his or her interests in the unit franchisee (or in any of the franchisee's owners) or in the Franchise Agreement. No transfer fee is due in this case.
q. Non-competition covenants during the term of the franchise	Section 17.1	<p>You may not: (i) solicit or influence any of our Business Affiliates (as defined below) to terminate or modify his, her or its business relationship with us or to compete against us; (ii) solicit or influence any Initial Plan Accounts or Additional Accounts to terminate or modify their business relationship with us; or (iii) own, operate or be engaged in any business engaged in any cleaning and maintenance business that performs commercial, industrial and institutional cleaning, disinfecting and maintenance services for Initial Plan Accounts or Additional Accounts. You may not interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize our or any of our franchisees' businesses.</p> <p>A "Business Affiliate" is any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees, Initial Accounts or Additional Accounts.</p> <p>You are not prohibited from providing cleaning or related services to accounts that you independently acquire.</p>
r. Non-competition covenants after the franchise is terminated or expires	Section 17.1	The obligation stated in (q) above also applies for the 12-months after the expiration or termination of your Franchise Agreement.
s. Modification of the agreement	Article 12 and Sections 20.4 and 22.3	Your Franchise Agreement may not be modified without your and our consent, except: (i) we may change the contents of the Operations Manual; (ii) we may modify the System; and (iii) a court or arbitrator may modify a provision of the Franchise Agreement under applicable law.
t. Integration/merger clause	Section 22.17	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.



Provision	Section in Franchise or Other Agreement	Summary
u. Dispute resolution by arbitration or mediation	Article 20 Support Services Agreement: Section C(6)	Many disputes must be mediated or arbitrated in the county in which our principal office is then located.
v. Choice of forum	Section 22.10	Subject to mediation and arbitration requirements, litigation must be brought in state or federal court in the state and county where our principal office is then located.
w. Choice of law	Section 22.14 Support Services Agreement: Section C(6)	Except to the extent the Lanham Act or Federal Arbitration Act governs, the laws of the state where our principal office is located when you sign your Franchise Agreement.

Some states may have laws or court decisions that may supersede the Franchise Agreement concerning your relationship with us, including the areas of termination and renewal. A provision in your Franchise Agreement that terminates the Franchise upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101 *et seq.*

### **ITEM 18 PUBLIC FIGURES**

We do not use public figures to promote our Franchise, but may do so in the future.

### **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, and/or affiliate-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Your Initial Franchise Fee is based on the Initial Plan you choose (if any). The Initial Plan comprises our offering of a stated volume of Accounts for customers in our Territory. These Accounts are estimated to generate a stated amount of Account Gross Billings. For example, a FP-24 Initial Plan means \$24,000 in yearly Account Gross Billings.

The Account Gross Billings you choose for your Franchise should not, however, be considered as the actual income or profit you will realize. We do not represent, warrant or guaranty that any Accounts will be profitable, or that the Account Gross Billings that Accounts are initially estimated or represented below to generate will be the actual Gross Billings you realize from those Accounts. The yearly Account Gross Billings you actually achieve are affected by many factors such as: the Account Gross Billings being offered in installments during the stated time period; your rejecting, stopping service to or losing an Account; and the interval of time before any required replacement Account is offered. The quality of the

services you perform and the efficiency with which you perform them also will affect your actual Account Gross Billings.

We reviewed our compliance with Franchise Agreements on the amount, timeliness and refund requirements for Account Gross Billings offered to our unit franchisees. We reviewed all Franchise sales made during our last completed fiscal year and determined whether, as of our last fiscal year end, Account Gross Billings had been offered in compliance with the Franchise Agreement.

During our last fiscal year ended December 31, 2023, we sold 3 unit franchises. Of those sold, as of the close of the fiscal year: (a) unit franchisees either had their Initial Plans timely filled or had accepted our performance in 1 case; (b) we and the unit franchisee made a mutually acceptable adjustment to the Initial Plans, such as by our recalculation of the Initial Franchise Fee or an extension of time to offer Accounts or replacement Accounts, in 0 cases; (c) the time for us to offer Accounts under Initial Plans had not expired in 2 cases; (d) we and the unit franchisee mutually agreed to terminate the Unit Franchise Agreement or we terminated the Unit Franchise Agreement under its terms in 0 cases;; and (e) it is undetermined whether the Franchise Plan has been filled in 0 cases.

Therefore, we complied with the amount, timeliness and account substitution requirements for Account Gross Billings offered to our unit franchisees in 100% of the cases. Substantiation of the data used in preparing these statistics will be provided upon request.

Other than this Item 19, 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, report it to our management by contacting Corey Thompson, 525 Junction Road Suite 6500, Madison, WI 53717, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**OUTLET STATISTICS FOR OUR UNIT FRANCHISEES IN THE TERRITORY**

Table 1  
Systemwide Outlet Summary  
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1

Table 2  
Transfer of Outlets from Unit Franchisees to New Owners (Other than the Franchisor)  
For Years 2021 to 2023

State	Year	Number of Transfers
Wisconsin	2021	0
	2022	0
	2023	0
Illinois	2021	0
	2022	0
	2023	0
Total Outlets	2021	0
	2022	0
	2023	0

Table 3  
Status of Unit Franchised Outlets  
For Years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Wisconsin	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Illinois	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1

Table 4  
Status of Company-Owned Outlets  
For Years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Wisconsin	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Illinois	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Total	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0

Table 5  
Projected Openings as of  
December 31, 2023

State	Franchise Agreements Signed but Outlet Not Opened <sup>(5)</sup>	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Wisconsin	2	7	0
Illinois	0	4	0
Total	0	11	0

A list of the names, addresses and telephone numbers of our current franchisees is attached to this disclosure document as Exhibit E.

A list of the names, addresses and telephone numbers of our franchisees who have had an outlet terminated, canceled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who have not communicated with us within ten weeks of the Issuance Date of this disclosure document, is attached as Exhibit F.

If you buy the Franchise offered in this disclosure document, your contact information may be disclosed to other buyers when you leave the System.

#### Confidentiality Clauses

As a standard practice, when we enter into a Termination and Release Agreement with a former franchisee, we require the former franchisee to maintain all information that the former franchisee has about us as confidential. We have entered into a Termination and Release Agreement (including the confidentiality clause) within the past three years.

Sometimes, current and former franchisees sign provisions restricting their ability to speak openly about their experience with us. You may wish to speak with current and former franchisees, but know that not all franchisees can communicate with you.

#### Trademark-Specific Franchisee Organizations

There are no trademark-specific unit-franchisee organizations.

## ITEM 21 FINANCIAL STATEMENTS

**We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission.** Attached to this disclosure document as Exhibit D are our audited financial statements for our fiscal year ended

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<sup>5</sup> This column represents the number of unit franchise agreements signed in the previous year when the Unit Franchisee had not yet started servicing its Accounts.

December 31, 2023 and our Initial Balance Sheet as of November 30, 2022. Our fiscal year end is December 31.

## **ITEM 22 CONTRACTS**

The Franchise Agreement is attached to this disclosure document as Exhibit A and the Support Services Agreement is attached as Exhibit B. The Franchise Agreement includes the following exhibits:

- Exhibit A Promissory Note
- Exhibit B Independent Business Acknowledgment

## **ITEM 23 RECEIPTS**

The last two pages of this disclosure document (following the exhibits and attachments) is a receipt for you to acknowledge that you received a copy of this disclosure document (one copy for you and one to be signed and returned to us).

**Exhibit A to the Franchise Disclosure Document**

**FRANCHISE AGREEMENT**



**UNIT FRANCHISE AGREEMENT**

**with**

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

**Territory:** \_\_\_\_\_



**SUMMARY PAGE**

- 1. Effective Date: \_\_\_\_\_
- 2. Franchisee's Name: \_\_\_\_\_
- 3. Franchisee's Type of Entity (corporation, limited liability company) and State of Organization: \_\_\_\_\_
- 4. Ownership of Franchisee:

The following persons are all of the owners of a legal and/or beneficial interest in the Franchisee Entity (the "Owners"):

<u>Name</u>	<u>Percentage Ownership</u>
_____	_____
_____	_____

- 5. Territory:

Our designated territory includes Dane, Green, Iowa, Jefferson, Lafayette, and Rock counties for Jan-Pro Franchise Development of Greater Madison; and Boone, Carroll, DeKalb, Lee, Ogle, Stephenson, and Winnebago counties for Jan-Pro Franchise Development of Northwestern Illinois.

- 6. Initial Plan (See Section 1.2) (select one):

\_\_\_\_\_ You have elected for us to provide you with Initial Plan Accounts and we must offer you Initial Plan Accounts estimated to generate \$ \_\_\_\_\_ of annual Account Gross Billings. Account Gross Billings must be offered to you within \_\_\_\_\_ business days after the Start Date. This is called your "**Initial Plan.**"

\_\_\_\_\_ You have elected for us not to provide you with Initial Plan Accounts.

- 7. Initial Franchise Fee (See Section 3.1): The Initial Franchise Fee is \$ \_\_\_\_\_. You will pay \$ \_\_\_\_\_ by certified or cashier's check; and, if any portion of the Initial Franchise Fee is to be financed, \$ \_\_\_\_\_ under the terms of the attached Promissory Note.

- 8. Addresses for Notices (See Section 22.5):

Ours:  
Kramerica Enterprises, LLC  
525 Junction Road Suite 6500  
Madison, WI 53717

Yours:  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Initials: \_\_\_\_\_ (Us)

Initials: \_\_\_\_\_ (You)

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**EXHIBITS:**

Exhibit A	Promissory Note
Exhibit B	Independent Business Acknowledgment

## UNIT FRANCHISE AGREEMENT

This Unit Franchise Agreement (the “**Agreement**”) is made as of the effective date stated on the Summary Page (“**Effective Date**”) between Kramerica Enterprises, LLC (doing business as Jan-Pro Franchise Development of Greater Madison and Jan-Pro Franchise Development of Northwestern Illinois, a Wisconsin limited liability company (“**we**,” “**us**” or “**our**”) and the person or corporation or limited liability company (an “**Entity**”) identified on the Summary Page as Franchisee (“**you**” or “**your**”).

A. We are the Regional Franchise Developer under a Regional Franchise Development Agreement with Jan-Pro Franchising International, Inc. (“**JPI**”) within the territory identified on the Summary Page (“**Territory**”).

B. We grant unit franchises for independent businesses that offer janitorial and related services (the “**Franchise**”) under the JAN-PRO Cleaning & Disinfecting system of brand specifications and operating procedures (the “**System**”), and the service mark JAN-PRO CLEANING & DISINFECTING (the “**Proprietary Marks**”). The System and Manuals do not include any employment policies, procedures or samples that we make available for your optional use.

C. You want to purchase a Franchise from us to operate your business under the System and the Proprietary Marks.

D. We accept you as a franchisee under the terms of this Agreement.

You and we agree:

### 1. GRANT OF FRANCHISE

1.1 We grant you a Franchise to use the System and the Proprietary Marks under the terms of this Agreement. Your Franchise will provide janitorial and related services under the Proprietary Marks for one or more customer accounts that you own, engage and/or service in the Territory (“**Accounts**”). Accounts include Initial Plan Accounts as defined in Section 1.2, Additional Accounts as defined in Section 4.1 and Self-Acquired Accounts as defined in Section 1.6. You agree to operate your Franchise under this Agreement. You agree that you will not perform janitorial and related services under the Proprietary Marks either outside of the Territory or outside of this Agreement.

1.2 If you have elected to contract with us for the purchase of one or more Accounts in the Territory (“**Initial Plan Accounts**”) that are estimated to generate the Account Gross Billings (as defined below in this Section), the Initial Plan is stated on the Summary Page. We will offer these Initial Plan Accounts within the number of business days stated on the Summary Page after the Start Date (as defined below in this Article) to fulfill your purchase of Accounts as part of your Initial Plan.

1.2.1 “**Account Gross Billings**” are the total estimated annual service revenues from any Account or Accounts we provide to you.

1.2.2 The “Start Date” is the date on which you have: (a) entered into this Agreement (and each owner of the business entity has signed the Guaranty agreement); (b) obtained all licenses and permits required by law to operate your Franchise; (c) obtained your initial equipment and supplies; (d) obtained the required insurance (described in Article 14); (e) successfully completed our Certification Program (defined in Section 7.1); and (f) fulfilled any other reasonable conditions that we require. We will not offer you Accounts until you complete these items.

1.2.3 We may extend the time within which we must offer the Initial Plan if:

1.2.3.1 any of your Accounts cancels due to your Misconduct (as defined below). We may require you to prove that you understand the brand standards which are set forth in the System’s procedures and requirements, either by completing our workshop or by other reasonable means. In this case, the time for us to offer the Initial Plan is extended until you prove your understanding to our satisfaction.

1.2.3.2 you default under any term of this Agreement or any other agreement with us. In this case, the time for us to offer the Initial Plan is extended until you cure your defaults to our reasonable satisfaction.

“Misconduct” means any conduct by you or your employees or contractors that damages the goodwill of the brand, including, but not limited to: faulty workmanship, fraud, theft, dishonesty, providing services in a manner reasonably unsatisfactory to one or more of your customers, engaging in unlawful activity on a customer’s premises, bringing non-employees (or non-contractors) onto your customers’ premises (such as children), or otherwise defaulting under this Agreement or the service contract with your customer.

We do not represent or guaranty that any Accounts will be profitable or that the Account Gross Billings initially estimated will be the actual Account Gross Billings you receive. You agree that the profitability of your Franchise depends on many factors, such as the efficiency and skill of your workforce and your business ability to manage your expenses and day-to-day operations.

1.3 If you accept an Account, you own that Account. Your Accounts remain your property unless repossessed or transferred as provided in this Agreement or by operation of the terms of the Account contract. You may review each Account offered and choose whether you want that Account. You are not required to acquire any Accounts. You may reject any Account or stop servicing any Account. If you reject an Account offered under your Initial Plan, or stop servicing an Account offered under your Initial Plan due to your customer’s nonpayment, we will replace the value of that Account, but not necessarily within the original time period under your Initial Plan. In this case, we will replace the value of that Account within a reasonable time period.

1.4 If, within the first year after you accept an Initial Plan Account from us, the Initial Plan Account is terminated for other than your documented Misconduct, or if you stop servicing your customer due to the customer’s nonpayment (a “**Terminated Account**”), we will not refund the Initial Franchise Fee (as defined below in Section 3) you paid, but we will, within a reasonable time period, offer a replacement Account(s) as follows:

1.4.1 We can offer replacement Accounts that are equal to, or more than, the full Account Gross Billings of the Terminated Account. In this case, our replacement obligation ends 12 months from *the Terminated Account’s start date*; or

1.4.2 We can offer replacement Accounts that are equal to, or more than, the remaining Account Gross Billings of a Terminated Account that was a replacement Account. In this case, our replacement obligation ends 12 months from the *replacement Account start date*.

If an Initial Plan Account has Account Gross Billings that are greater than the amount required to be offered under the Initial Plan, or a replacement Account offered under Section 1.4 has Account Gross Billings that are greater than the Terminated Account, you must pay us a Sales and Marketing Fee (as defined below in Article 4) for the excess value as provided in Article 4.

1.5 If your Initial Plan Account terminates your services at any time after one year from the date you begin providing services for that Account, we are not obligated to refund any portion of the Initial Franchise Fee or to replace that Account for any reason. In addition, we are not obligated to refund any portion of the Initial Franchise Fee if a Self-Acquired Account (as defined below) terminates your services at any time for any reason.

1.6 If you have elected *not* to contract with us for the purchase of one or more Accounts in the Territory, you must contract with and begin servicing at least one Self-Acquired Account within 125 business days after the Start Date. “**Self-Acquired Accounts**” are customer accounts we have not offered to you, or that you procured without our assistance, but that you are servicing under the Proprietary Marks. The Self-Acquired Accounts will remain your property unless repossessed or transferred under this Agreement or by operation of the terms of the Self-Acquired Account contract.

## 2. INITIAL AND RENEWAL TERMS

Term of Agreement: This Agreement is for a(n):

- Initial Term
- Renewal Term No. \_\_\_\_

- 2.1 The initial term of this Agreement (the “**Initial Term**”) expires ten years after the Effective Date. “**Term**” means the Initial Term and any Renewal Term.
- 2.2 You may renew your franchise two times for ten years each (each, a “**Renewal Term**”). You may do so only by satisfying all of the following conditions:
  - 2.2.1 you deliver written notice to us at least six months, but not more than 12 months, before the Term expires;
  - 2.2.2 you have been in compliance with this Agreement, the Operations Manual (as defined in Section 12.1) and all other agreements between you and us or our affiliates, or if any defaults have occurred, the defaults have been resolved to our satisfaction;
  - 2.2.3 you make all payments you owe to us and our affiliates (including under any promissory note or other indebtedness);
  - 2.2.4 you sign our new form of unit franchise agreement and all related agreements for the Renewal Term, and this new unit franchise agreement may have materially different terms and conditions, such as a greater Royalty Fee (as defined below in Article 5), etc. from this Agreement;
  - 2.2.5 you meet our then-current requirements for new franchisees, and you attend, or one of your officers or managerial personnel attend, any required orientation, workshop, or similar class;
  - 2.2.6 you pay us a Renewal Fee of \$1,500 (the “Renewal Fee”) prior to the start of the Renewal Term; and
  - 2.2.7 you sign a general release (in form and substance satisfactory to us and JPI) of all claims against us, our affiliates, and JPI, its affiliates, and our and their respective officers, directors, owners, agents and employees.
- 2.3 At the end of the second Renewal Term, we may elect to offer a successor franchise agreement. The successor franchise agreement is not a renewal and may (and probably will) differ materially from this Agreement in financial and other ways and terms.

### 3. INITIAL FRANCHISE FEE

- 3.1 When you sign this Agreement, you must pay us the initial franchise fee stated on the Summary Page (the “**Initial Franchise Fee**”). If any portion of the Initial Franchise Fee is financed, you must sign a promissory note (the “**Promissory Note**”) and all of your owners must sign a Guaranty (the “**Guaranty**”).
- 3.2 Except as provided in this Section , the Initial Franchise Fee is nonrefundable. If you elected to purchase Initial Plan Accounts and we don’t offer you Initial Plan Accounts with Account Gross Billings required by Section 1.2 within the time

provided, we will reduce your Initial Franchise Fee by an amount equal to the “Adjustment Amount.” We will apply the Adjustment Amount first to reduce any amounts you owe us (including under a Promissory Note) and any remaining amount will be refunded to you. The “**Adjustment Amount**” is the difference between the amount of your Initial Franchise Fee and the amount of the Initial Franchise Fee for the Accounts we actually offered. If the Initial Plan we offered differs from a standard Initial Plan we offer, we will use a marginal rate calculation to determine that Initial Franchise Fee. We will deduct all amounts you owe us (including under a Promissory Note) from any refund.

#### 4. ADDITIONAL CUSTOMER ACCOUNTS

- 4.1 We provide sales and marketing services for you on a commission basis for any Additional Accounts offered to you as set forth in this Section. Our sales and marketing services are performed on your behalf and are based on your direction as to the type of accounts and price at which you are willing to service those accounts. We may offer Additional Accounts (not included in the Initial Plan) to you (“**Additional Accounts**”). You may review any proposed Additional Account and determine whether you want to accept it. If you want to accept the Additional Account, you must pay us a sales and marketing commission/fee (the “**Sales and Marketing Fee**”) for the value of the services we provide in the acquisition and negotiation of the Account on your behalf. When you accept an Additional Account, you own that Additional Account. Your Additional Accounts remain your property unless repossessed or transferred as provided in this Agreement or by operation of the terms of the Account contract.
- 4.2 The Sales and Marketing Fee for each Additional Account is determined by your total Annualized Billings. “**Annualized Billings**” means the product of 12 times your total Gross Billings (as defined below in Section 5) for the month prior to the month in which you are acquiring the Additional Account(s).
  - 4.2.1 If your Annualized Billings are less than \$75,000, the Sales and Marketing Fee is four times the Additional Account’s monthly Account Gross Billings.
  - 4.2.2 If your Annualized Billings are \$75,000 or more, the Sales and Marketing Fee is three times the Additional Account’s monthly Account Gross Billings.
- 4.3 You must pay us the Sales and Marketing Fee under any method below you choose:
  - 4.3.1 You may pay the entire Sales and Marketing Fee prior to or at the time you receive the Additional Account(s) and receive a 10% discount on the Sales and Marketing Fee.
  - 4.3.2 If you qualify, you may pay the Sales and Marketing Fee in five or fewer consecutive equal monthly installments with our receipt of those installments (in addition to any other amounts you then owe us) being deducted from the next four payments we collect for you from all of your

Accounts. If the next four collected payments do not satisfy the Sales and Marketing Fee (and the other amounts), we may either require you to pay the balance due on demand or deduct the balance due from amounts we later collect from your Accounts.

- 4.3.3 If you qualify, you may finance the Sales and Marketing Fee by making a down payment and financing the balance of the Sales and Marketing Fee. Under this loan option, you must sign a Promissory Note and all of your beneficial and legal owners must sign a Guaranty.
- 4.4 If any Additional Accounts become Terminated Accounts during the Replacement Obligation Period (as defined below) because of a material change in the cleaning schedule not resulting in a corresponding change in billing, an inability to pay, or the Account's relocation out of the service area, we will replace the Terminated Account with an Additional Account(s) within a reasonable time period.
  - 4.4.1 The "**Replacement Obligation Period**" is 6 months from when you start providing services for the Additional Account or twelve months if you participate in the Business Protection Plan as provided in the Support Services Agreement.
    - 4.4.1.1 If we offer replacement Accounts that are equal to, or more than, the full Account Gross Billings of the Terminated Account, the Replacement Obligation Period continues to run from the *Terminated Account's start date*; or
    - 4.4.1.2 If we offer replacement Accounts that are equal to, or more than, the remaining Account Gross Billings of a Terminated Account that was a replacement Account, the Replacement Obligation Period begins again from the *replacement Account's start date*.
  - 4.4.2 If any replacement Account offered under this Section becomes a Terminated Account during the Replacement Obligation Period, we will offer to replace the Terminated Account by offering Account(s) for the remaining obligation period consistent with this Section.
  - 4.4.3 If an Additional Account is terminated after the Replacement Obligation Period expires, we are not required to replace it for any reason.

## 5. CONTINUING FEES

- 5.1 You must pay us a monthly, nonrefundable royalty fee of 12% of your Gross Billings for the previous month (the "**Royalty Fee**") during the Term. "**Gross Billings**" means the total revenues due from each Account (including Additional Accounts and Self-Acquired Accounts) for all services you provide under the Proprietary Marks during a calendar month.



- 5.2 You must pay us an administrative fee (“**Administrative Fee for Special Services**”) of 10% of your Gross Billings for Special Services for the previous month. “**Special Services**” are special or isolated cleaning services performed under one-time, short-term and/or nonrecurring contract(s) that you accept. These services may include, for example, carpet cleaning and extraction, floor stripping and refinishing, disinfection services, or initial cleaning. Amounts due from customers for Special Services are included in Gross Billings; however, they are separately reported and invoiced.
- 5.3 You must pay us a monthly National Account (as defined below) support fee of 1% of Gross Billings from National Accounts for the previous month (the “**National Account Support Fee**”). This fee is in addition to the Royalty Fee due on Gross Billings from National Accounts. A “**National Account**” is a national or regional account referred from JPI’s affiliate.
- 5.4 The Royalty Fee, Administrative Fee for Special Services, National Account Support Fee, and any other fee due under this Agreement, must be paid to us on or before the 10<sup>th</sup> day of each month based on the previous month’s Gross Billings. Unless you and we otherwise agree pursuant to the Support Services Agreement or otherwise in writing, you will pay all amounts owed to us via credit card, electronic transfer of funds, or another method of payment we designate. You must sign any forms or agreements we require to permit payment and transfer of funds.
- 5.5 You may not deduct any amount (whether for reduction, setoff, defense or counterclaim) from any payment you owe to us.
- 5.6 We may set off and/or apply any payments you make in any way we choose, including to any past due indebtedness you owe to us.
- 5.7 If you are late with any payment you owe to us, we will charge you interest at the lesser of: (i) 18% per annum; or (ii) the maximum rate allowed by applicable law (the “**Contract Interest Rate**”). You must pay us this interest on demand. Interest accrues from the due date until the amount is paid in full.

## 6. SECURITY AGREEMENT

As security for all of your monetary and other obligations to us or our affiliates under this Agreement or any other agreement (including under any Promissory Note you sign), you grant to us (and to JPI for indemnity obligations of which JPI is a third-party beneficiary under this Agreement) a first-priority security interest in all of your assets used in your franchised business. These assets include all equipment, inventory, agreements, contracts, your Accounts, your accounts receivable, and all other property you now own or later acquire, used in your franchised business. You must sign all documents necessary to prove the security interests granted in this Agreement.

## 7. OUR BUSINESS AND MANAGEMENT SERVICES

7.1 To maintain the uniformity of the System and protect the integrity of the Proprietary Marks, you must operate your Franchise according to the System's policies, procedures and operational standards. We will provide you with a comprehensive initial certification program on the JAN-PRO Cleaning & Disinfecting brand standards (the "**Certification Program**"). We will provide this program for up to four approved people without charge. We may charge a reasonable fee for additional individuals that attend the Certification Program. The Certification Program includes video, classroom and on-site expert consultation. You may request our additional assistance, which we may provide if we can reasonably accommodate your request. We may introduce new methods and materials through personal consultation, group seminars, advanced Certification Program modules, and other programs. There is no cost to you for personal consultations and group seminars or for mandatory additional instruction. At your request, we may consult with you on business and operational problems, and assist you to analyze your revenues and financial data. At all times, you remain responsible for the day-to-day operations, including but not limited to all employment decisions involving your franchise, such as hiring, firing, disciplining, setting compensation and benefits, and supervising performance.

7.2 You, as an independent operator of your Franchise, must and do control your day-to-day business activities and make strategic, operational, managerial, and other business decisions as you see fit, as long as you comply with this Agreement and act in a way consistent with the System and in a manner that preserves the integrity of the Proprietary Marks in order to protect the goodwill of the brand. You have discretion over aspects of your franchised business, such as:

7.2.1 staffing decisions, supervision and other issues related to your staff;

7.2.2 scheduling (however, you should confer with your Accounts about their preferences);

7.2.3 which Accounts you wish to accept, purchase, own and service; and

7.2.4 your strategy and method of business expansion, and negotiation and acquisition of Self-Acquired Accounts.

## 8. OPERATING STANDARDS

8.1 You acknowledge that the goodwill associated with the Proprietary Marks and the success of franchises in the System depends on a consistently high standard of excellence in cleaning, maintenance, disinfection, sanitization services, customer service, and uniform practices across Franchises. You desire to benefit from this goodwill and the industry expertise inherent in the System's methods and practices. Therefore, you must attend, or at least one of your managerial personnel (satisfactory to us), must attend and successfully complete the Certification Program and any other seminars, sessions, programs, consultations and advanced

instructional modules we deem necessary. If we, in our sole judgment, determine that you have failed to adequately familiarize yourself with the System, including your satisfactory participation in the Certification Program and other required instruction on the System and its methods, we may, at your expense (including our then standard consultation or Certification Fees), require you to retake the Certification Program, or we may terminate this Agreement. We will conduct all of these programs and seminars at the times and locations we reasonably determine.

- 8.2 You have the sole responsibility to hire and maintain your staff of qualified and competent employees. You are solely responsible for all of your hiring decisions and for all obligations arising from your relationship with your employees. If required by your customer, you must perform employee background checks or make other requested assurances to customers as to your employees and their eligibility to perform work for a customer (e.g., compliance with a drug and alcohol policy), and you must certify to us and to the customer that any employees permitted on your customer's premises have successfully completed the background check or otherwise satisfied all lawful customer requirements. You also must obtain from each of your employees a signed statement, in a form that we approve, in which the employee acknowledges that you are their employer, not us or JPI. You must devote your best efforts to managing and operating your Franchise to protect the goodwill associated with the Proprietary Marks.
- 8.3 Except for Initial Plan Accounts and Additional Accounts (if any), you are responsible for all Account solicitation, management, and services, including identifying potential Accounts, contracting with Accounts, setting rates, addressing complaints, billing and collecting, keeping your agreed schedule with your Accounts, notifying your Accounts before any scheduled services you will miss, and scheduling a substitute cleaning service if an Account requests, in order to protect the goodwill of the brand.
- 8.4 You are responsible for all keys and other methods of access to your Accounts' premises and for exercising reasonable security procedures and observing all security procedures that your Accounts require.
- 8.5 To ensure that you deliver high quality cleaning, maintenance, disinfection, sanitization (commercial and residential), and other services in a manner consistent with the goodwill associated with the Proprietary Marks, you must purchase or lease equipment, chemicals, supplies, inventory, and any other products and services used to operate the Franchise only under our written specifications. We may alter these specifications in writing.
- 8.5.1 You must, before the Start Date, purchase the initial equipment and supplies (the "**Initial Equipment Package**") we require to conduct your Franchise and serve your Accounts according to the System and at the high level of quality necessary to protect the Proprietary Marks. You must purchase your Initial Equipment Package from us or a third party within a reasonable time after you complete the Certification Program.

- 8.5.2 You must, at your expense, thereafter replace equipment and supplies as needed.
- 8.6 If you propose to purchase or lease any equipment, supplies, inventory or other products or services from an unapproved supplier or manufacturer, or that does not comply with our specifications, you must submit to us a written request for our approval, or request the proposed supplier or manufacturer to do so. As a condition of our approval, which we may grant or withhold or revoke in our sole discretion, we may require that our representatives be permitted to inspect the proposed supplier's or manufacturer's facilities, and that samples from the supplier or manufacturer be delivered, at our option, either to us or to an independent certified laboratory we designate for testing. In the case of products involving new specifications, we may also require that samples of the products be delivered either to us or to an independent certified laboratory we designate for testing. We are not liable for damage to any sample that may result from the testing process. You must pay a fee not to exceed the reasonable cost of the inspection and the actual cost of the testing. We may, at our option, re-inspect any approved supplier's facilities and products and continue to sample the products at the supplier's or manufacturer's expense, and revoke approval if the supplier or manufacturer fails to continue to meet our specifications. We may require as a condition of our approval, that the supplier or manufacturer present satisfactory evidence of insurance, such as product liability insurance, protecting us and our franchisees against all claims arising from the use of the supplied item(s) within the System.
- 8.7 You must comply with all federal, state and local laws and regulations that apply to your Franchise (such as OSHA and employment laws), and maintain all permits, licenses or certificates needed to operate your Franchise. You have two days following receipt to forward to us any inspection reports, warnings or ratings that any governmental agency issues that indicate that you did not comply with a law or regulation.
- 8.8 You represent and warrant that you are either a corporation or limited liability company, duly incorporated or formed, validly existing and in good standing under local law. You must remain a corporation or limited liability company, as applicable, in good standing under local law for the entire Term of this Agreement. Prior to beginning operation, you must: (i) obtain a valid federal employer identification number for your business entity; and (ii) deliver proof of a valid and active business checking account with a reputable banking institution in your franchised business's entity name.
- 8.9 You are an independently-owned and operated business and may manage your Franchise and its day-to-day operations as you determine, as long as you comply with this Agreement. You must have at least one person actively involved in the management of your Franchise. This person must be the manager you select and classified as an employee. This person must have successfully completed the Certification Program and other required programs.

- 8.10 As a condition of providing services under the Proprietary Marks and to comply with brand standards regarding service offerings, you must offer for sale all approved services and products for which you have been certified and for which you have all necessary equipment. You may not provide any services or products under the Proprietary Marks that we have not approved (or for which we have revoked our approval). You must comply with all System customer warranty programs and customer service programs we maintain.

## 9. CUSTOMER SERVICE STANDARDS

You must, at your expense, provide all labor, materials, tools, supplies and equipment to service your Accounts. You must perform all services in a good and workmanlike manner in compliance with the high standards associated with the Proprietary Marks.

- 9.1 Your ownership of an Account may be immediately repossessed, or immediately transferred to a designated provider, if any of the following occurs:

9.1.1 any documented Misconduct occurs involving the Account;

9.1.2 we receive your customer's written request that its Account be transferred to a different franchisee;

9.1.3 you sell cleaning or similar supplies to your customer outside of this Agreement, service your customer in a capacity other than as our System franchisee (except as permitted under this Agreement), or fail to notify us of all services performed for your customer as required in this Agreement;  
or

9.1.4 this Agreement is terminated, you violate this Agreement or any other agreement with us, you cease being our franchisee, or otherwise no longer want to service your customer.

If you believe that an Account was repossessed or transferred unfairly, you may submit to us a written request that we consider special circumstances. We will consider your request in good faith. You will not receive a refund or reduction of any fees already paid for a revoked Account.

## 10. ACCOUNTING AND RECORDS

- 10.1 You will maintain complete and accurate books and records for the Franchised Business's operations. Those books and records must not contain information unrelated to the Franchised Business. These books and records must be preserved for at least six years (including after this Agreement expires or is sooner terminated) from the dates they were prepared.

- 10.2 By the 10th day of each month, you must submit to us accurate records reflecting the previous month's entire Gross Billings and all other information we require. You will provide us with copies of your federal and state income tax returns relating

to your Franchise's operations (and hereby waive, to the extent not prohibited by applicable law, any right to object to disclosure of any tax returns). You must also provide to us, upon request, information used to prepare such tax returns. The financial statements and other periodic reports you must provide to us under this Agreement must segregate the Franchise's operations income and related expenses from those of any other business you conduct.

10.3 Before you may begin operating your franchised business, you must deliver to us the items described below:

10.3.1 Certificates of insurance or comparable evidence of coverage as required by this Agreement;

10.3.2 A copy of your business license and any mandatory business registrations (you must ensure that a current business license and/or registration is on file with us at all times during the term of this Agreement); and

10.3.3 A copy of your articles of incorporation/organization as filed with the state or your membership or operating agreement (whichever is applicable), and the related state-issued entity/file number and your federal employer identification number.

10.4 You and we agree that our right to audit is integral to ensuring compliance with brand standards and ensuring adherence to contractual obligations for payment of proper fees. We and/or our agents will have the right during the Term and the three-year period after the expiration or sooner termination of this Agreement, and at our expense (unless the examination, inspection or audit is the result of your failing to timely submit any reports, records or financial statements as required under this Agreement), at any time during business hours, and without prior notice to you, to inspect and/or audit business records and inspect all cash control devices and systems, or require you to provide copies of these records, devices and/or systems to us, relating in any way to your Franchised Business, and the books and records of any person(s), corporation, other business entity or partnership which holds the Franchised Business, or any other business in which the Franchise or its owners have a financial interest, or to require that you send copies of these records to us upon request. We also may have an independent audit made of your books and records. For purposes of this examination, inspection or audit, books and records exclude your employment records for your employees. It is your exclusive responsibility to maintain all employment records in compliance with state and federal law. You agree to maintain all employment records for at least seven years.

10.4.1 If an inspection or audit reveals that any financial information reported to us has been understated in any report, you, on demand, must immediately pay us all amounts due on the understated amount and interest. Interest accrues at the Contract Interest Rate beginning from the time the required

payment was due. The “Contract Interest Rate” is the lesser of: (i) 18% per annum; or (ii) the maximum rate of interest permitted by law.

10.4.2 In addition to the amounts described above in this Section, if any inspection or audit discloses an understatement of 5% or more of gross revenues, you must reimburse us for the expenses connected with the inspection or audit (including reasonable accounting and attorneys' fees and costs). The remedies in this Section are in addition to any other remedies we have under this Agreement or under applicable law. This Section 10 survives the expiration or sooner termination of this Agreement.

## 11. PROPRIETARY MARKS

11.1 You may use the Proprietary Marks only as permitted in this Agreement. We retain the right to use and grant others the right to use the Proprietary Marks. All rights not granted to you in this Agreement concerning the Proprietary Marks remain ours.

11.2 You may use the Proprietary Marks only under our standards and specifications. You must:

11.2.1 use the Proprietary Marks only to operate your Franchise. You may not use the Proprietary Marks for any other purpose. You may not use the Proprietary Marks or any reproduction or imitation of the Proprietary Marks in any way likely to cause confusion, mistake or deception, or to create the appearance that any non-authorized service or product is provided by or endorsed by us or JPI.

11.2.2 use the Proprietary Marks as the only trademark identifications for your Franchise (and not use the Proprietary Marks in connection with any other cleaning, disinfecting, or other business that you may own or operate) , and prominently display the Proprietary Marks on or with all materials we designate, and only as we authorize.

11.2.3 not use the Proprietary Marks as security for your obligation or indebtedness.

11.2.4 identify yourself as an independent franchisee and owner and operator of the Franchise when using the Proprietary Marks.

11.2.5 sign all documents we request to protect the Proprietary Marks or to maintain their continued validity and enforceability as trademarks.

11.2.6 not use the Proprietary Marks as part of your Entity name.

11.2.7 not use the Proprietary Marks or any similar names in any advertising or other written promotional materials or on the Internet or other electronic medium, without our prior written approval.

- 11.2.8 not register any domain name containing the Proprietary Marks or any similar names.
- 11.2.9 not use or attempt to register any other trademarks, service marks, or other commercial symbols that are the same as or similar to any of the Proprietary Marks.
- 11.2.10 comply with our instructions on filing and maintaining any required fictitious, trade, or assumed-name registrations for the JAN-PRO CLEANING & DISINFECTING trade name, and sign all documents we or our counsel deems reasonably necessary to receive protection for the Proprietary Marks and JPI's interest in the Proprietary Marks.
- 11.2.11 not use our name or logo, or your trade name, on your paystubs, paychecks, checks to your employees, your human resource manuals, employment applications, etc. You must only include your legal name on these documents.
- 11.3 You must immediately notify us of: (i) any suspected unauthorized use of, or any challenge to the validity or ownership of, the Proprietary Marks; (ii) our right to license or use the Proprietary Marks; or (iii) your right to use the Proprietary Marks. We will defend you against any third-party claim, suit or demand arising out of your use of the Proprietary Marks. If we determine that you have used the Proprietary Marks in accordance with this Agreement, we will pay the cost of this defense, including the cost of any judgment or settlement. If we reasonably determine that you have not used the Proprietary Marks in accordance with this Agreement and that your misuse is a factor in the third-party claim, suit or demand, you must pay the cost of the defense, including the cost of any judgment or settlement. In any litigation involving your use of the Proprietary Marks, you must sign all documents and perform all acts we believe advisable to conduct the defense, including becoming a nominal party to any legal action. Except when litigation results from your use of the Proprietary Marks in a manner inconsistent with this Agreement, we will reimburse you for your out-of-pocket litigation costs to perform these acts.
- 11.4 Any use of the Proprietary Marks outside this Agreement infringes our and JPI's rights in the Proprietary Marks. Both during and after the Term, you must not, directly or indirectly, infringe, contest, or aid in contesting the validity of, or our or JPI's right to, the Proprietary Marks, or take any other action to damage these rights.
- 11.5 If, in our sole discretion, we determine it advisable to modify or cease the use of any Proprietary Mark or use one or more additional or substitute names or marks, you must do so at your sole expense within 30 days of our request.
- 11.6 Except as granted in this Agreement, you have no ownership or other rights in the Proprietary Marks. All goodwill associated with the Franchise inures exclusively to JPI's benefit and is JPI's exclusive property.



## 12. OPERATIONS MANUAL AND OTHER CONFIDENTIAL INFORMATION

- 12.1 To protect our and JPI's reputation and goodwill, and to maintain uniform standards of operation under the Proprietary Marks, you must conduct your Franchise as stated in the System manuals (collectively, with all other written specifications, standards and requirements we distribute and as we modify, replace and/or supplement, the "**Operations Manual**"). While you may determine how to best operate your franchised business, as long as your operation complies with this Agreement and ensures the protection of the Proprietary Marks, the Operations Manual offers a guide for operating within the System and includes both required and recommended methods of operation that comply with this Agreement.
- 12.2 We will loan you one copy of the Operations Manual (with periodic updates). If any dispute arises about the contents of the Operations Manual, the terms in our master copy of the Operations Manual are controlling. You must report the theft, loss or destruction of the Operations Manual, or any portion thereof, immediately to us. We will then loan a replacement copy to you for \$200 for each replaced Operations Manual. A partial loss or failure to update any Operations Manual is considered a complete loss.
- 12.3 You must treat and maintain the Confidential Information as our confidential information and trade secrets. "**Confidential Information**" means any knowledge, know-how, technologies, processes, techniques, and any other information not generally known by, or readily available to the general public, or that we designate as confidential, proprietary or trade secrets. Confidential Information includes information relating to customers, Accounts, and the Operations Manual. Without our prior written consent, you must not copy, record or otherwise reproduce any Confidential Information. You must strictly limit access to the Confidential Information to your employees on a "need to know" basis to perform their jobs. You must require all persons to whom you grant access to the Operations Manual or any other Confidential Information to sign a form of confidentiality agreement that we reasonably approve. You must immediately provide us with copies of these signed confidentiality agreements.

## 13. BRAND STANDARDS AUDITS

To ensure the integrity of the Proprietary Marks and protect JPI's goodwill, you must permit JPI, us, and our respective representatives to enter your franchised business office or other franchised business premises, and the locations where you perform services for your Accounts, to conduct brand standards audits and to observe your business activities. Upon notice from us or JPI, and without limiting our other rights under this Agreement, you must take all steps necessary to immediately correct any deficiencies found during any brand standards audit that, in our or JPI's judgment, may diminish the value of or otherwise endanger the Proprietary Marks or JPI's goodwill.

## 14. INSURANCE

14.1 You must obtain and maintain the types and amounts of insurance we require. This insurance is in addition to any other insurance that is required by law. The policies we require must be written by an insurance company reasonably satisfactory to us with a Best rating of “A-” or better and, to the extent permitted by law, must name us and JPI as additional insureds. At a minimum, these policies must include:

14.1.1 janitorial bonding of at least \$50,000;

14.1.2 workers' compensation insurance for you and all of your employees with a minimum coverage of the greater of \$100,000 or the minimum state law coverage, and all unemployment insurance required under state and federal laws to maintain a proper unemployment insurance account;

14.1.3 comprehensive general liability insurance covering property damage, loss and personal injury of \$1,000,000 per occurrence, \$2,000,000 in the aggregate, and automobile liability insurance of \$1,000,000 personal injury and property damage insurance; this comprehensive liability insurance may not have an exclusion for property in your care, custody or control; and

14.1.4 (i) Care, Custody and Control coverage of \$1,000,000 per occurrence; (ii) lost key coverage up to \$1,000,000 per occurrence; (iii) Work-Site Pollution coverage of \$300,000 per occurrence; (iv) Bond/Customer Loss coverage up to \$50,000 per occurrence; (v) Electronic Data (Software) coverage up to \$50,000; and (vi) Extended Property Damage coverage up to \$1,000,000.

We may change the amounts of insurance coverage required under this Agreement and require different or additional types of insurance, including excess liability insurance and umbrella policies, to reflect inflation, new risks, changes in laws or standards, or other relevant changes.

14.2 Before your Start Date, you must provide us with a certificate of insurance showing that you have the insurance required in this Agreement, and (promptly after it is obtained) any additional insurance we may subsequently require. The certificate of insurance must include a statement by the insurer that the policy or policies will not be canceled, subject to nonrenewal, or materially altered without at least 30 days' (ten days for non-payment of premiums) prior written notice to us. Upon our request, you must send us a certificate of insurance showing compliance with Section 14.1.

## 15. DEFAULT AND TERMINATION

15.1 If any of the following occurs, we may immediately terminate this Agreement without notice to you or an opportunity to cure: (i) you become insolvent; or (ii) you file for bankruptcy. You must notify us within three days of any of the events in this Section.

- 15.2 If any of the following events occurs, we may, by written notice but without providing you with any opportunity to cure, immediately terminate this Agreement:
- 15.2.1 your owner fails to attend and successfully complete, or cause at least one of your managerial personnel satisfactory to us to attend and successfully complete, the Certification Program or any other program required under Section 7.1;
  - 15.2.2 you fail to pay us or our affiliate any amount you owe us or them under this Agreement or any other agreement (including under any Promissory Note) within ten days after we deliver a Notice of Default (as defined below);
  - 15.2.3 you fail to pay any third-party supplier or creditor any amount due within ten days after we deliver a Notice of Default, unless you notify us there is a good-faith dispute over the amount due and take immediate action to resolve that dispute;
  - 15.2.4 you or any of your owners make any material misrepresentation in purchasing the Franchise, including in any franchise application submitted to us;
  - 15.2.5 you abandon your Franchise or, for more than seven consecutive days or 14 days in any consecutive 12-month period, you fail to conduct the business of the Franchise (including failing to service any Account for this period);
  - 15.2.6 a serious or imminent threat or danger to public health or safety results from operating your Franchise and the threat or danger remains uncorrected for 24 hours after we or any governmental authority delivers written notice of it to you;
  - 15.2.7 you do not comply with any part of this Agreement or the Operations Manual, including any safety, sanitation or environmental concerns, or violate any health, safety or sanitation law, ordinance or regulation that may harm the goodwill of the Proprietary Marks, and do not correct the failure or refusal within three days after we or any governmental authority delivers written notice of it to you;
  - 15.2.8 you, or any of your officers, directors, owners or managerial personnel commits, is convicted of, or pleads *nolo contendere* to, a felony, a crime of moral turpitude, or any other crime or offense we believe is likely to have a material adverse effect on the goodwill of the Proprietary Marks, unless you immediately and legally terminate that individual as an officer, director, owner or employee and take all other corrective action we deem appropriate to remedy this issue, all such actions being at your sole discretion;
  - 15.2.9 you deny us the right to inspect your Franchise or to inspect or audit the sales and accounting records of your Franchise and/or any businesses materially owned by the owners of your franchise;

- 15.2.10 you, or any of your officers, directors, owners or managerial personnel engages in conduct that reflects unfavorably on you, us, or the Proprietary Marks; or you or any of your officers, directors, owners or managerial personnel engage in conduct that exhibits a reckless disregard for the physical or mental well-being of employees, customers, our representatives, or the public at large (such as theft, battery, assault, sexual harassment or discrimination, racial harassment or discrimination, alcohol or drug abuse, or other forms of threatening, outrageous or unacceptable behavior);
  - 15.2.11 you make a transfer in violation of Section 18;
  - 15.2.12 an approved transfer is not completed as required by Section 18.6 following an Owner's death or permanent disability;
  - 15.2.13 any breach occurs under Section 12.3 (regarding Confidential Information) or Section 17 ("Noncompetition");
  - 15.2.14 you knowingly maintain false books or records, or knowingly submit any false reports to us;
  - 15.2.15 you violate Section 11 ("Proprietary Marks") or otherwise impair the goodwill associated with the Proprietary Marks or our or JPI's rights in the Proprietary Marks;
  - 15.2.16 you fail to obtain or maintain insurance as required under Section 14;
  - 15.2.17 during any 12-consecutive month period, you receive two or more Notices of Default from us, whether for the same or different defaults, even if the defaults were cured; or
  - 15.2.18 except as otherwise provided above, you or any of your affiliates default under any other agreement with us or any of our affiliates and the default is not cured as required by the other agreement.
- 15.3 In addition to the defaults in Sections 15.1 and 15.2, you are in default under this Agreement if you do not comply with any other requirement in this Agreement. Except as provided in Sections 15.1 and 15.2, you have 30 days after we deliver a Notice of Default to cure any default and provide evidence of cure satisfactory to us. If any default is not cured within the time stated in the Notice of Default, or any longer time as applicable law requires, we may immediately terminate this Agreement. To the extent a cure is permitted under this Agreement, you must prove that you properly and timely cured a default. A "**Notice of Default**" is a written notice briefly describing a default under this Agreement.
- 15.4 The termination of this Agreement does not affect any remedy, right or claim we have against you under this Agreement or in law or equity.

## 16. OBLIGATIONS ON EXPIRATION OR TERMINATION

On the expiration or termination of this Agreement, all rights granted to you under this Agreement terminate immediately, and this Section applies to the rights and obligations of the parties. This Section is intended to enable us, if we choose, to immediately arrange for the continued servicing of your Accounts by someone other than you.

- 16.1 You must immediately cease operating your Franchise (including servicing any Accounts) that you serviced under the Proprietary Marks. Thereafter, you must not, directly or indirectly, talk or write negatively about us or JPI, or any of the Proprietary Marks, Confidential Information, or any aspect of the System. You may not represent yourself as our present or former franchisee or in any other way associate yourself with the System or the Proprietary Marks. You must immediately cease using all stationery, signage, bills, invoices, and any other materials containing the Proprietary Marks.
- 16.2 You must immediately deliver to your former Accounts all keys, security passes, security codes, and any other means of access to the customers' premises. Before the expiration or sooner termination of this Agreement, when you stop servicing any Account, you must immediately deliver to the customer all of the customer's keys, security passes, etc. If you acquired any Account through us (including Initial Plan Accounts and Additional Accounts), such Account(s) may direct that you deliver the keys, security passes, etc. to us. If you fail to timely do so, you must pay us \$500 for each day you do not comply with this Section. Our damages from your failure to comply with this Section are difficult to ascertain and this amount is liquidated damages and not a penalty.
- 16.3 Within ten days after termination or expiration (or any later date(s) as we determine that amounts are due to us), you must pay us all Royalty Fees, Administrative Fee for Special Services, amounts owed for products or services you purchased from us or our affiliates, and any other unpaid amounts you owe to us or our affiliates (including all outstanding principal and interest due under any Promissory Note you signed).
- 16.4 If you continue to operate, or later operate, any other business, you may not, in that business or the promotion of that business, use any reproduction or imitation of the Proprietary Marks, imitate any methods of operation, or undertake any other conduct likely to cause confusion, mistake or deception, or that is likely to dilute our or JPI's rights in the Proprietary Marks or the System. After expiration or termination, you may not use or attempt to register (or assist any third party to do the same) any trademarks, service marks, or other commercial symbol that are the same as or similar to any of the Proprietary Marks. In addition, you will use no designation of origin or description or representation that falsely suggests or represents an association or connection with JPI, us, or any of our respective affiliates. If you do this, it is unfair competition.

- 16.5 At your expense, you must immediately deliver to us all Confidential Information and information and documents relating to your customers, Accounts, or otherwise to the Franchise (with all copies and any other forms of reproductions of these materials) in your possession or control. All of this Confidential Information, information and documents, and copies thereof, are our exclusive property.
- 16.6 Within 30 days after the expiration or sooner termination of this Agreement, you must cancel any assumed-name or equivalent registration involving the Proprietary Marks and must furnish us with satisfactory evidence that you have done so.

17. NON-SOLICITATION AND NONCOMPETITION

- 17.1 We would not be able protect the System and Confidential Information against unauthorized use or disclosure, and would not be able to encourage a free exchange of ideas and information among franchisees within the System if you solicited or otherwise induced Accounts or any other customers you serviced under the Proprietary Marks to be serviced by you or a third party other than a franchisee operating under the System and under the Proprietary Marks.

During the Term and the 12-month period after the expiration or termination of this Agreement, neither you nor any of your owners, officers or directors, or any of their respective spouses, domestic partners or relatives (you and all these other persons, collectively, the “**Restricted Parties**” and, individually, a “**Restricted Party**”) may, directly or indirectly:

- 17.1.1 solicit or otherwise attempt to induce (by combining or conspiring with), or influence in any other manner any of our Business Affiliates (as defined below) to terminate or modify his, her or its business relationship with us or to compete against us. A “**Business Affiliate**” is any of our employees, officers, directors, agents, consultants, representatives, contractors, suppliers, distributors, franchisees, Initial Accounts or Additional Accounts.
- 17.1.2 solicit or otherwise attempt to induce or influence in any other manner any Initial Plan Accounts or Additional Accounts (as defined in Section 1.2 and 4.1) to terminate or modify his, her or its business relationship with us.
- 17.1.3 own, operate, lease, conduct, engage in, be connected with, have any interest in, or assist any person or entity engaged in any cleaning and maintenance business that performs commercial, industrial and institutional cleaning, disinfecting and maintenance services for Initial Plan Accounts or Additional Accounts, as defined at Section 1.2 and 4.1.
- 17.1.4 interfere with, disturb, disrupt, impair, diminish, or otherwise jeopardize any of our franchisees’ businesses.

This Section does not prevent you from otherwise engaging in competitive activities, such as: (i) providing cleaning or related services for Self-Acquired

Accounts or customers who have not in the previous 12 months been serviced by you or any other person under the Proprietary Marks; (ii) procuring and servicing for cleaning and disinfecting services any customer that will receive services from you outside of this Agreement that are not associated with the System or the Proprietary Marks; or (iii) offering to any customers, including customers otherwise serviced under the Proprietary Marks, services other than janitorial, cleaning, disinfecting, or maintenance services. However, in performing these other services, you must not represent yourself as a franchisee of the System, use the Proprietary Marks in any way, or otherwise claim any affiliation with the Proprietary Marks.

- 17.2 If you violate Section 17.1.1-4, you must pay to us a lump sum payment (as liquidated damages for causing the lost fees and damage to the brand, not as a penalty) in an amount equal to the total of all Royalty Fees and Administrative Fees for Special Services related to those Initial Plan Accounts and Additional Accounts and all Support Services Fees (if any) for a 12 month period based on the average monthly amount of such fees from those Accounts over the three month period prior to the violation of Section 17.1.1-4. The parties agree that a precise calculation of the full extent of the damages that we will incur as a result of your default is difficult and the parties desire certainty in this matter, and agree that the lump sum payment provided under this Section is reasonable in light of the damages that we will incur in this event. This payment is not exclusive of any other remedies that we have.
- 17.3 Both during and after the Term, none of the Restricted Parties may talk or write negatively about JPI, us or our affiliates, or any of our or their respective officers, directors, stockholders, employees or representatives, or any aspect of the Jan-Pro System, or the Proprietary Marks.
- 17.4 You and each Restricted Party agree that the activities prohibited in this Section and the length of the term are necessary to protect our legitimate business interests, including in the Proprietary Marks, and are fair and reasonable. You and each Restricted Party's full, uninhibited and faithful observance of each of the covenants in this Section will not cause undue hardship, financial or otherwise. Your and the other Restricted Parties' special knowledge of the System (and anyone acquiring this knowledge through you or the other Restricted Parties) is such as would cause us and our franchisees serious injury and loss if you or a Restricted Party (or anyone acquiring this knowledge through you or the other Restricted Parties) were to use this knowledge to the benefit of a competitor or to compete with us or any of our franchisees.
- 17.5 If any court or arbitrator finally holds that any term in this Section is an unreasonable restriction on you or the other Restricted Parties, this Agreement is not rendered void, but applies to the extent as the court or arbitrator concludes what is a reasonable restriction under the circumstances. You agree that the court or arbitrator may narrow any restriction hereunder so that it may be enforced and be enforceable under applicable law. The time periods stated in this Section are suspended during any period in which you or any of the other Restricted Parties is

breaching any of these terms or is involved in a legal action or proceeding challenging the validity or enforceability of the terms in this Section 17.

- 17.6 All of your owners, managerial personnel, and all other persons to whom we provide instruction under this Agreement must sign your noncompetition and confidentiality agreement containing provisions similar to those in this Section before acquiring their ownership interest or beginning employment or the Certification Program. You must promptly deliver copies of the signed agreements to us. We are a third-party beneficiary under these agreements, with an independent right to enforce the agreements in our own name.
- 17.7 This Section is to be construed as independent of any other provision of this Agreement. The existence of any claim you or any other Restricted Party may have against us or any of our affiliates (regardless of whether arising from this Agreement) is not a defense to the enforcement of this Section 17 against you or any other Restricted Party.

## 18. TRANSFER OF INTEREST

- 18.1 Without your consent, we have the right to transfer or delegate to any person any or all of our rights or obligations under this Agreement. If our transferee assumes in writing our obligations under this Agreement, within seven days of our delivery of written notice of transfer, you must sign and deliver to us a written release from those obligations.
- 18.2 The rights and duties in this Agreement are personal to you. We grant the Franchise in reliance upon our assessment of your and your owners' business and personal skills, reputation, aptitude, and financial capacity. Therefore, unless otherwise permitted by this Agreement, without our prior written consent, you must not sell, assign, convey, or otherwise dispose of, voluntarily, involuntarily, directly or indirectly, by operation of law or otherwise, this Agreement, any voting or ownership interests in you as an entity, or any direct or indirect interest in this Agreement. (For purposes of this Article, the term “**transfer**” refers to any of these actions.) Our consent to any transfer will not be unreasonably withheld.

You must provide us with prior written notice of any transfer of voting or ownership interests in you, even if it is not a transfer of an interest in this Agreement as provided in the next sentence. A transfer of 25% or more of the voting or ownership interests, individually or in the aggregate, directly or indirectly, is your transfer of an interest in this Agreement, as is a transfer of all or substantially all your assets used to operate the Franchise. For any purported or attempted transfer of an interest in this Agreement without our prior written authorization, by operation of law or otherwise, the transfer is null and void, and a material breach of this Agreement.

A sale or transfer of all or substantially all of your Accounts will constitute a transfer under this Section 18 and therefore require our consent, A sale or transfer of an occasional or insubstantial number of Accounts in a single transaction may



proceed without our consent so long as the sale or transfer is to another franchisee that is in good standing with us and undertaken in accordance with the procedures and using the documentation that we set forth or provide from time to time.

- 18.3 Neither you nor your owners may create or permit a lien against, nor pledge, grant a security interest in, or in any manner encumber this Agreement (or any interest in this Agreement).
- 18.4 Before we consent to a transfer of an interest in this Agreement, we may require that:
  - 18.4.1 you have made all payments that you owe us and our affiliates under this Agreement and any other agreement with us or our affiliates (including under any Promissory Note you signed);
  - 18.4.2 you are not then in default under this Agreement or any other agreement between you and us or our affiliates;
  - 18.4.3 you sign a general release of all claims against us, our affiliates, JPI, and our and their respective officers, directors, owners, representatives, agents and employees (in their corporate and individual capacities);
  - 18.4.4 the transferee sign our form of assumption agreement under which it assumes all of your obligations under this Agreement; or, if we request, the transferee sign our then-current form of franchise agreement (for a term equal to the then remaining Term of this Agreement) and all other agreements we require for the Franchise, and the terms of the agreements may have materially different terms and conditions from those of this Agreement, such as higher fees;
  - 18.4.5 the owners of the transferee Entity enter into our then-current form of personal guaranty, under which they, jointly and severally, guaranty the transferee's obligations under this Agreement (or the new form of franchise agreement discussed in Section 18.4.4) and any related agreements;
  - 18.4.6 the transferor pays us a Transfer Fee (in lieu of the transferee paying an initial franchise fee); the "Transfer Fee" is an amount equal to 10% of your annual Gross Billings of the Accounts being transferred for the 12-month period ending on the last day of the calendar month prior to the month in which the transfer is to occur, up to a maximum of \$3,500;
  - 18.4.7 the transferee and its owners have demonstrated to our reasonable satisfaction that the transferee has properly assumed, and can comply with, all of its obligations for the Franchise and that the transferee and its owners have the business and personal skills, reputational and financial capacity we require;

18.4.8 at the transferee's expense (including our then-current fee), and on terms we reasonably require, the owners of the transferee complete any initial Certification Programs then required for new franchisees; and

18.4.9 you and the transferee timely satisfy our other reasonable conditions.

Our approval of a proposed transfer is not an expression of our opinion on the appropriateness or fairness of the terms of the transfer or the likelihood of the transferee's success. If we disapprove of the transfer because all of the transfer conditions in this Section or elsewhere in this Agreement have not been satisfied (or for any other reason), we have no liability of any nature to you or the transferee.

Our consent to any transfer is not a waiver of any claims we have against you. Even if we approve the transfer, no transfer releases you of liability for your conduct prior to the transfer.

- 18.5 If an Owner dies or is disabled from any cause and for a continuous period of over three consecutive months cannot perform his or her obligations under this Agreement, then, within 30 days thereafter, you (or your legal representative) must hire and maintain a replacement satisfactory to us to perform the obligations. Any period of disability that is interrupted by a return to active and proper performance of duties under this Agreement for 14 days or less is considered continuous. If a satisfactory replacement is not hired or maintained as required, we may repossess your Accounts and transfer the Accounts to another franchisee.
- 18.6 Within six months of any Owner's death or permanent disability, that individual's estate or his or her representative must transfer his or her interests in you (or in any of your owners) or in this Agreement under the terms of this Section. We will not charge a Transfer Fee.

## 19. INDEPENDENT BUSINESS OWNER AND INDEMNIFICATION

- 19.1 This Agreement creates no fiduciary relationship between you and us. You are an independent business owner. You are a licensee of certain of our trademarks and the System. We are an independent contractor of yours that provides Business Services to you pursuant to this Agreement. Nothing in this Agreement appoints either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose. Nothing in this Agreement authorizes either party to make any contract, agreement, warranty or representation on behalf of the other party. Neither party may incur any debt or other obligation in the other party's name unless the right to do so is explicitly stated in this Agreement. You must take all action we request to notify the public that you are an independent business owner. These actions may include placing and maintaining a plaque in a conspicuous place within your franchised business office or elsewhere as we designate, and a notice on all stationery, business cards, sales literature, contracts, and similar documents that states that you own and independently operate your franchised business. The content of these items is

subject to our prior written approval and may be updated from time to time upon our notice to you. You must also sign the form of Independent Business Acknowledgment attached to this Agreement as Exhibit B.

- 19.2 You agree that since you are an independent business owner and not our employee, you and not we must make all periodic filings and payments for your franchised business for all required federal and state taxes, payments or filings (including all income, unemployment and payroll taxes such as FICA, FUTA and SECA payments). Your agreement to this has materially induced us to enter into this Agreement and but for your making this agreement, we would not have done so. You must operate the Franchise, and otherwise act in connection therewith, as an independent business owner, and must not act, or omit to act, in any manner that will cause you or your employees to be our or JPI's employees or joint employees for any purpose.
- 19.3 You must indemnify, defend and hold harmless JPI and us from all actions, judgments, damages, liabilities, claims, losses, costs and expenses (including reasonable legal fees, paralegal fees and attorneys' fees and other expenses, even if incident to appellate, post-judgment or bankruptcy proceedings) to which we or JPI becomes subject, or that either incurs, arising from or relating in any manner to your ownership or operation of your Franchise. Examples of the claims covered by this indemnity include, but are not limited to, claims relating to: (i) maintaining or operating vehicles; (ii) your being characterized as our or JPI's employee (or as a joint employee with us or JPI) by any federal, state or local court or agency; (iii) your failure to act as an independent business owner; (iv) your failure to pay income, unemployment or payroll tax or file any related return; or (v) your other default under Section 19.2, breach of this Agreement, and/or your or your employees or independent contractor's negligence or willful misconduct. You will not be required to indemnify us for any matter caused by our gross negligence or intentional misconduct. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect. In addition to covering JPI and us, this indemnity also covers our respective affiliates and their and those affiliates' respective owners, officers, directors, employees, agents and representatives.
- 19.4 *You agree that you have no relationship of any kind with JPI and that JPI is not a party to this Agreement nor any other Agreement related to your Franchise. You agree that JPI is in the business of licensing its System and Marks to Regional Franchise Developers, and has licensed its System and Marks to us with a right to sublicense same, and that no obligation or connection of any kind or character flows from JPI to you by that fact or by any other fact or circumstance.*

## 20. MEDIATION AND ARBITRATION

You and we believe that it is important to resolve any disputes amicably, quickly, cost-effectively and professionally, and to return to business as soon as possible. You and we have agreed that the provisions of this Section 20 support these mutual objectives and, therefore, agree as follows:

- 20.1. **Dispute Process.** Any disagreement, litigation, claim, dispute, suit, action, controversy or proceeding of any type whatsoever, including any claim for equitable relief between or involving you and us (or you and JPI, or any of JPI's affiliate parent or subsidiary entities, and any of its owners, officers, directors and employees) on whatever theory and/or facts based, and whether or not arising out of this Agreement (including any dispute or disagreement relating to arbitration, including the arbitrability of this Agreement or any of its provisions), our offer, sale or negotiation of your Franchise, or the relationship of the parties, or any claim that this Agreement or any provision of this Agreement (including Section 20.2) is invalid, illegal or otherwise voidable or void or unenforceable ("**Dispute**") will be processed in the following manner, you and we each expressly waiving all rights to any court proceeding, except as expressly provided below in Section 20.7. The Disputes covered by this provision include, but are not limited to, claims for compensation due; claims for misclassification; claims for breach of any contract or covenant (express or implied); tort claims; claims for discrimination or harassment, including, but not limited to, alleged violation of any federal or state civil rights laws, ordinances, regulations or orders, and claims for violation of any federal, state, or other governmental law, statute, regulation or ordinance, except claims specifically excluded below.
- 20.2. **Mediation.** Subject to Section 20.9, any party seeking formal resolution of a Dispute will, before any arbitration proceeding may be filed, submit the Dispute to nonbinding mediation for a minimum of four hours before CPR (as defined below) under its national franchise mediation program. If CPR cannot conduct the mediation, the Dispute may be submitted to the American Arbitration Association or any other mutually agreeable mediator. Mediation is a compromise negotiation for the purposes of the federal and state rules of evidence, and the entire process is confidential. Prior to any mediation, all parties will sign a confidentiality agreement reasonably satisfactory to us excepting only public disclosures and filings as are required by law. All parties must attend mediation. We will pay the costs of the first four hours of any mediation, and no mediation is required to extend beyond such four-hour period. "**CPR**" means CPR Dispute Resolution Services, LLC.
- 20.3. **Arbitration.** Subject to Sections 20.2 and 20.9, all Disputes brought by you or us must be submitted to binding arbitration before one arbitrator of the American Arbitration Association ("**AAA**") (or any other mutually agreeable arbitration association) under its commercial arbitration rules, unless the arbitrator determines that other arbitration rules set forth by the AAA should govern the arbitration, in which case the set of AAA rules determined by the arbitrator will govern the arbitration.

You and we agree that the franchise relationship is unique and that as a result it is important that anyone who serves as a mediator or arbitrator in a Dispute must have a

minimum of seven years of substantive experience in franchise law and must also be experienced, as applicable, to any other substantive claim at issue in the arbitration.

- 20.4. **Authority.** You and we agree that, except as provided in this Agreement, any arbitration shall be governed exclusively by and conducted in accordance with the Federal Arbitration Act (FAA), 9 U.S.C. § 1, et seq. You and we agree that we, and our relationship with you, involve and relate to interstate commerce and therefore the FAA applies to and governs this Agreement. The arbitrator, and not any federal, state or local court, shall have the sole and exclusive authority to determine the scope of this Section 20 and to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability or formation of this Agreement, including any claim of fraud in the inducement or that all or any part of the Agreement is void or voidable.

The arbitrator's exclusive authority as stated above shall not apply to any specific exceptions otherwise contained in this Section 20, including but not limited to the "Class Collective and Representative Action Waiver" set forth below in Section 20.10, for which the parties agree that the arbitrability of such waiver shall be decided by a court of law and not an arbitrator.

- 20.5. **Interpretation.** This Section is to be construed as independent of any other provision of this Agreement, and each subsection of this Section is severable from every other subsection of this Section 20. If a court or arbitrator of competent jurisdiction determines that any provisions of the Agreement outside of this Section, or any subsection of this Section are unlawful, in whole or in part, such adjudication shall not affect the validity of the remainder of this Section and such provisions shall be reformed and enforced to the maximum extent permitted by law. You and we expressly agree that the remainder of the Sections should be enforced as written with the excision or reformation of the invalid provision, in whole or in part, only.

20.6. **Arbitration Process.**

20.6.1. The Arbitrator shall apply the substantive law (and the law of remedies, if applicable) of the state in which your office or work location is located, or federal law, or both, as applicable to the claim(s) asserted. The Arbitrator shall have the authority to award all remedies and relief that would otherwise have been available if the claim had been brought by way of a civil complaint in court. The Arbitrator should utilize the Federal Rules of Evidence as a guide to the admissibility of evidence. The parties retain the right to conduct a reasonable amount of discovery guided by the Federal Rules of Civil Procedure, and the Arbitrator shall have the power to decide any discovery disputes between the parties. Either party, upon request at the close of hearing, shall be given leave to file a post-hearing brief. The time for filing such a brief shall be set by the Arbitrator.

20.6.2. Within ninety (90) days following the hearing and the submission of the matter to the Arbitrator, the Arbitrator shall issue a written opinion and award which

shall be signed and dated. The Arbitrator's award shall include factual findings and the reasons upon which the award is based. Either party may bring an action in any court of competent jurisdiction to compel arbitration under this Agreement and to enforce an arbitration award.

20.6.3. Judgment on an arbitration award may be entered in any court of competent jurisdiction. This judgment is binding, final and non-appealable.

20.7. **Failure to Appear.** The arbitration and mediation provisions in this Section are self-executing and remain in full force and effect after the expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, notwithstanding failing to appear, an award may be entered against that party by default or otherwise, as permitted by applicable rules of procedure and if deemed appropriate by the arbitrator.

20.8. **Arbitration Costs.** Except as provided in Section 20.2, each party bears its own costs for mediation and arbitration, including any attorneys' fees. The fees for mediation and arbitration payable to the mediator or arbitrator, and their applicable agency, however, will be split equally unless the AAA commercial rules are found not to apply, in which case the default rules and fee arrangements of the mediation and/or arbitration service will apply. Mediation and arbitration must take place in the county in which your principal office for us is then located, or if the mediator or arbitrator cannot conduct mediation or arbitration there, the nearest county where it can.

20.9. **Matters Not Requiring Mediation/Arbitration.** Notwithstanding anything in this Agreement to the contrary, the obligation to mediate or arbitrate is not binding on either party to any of the following matters:

20.9.1. Claims relating to misuse of the Proprietary Marks (including claims relating to actions that may impair the goodwill associated with the Proprietary Marks); for the avoidance of doubt, claims that the Proprietary Marks misrepresent the nature of the business or nature of the relationship between any of the parties to a Jan-Pro franchise relationship remain subject to Mediation and Arbitration as "Disputes."

20.9.2. Claims relating to your obligations on termination or expiration of this Agreement;

20.9.3. Claims relating to any Transfer of an interest in you, the Franchise or your assets;

20.9.4. Matters involving danger, health or safety; or

20.9.5. Requests for restraining orders, injunctions or other procedures to obtain specific performance in a court of competent jurisdiction; or

20.9.6. Claims for which arbitration is unavailable as a matter of law.

- 20.10. **Class, Collective and Representative Action Waiver.** Any Dispute under this Section must be brought in the parties' individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiff, or similar proceeding ("**Class, Collective or Representative Action**"). You and we expressly intend and agree that each will forego pursuing any covered claims on a class, collective, or representative basis and will not assert class, collective, or representative action claims in arbitration or otherwise. You and we shall submit only individual claims in arbitration. You and we shall be entitled to seek dismissal of any class, collective, or representative claims that the other party attempts to bring and may assert this Section as a defense in any proceeding in which class, collective, or representative actions are brought.
- 20.11. This waiver does not apply to private attorney general claims or to any class, collective, or representative claims that cannot be waived as a matter of law. Such claims may proceed in the applicable state or federal court.
- 20.12. Further, an arbitration proceeding between us and you (or any of your or our affiliates and owners and guarantors) may not be consolidated with any other arbitration proceeding between us and you and any other franchisee, person or entity. You hereby agree not to seek joinder of any of your claims with those of any other party. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class, Collective or Representative Action, nor make an award to any person or entity not a party to the arbitration.
- 20.13. Any claim that all or part of this Class, Collective or Representative Action Waiver is unenforceable, unconscionable, void or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. YOU AND WE UNDERSTAND THAT WE WOULD HAVE HAD A RIGHT TO LITIGATE THROUGH A COURT, TO HAVE A JUDGE OR JURY DECIDE OUR CASE, AND TO BE PARTY TO A CLASS, COLLECTIVE OR REPRESENTATIVE ACTION. HOWEVER, YOU AND WE UNDERSTAND AND CHOOSE TO WAIVE THAT RIGHT AND HAVE ANY CLAIMS DECIDED INDIVIDUALLY THROUGH ARBITRATION. It's your and our joint Business Judgment that the limitations of this subsection make good business sense, because:
- 20.13.1. The mediation and arbitration procedures contemplated by this Agreement (and which you and we agree are the core methods for resolving disputes) function most effectively on an individual case basis;
- 20.13.2. There are significant business and other factors present in each individual franchisee's situation which should be respected; and

For purposes of this Agreement, the term "**Business Judgment**" means that you and we exercise our judgment fairly, for business reasons, and not arbitrarily. In particular, our Business Judgment as franchisor takes into account our obligations to other regions and the franchise system as a whole even if those obligations may have negative consequences for you. This is a defined term for the purposes of this Agreement and is not intended to

incorporate principles related to the application of the business judgment rule in a corporate law context.

- 20.14. **Knowingly, Voluntarily, and With Counsel.** You acknowledge that you have carefully read this Section, that you understand its terms, that all understandings and agreements between you and us relating to the subjects covered in the Section are contained in it, and that You have entered into the Section voluntarily and not in reliance on any promises or representations by Us other than those contained in this Section.

THE PARTIES ACKNOWLEDGE AND AGREE THAT BY ENTERING INTO THIS AGREEMENT REGARDING MEDIATION AND ARBITRATION, BOTH PARTIES ARE ACTING KNOWINGLY AND VOLUNTARILY AND GIVING UP THEIR RIGHTS TO BRING CLAIMS COVERED BY THIS ARBITRATION AGREEMENT IN COURT AND HAVE THEIR DISPUTES RESOLVED THROUGH TRIAL BY JURY OR JUDGE. YOU FURTHER ACKNOWLEDGE THAT YOU HAVE BEEN GIVEN THE OPPORTUNITY TO DISCUSS THIS SECTION WITH YOUR PRIVATE LEGAL COUNSEL AND HAVE AVOIDED YOURSELF OF THAT OPPORTUNITY TO THE EXTENT YOU WISH TO DO SO.

## 21. ACKNOWLEDGMENTS AND REPRESENTATIONS

- 21.1 You agree that you received our Franchise Disclosure Document at least 14 calendar days before signing this Agreement or any other binding agreement with, or making any payment to, us or our affiliate for this franchise.
- 21.2 *YOU AGREE THAT, IN ALL OF YOUR DEALINGS WITH OUR OWNERS, OFFICERS, DIRECTORS, EMPLOYEES AND REPRESENTATIVES, EACH ACTS ONLY IN A REPRESENTATIVE CAPACITY AND NOT IN AN INDIVIDUAL CAPACITY.*
- 21.3 *WE MAKE NO WARRANTY AS TO YOUR ABILITY TO OPERATE YOUR FRANCHISE IN THE JURISDICTION IN WHICH YOU WILL OPERATE. IF A LAW PASSED, A COURT ISSUES A DECISION, OR REGULATION ISSUED BY ANY GOVERNMENT PREVENTS YOU OR US FROM OPERATING THE FRANCHISE UNDER THIS AGREEMENT, OR AS YOU, WE OR JPI INTENDED, WE AND JPI ARE NOT LIABLE FOR DAMAGES OR TO RETURN ANY PAYMENTS YOU MADE.*

## 22. GENERAL PROVISIONS

- 22.1 You release and discharge JPI and its affiliates, us and our affiliates, our designees and other agents, and their respective officers, directors, representatives, employees and agents, from all claims of any kind, in law or in equity, that may exist as of the Effective Date involving this Agreement or any other agreement between the parties, or relating in any other way to the conduct of us or JPI and our and its respective affiliates, designees or agents, and our and their respective officers, directors, representatives, employees and agents, before the Effective Date,



including for example, all claims, whether known or unknown, suspected or unsuspected, arising under the franchise, business opportunity, securities, antitrust or other laws of the United States, any state or locality.

- 22.2 Subject to Section 12, this Agreement may be changed only by a written document signed by both parties and referring to this Agreement.
- 22.3 During the Term, we may change the System (including the goods and services your Franchise offers). You are bound by these changes to the System as if they were part of this Agreement when it was signed. You will pay all reasonable costs to timely implement and comply with any changes.
- 22.4 All of the terms of this Agreement, whether so expressed or not, are binding on, inure to the benefit of, and are enforceable by the parties and their respective personal representatives, legal representatives, heirs, successors and permitted assigns.
- 22.5 All notices under this Agreement must be in writing and must be hand delivered, sent overnight by a nationally recognized carrier, or mailed by certified mail (postage prepaid), return receipt requested, addressed to the appropriate party at its address stated on the Summary Page or to any other address as that party designates by notice complying with this Section. Notice properly sent and addressed is deemed delivered: (a) on the date delivered if by personal delivery or overnight carrier; or (b) on the date on which the return receipt is signed, delivery is refused or the notice is designated by the postal authorities or carrier as not deliverable.
- 22.6 The headings and subheadings in this Agreement are for convenience of reference only and do not affect the meaning of this Agreement.
- 22.7 If any provision of this Agreement, or any other agreement entered into under this Agreement, is contrary to, prohibited by, or deemed invalid under applicable law or regulation, that provision is inapplicable and deemed omitted to the extent so contrary, or prohibited.
- 22.8 Either party's waiver of any breach of this Agreement is not a waiver of any continuing or later breach of that provision, a waiver of the provision itself, or a waiver of any right or remedy under this Agreement.
- 22.9 Notwithstanding Section 20.7, if we hire an attorney or other professionals due to your failure to timely make payments that you owe to us, or to timely submit any reports, or any other failure to comply with this Agreement, you must immediately reimburse us for all reasonable costs we incur (including reasonable legal fees, attorneys' fees and court costs), even if a legal action or other proceeding is not filed.
- 22.10 Subject to Section 20, each of the parties irrevocably and unconditionally agrees that any suit, action or legal proceeding involving any Dispute must be brought only in the federal and state courts of record for the state and county where our

principal office is located when the proceeding is filed; consents to the jurisdiction of these courts in any suit, action or proceeding; and waives any objection he, she or it may have to venue in any of these courts.

- 22.11 Except as otherwise stated in this Agreement, no remedy conferred on any party is exclusive of any other remedy. Every remedy is cumulative and is in addition to every other remedy under this Agreement or applicable law or in equity.
- 22.12 This Agreement is not binding until it is signed by our respective duly authorized officers.
- 22.13 Whenever our consent or approval is required under this Agreement, our consent or approval must be in writing and signed by our duly authorized officer.
- 22.14 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. §§ 1051 et seq.) or the United States Arbitration Act (9 U.S.C. §§ 1 et seq.), this Agreement and any related agreement must be construed and enforced under the internal laws of the state where our principal office is located when this Agreement is signed, without regard to its conflict-of-laws principles.
- 22.15 No party may file mediation, arbitration or litigation of any Dispute more than one year after the facts underlying the Dispute occur.
- 22.16 Each of the parties was, or had the opportunity to be, represented by their own counsel throughout the negotiations and signing of this Agreement and all the other documents signed with this Agreement. Therefore, none of the parties may claim or assert that any provision of this Agreement or of the other documents should be construed against the drafter.
- 22.17 This Agreement, its exhibits and all other written agreements involving this Agreement and referenced in this Agreement, represent the entire understanding and agreement between the parties on the subject of this Agreement and replace all other negotiations, understandings and representations made between the parties. No representations, inducements, promises or agreements, oral or otherwise not written in this Agreement, its exhibits and all other written agreements concerning this Agreement are of any force and effect. Notwithstanding, nothing in this Agreement will disclaim or require you to waive reliance on any representation we made in the Franchise Disclosure Document (including exhibits and amendments) delivered to you or your representative before you signed this Agreement.
- 22.18 All of our and your respective obligations that expressly or by their nature survive the expiration or termination of this Agreement continue in full force and effect after and notwithstanding its expiration or termination.
- 22.19 Neither we nor you will be liable for loss or damage, or deemed in breach of this Agreement, if failing to perform our or your obligations results from causes beyond our or your reasonable control, such as computer malfunctions, extreme weather

and climatic conditions, inadequate supply of equipment or energy, compliance with applicable law, war, acts of terrorism, strikes, or acts of God.

- 22.20 If you consist of more than one person, the reference to “you” in this Agreement refers to either or all of the persons; provided, however, all persons are jointly and severally liable for your obligations under this Agreement.
- 22.21 Except as provided in this Section and elsewhere in this Agreement to the contrary, nothing in this Agreement, whether express or implied, confers any rights or remedies under or by reason of this Agreement on any persons (including other Jan-Pro branded regional developers and unit franchisees) other than the parties and their respective personal or legal representatives, heirs, successors, and permitted assigns. However, JPI is a third-party beneficiary under this Agreement to enforce its trademark rights and may independently enforce your obligations on usage of the Proprietary Marks in its own name, even if we don’t do so.
- 22.22 If you default in performing any of your obligations under this Agreement, we have the right (but not the duty) to arrange for third parties to perform your obligations. If we do, you must immediately reimburse us for the actual costs of this performance. Interest accrues on all amounts due to us under this Section at the Contract Interest Rate beginning ten days after our demand for reimbursement.
- 22.23 *The parties mutually and willingly waive any right to, or claim for, any punitive or exemplary damages against the other, even if authorized by statute. In a dispute between the parties, each is limited to recovering only its actual damages. You also willingly waive any claim you may later have for any damages resulting from your being classified as our employee instead of our franchisee, including, for example, lost wages, minimum wages, overtime wages, etc. Notwithstanding, if an arbitrator or court of competent jurisdiction finds that you are our employee or JPI’s joint employee, you agree that you will return to us all payments that we made to you to the extent that these payments exceed what you would have earned at the applicable minimum wage.*
- 22.24 *The parties mutually and willingly waive the right to a trial by jury of all claims made between them, whether now existing or later arising, including all claims, defenses, counterclaims, cross claims, third-party claims and intervenor’s claims, whether arising from or related to the sale, negotiation, signing or performance of the transactions to which this Agreement relates. None of the parties’ respective claims may be litigated on a class-wide basis, nor joined with any third-party claim.*
- 22.25 All of your legal and beneficial owners must sign the Joinder below. By doing so, each owner agrees that he or she is bound by this Agreement as if he or she were you under this Agreement and agrees that he or she is jointly and severally liable with the other owners and you for all of your obligations under this Agreement. All Restricted Parties (other than you and your owners) must sign the Restricted Party Joinder provided below.

22.26 No Waiver or Disclaimer of Reliance in Certain States. The following provision applies only to franchisees and franchises that are subject to the state franchise disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

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

The parties are signing this Agreement on the Effective Date.

US:

YOU:

**Kramerica Enterprises, LLC**

**[Insert legal name of franchisee]**

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

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

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

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

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

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

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

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

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

This Guaranty and Assumption of Obligations (“**Guaranty**” or “**Agreement**”) is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “**Effective Date**”) by (list each guarantor):

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In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the “**Franchise Agreement**”) dated as of the Effective Date by Kramerica Enterprises, LLC (“**we**,” “**us**” or “**Franchisor**”), each of the undersigned individuals (“**Owners**”), who constitute all of the owners of a direct or indirect beneficial interest in franchisee (“**Franchisee**”), as well as their respective spouses, personally and unconditionally: (a) guarantees to Franchisor and Franchisor’s successors and assigns, and Jan-Pro Franchising International, Inc. (“**JPI**”) for those obligations where JPI is a third-party beneficiary (including, but not limited to, indemnification obligations), for the term of the Franchise Agreement (including, but not limited to, extensions) and afterward as provided in the Franchise Agreement, that they will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Franchise Agreement (including, but not limited to, any amendments or modifications of the Franchise Agreement); and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Franchise Agreement (including, but not limited to, any amendments or modifications of the Franchise Agreement), both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, transfer and arbitration requirements. Owners are the beneficial owners or spouses of the beneficial owners of all of the equity interest, membership interest, or other equity controlling interest in Franchisee and acknowledge there are benefits received and to be received by each Owner, jointly and severally, and for themselves, their heirs, legal representatives and assigns. Franchisee’s obligations under the Franchise Agreement, including the confidentiality and non-solicitation obligations, would be of little value to us if Franchisee’s Owners were not bound by the same requirements. Under the provisions of the Franchise Agreement, Owners are required to enter into this Guaranty as a condition to our entering into the Franchise Agreement with Franchisee.

Under the Franchise Agreement, we will provide Franchisee with specialized training, proprietary trade secrets, and other confidential information (“**Confidential Information**”) relating to the establishment and operation of a JAN-PRO Cleaning & Disinfecting unit franchisee

business. The provisions of the Franchise Agreement governing Franchisee's non-disclosure obligations relating to our Confidential Information are hereby incorporated into this Guaranty by reference, and Owners agree to comply with each obligation as though fully set forth in this Guaranty as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Guaranty as we may seek against Franchisee under the Franchise Agreement. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will also be deemed Confidential Information for purposes of this Guaranty. The obligations and waivers set forth in Section 10 of the Franchise Agreement regarding audits of books and records and the disclosure of tax returns are hereby incorporated into this Guaranty and each Owner is personally bound by the obligations therein and consents to and hereby waives all applicable tax privileges.

Owners acknowledge that they could circumvent the purpose of this Guaranty by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child or grandchild). Owners also acknowledge that it would be difficult for us to prove whether Owners disclosed the Confidential Information to family members. Therefore, each Owner agrees that he or she will be presumed to have violated the terms of this Guaranty if any member of his or her immediate family uses or discloses the Confidential Information or engages in any activities that would constitute a violation of the covenants listed in the paragraphs below, if performed by Owners. However, Owners may rebut this presumption by furnishing evidence conclusively showing that Owners did not disclose the Confidential Information to the family member.

Owners acknowledge that as a participant in our system, they will receive proprietary and Confidential Information and materials, trade secrets and the unique methods, procedures and techniques which we have developed. The provisions of the Franchise Agreement governing Franchisee's restrictions on competition and solicitation both during the term of the Franchise Agreement and following the expiration or termination of the Franchise Agreement are hereby incorporated into this Guaranty by reference, and Owners agree to comply with and perform each such covenant as though fully set forth in this Guaranty as a direct and primary obligation of Owners. Further, we may seek the same remedies against Owners under this Guaranty as we may seek against Franchisee under the Franchise Agreement.

The parties agree that each such covenant related to non-competition and non-solicitation will be construed as independent of any other covenant or provision of this Guaranty. If all or any portion of a covenant referenced in this Guaranty is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a final decision to which we are a party, Owners agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Guaranty.

Additionally, we have the right, in our sole discretion, to unilaterally reduce the scope of all or part of any covenant referenced in this Guaranty without Owners' consent (before or after any dispute arises), effective when we give Owners written notice of this reduction. Owners agree to comply with any covenant as so modified. Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Franchise Agreement upon demand if Franchisee fails or refuses punctually to

do so; (3) this liability will not be contingent or conditioned upon Franchisor's pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person, including, but not limited to, the acceptance of any partial payment or performance or the compromise or release of any claims (including, but not limited to, the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Franchise Agreement (including, but not limited to, extensions) for so long as any performance is or might be owed under the Franchise Agreement by Franchisee or its Owners, and for so long as Franchisor has any cause of action against Franchisee or its Owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Franchise Agreement and, despite the transfer of any interest in the Franchise Agreement or Franchisee, each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; (ii) all rights to require Franchisor to proceed against Franchisee for any payment required under the Franchise Agreement, proceed against or exhaust any security from Franchisee, take any action to assist any of the undersigned in seeking reimbursement or subrogation in connection with this Guaranty or pursue, enforce or exhaust any remedy, including any legal or equitable relief, against Franchisee; (iii) any benefit of, any right to participate in, any security now or hereafter held by Franchisor; and (iv) acceptance and notice of acceptance by Franchisor of his, her or its undertakings under this Guaranty, all presentments, demands and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, notices of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he, she or it may be entitled. Franchisor will have no present or future duty or obligation to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation, to discover or disclose to the undersigned any information, financial or otherwise, concerning Franchisee, any other guarantor, or any collateral securing any obligations of Franchisee to Franchisor. Without affecting the obligations of the undersigned under this Guaranty, Franchisor may, without notice to the undersigned, extend, modify, supplement, waive strict compliance with, or release all or any provisions of the Franchise Agreement or any indebtedness or obligation of Franchisee, or settle, adjust, release or compromise any claims against Franchisee or any other guarantor, make advances for the purpose of performing any obligations of Franchisee under the Franchise Agreement, assign the Franchise Agreement or the right to receive any sum payable under the Franchise Agreement, and the undersigned each hereby jointly and severally waive notice of same. The undersigned expressly acknowledge that the obligations hereunder survive the expiration or termination of the Franchise Agreement.

If Franchisor is required to enforce this Guaranty in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor will be entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants',

arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs.

Subject to the arbitration obligations and the provisions below, each of the undersigned agrees that all actions arising under this Guaranty or the Franchise Agreement, or otherwise as a result of the relationship between Franchisor and the undersigned, must be commenced in the state or federal court of general jurisdiction in the location of Franchisor's headquarters (which is currently Madison, WI, and each of the undersigned irrevocably submits to the jurisdiction of those courts and waives any objection he or she might have to either the jurisdiction of, or venue in, those courts. Nonetheless, each of the undersigned agrees that Franchisor may enforce this Guaranty and any arbitration orders and awards in the courts of the state or states in which he or she is domiciled.

Owners must indemnify, defend and hold harmless us, JPI, all of our and their affiliates, and the respective shareholders, directors, partners, employees and agents of such entities, against and from all losses, damages, costs and expenses which we or they may sustain, incur or become liable for by reason of: (a) Franchisee's failure to pay the monies payable (to us or any of our affiliates) pursuant to the Franchise Agreement, or to do and perform any other act, matter or thing required by the Franchise Agreement; or (b) any action by us to obtain performance by Franchisee of any act, matter or thing required by the Franchise Agreement; or (c) the ownership or operation of the Franchise. Examples of the claims covered by this indemnity include claims relating to: (i) maintaining or operating vehicles; (ii) any Owners or persons working in the Franchise being characterized as our or JPI's employee by any federal, state or local court or agency; (iii) any Owner failing to act as an independent business owner; or (iv) failure to pay any income, unemployment, or payroll tax or file any related return; or (iv) otherwise defaulting under Section 19.2 of the Franchise Agreement.

Upon the death of an Owner, the estate of such Owner will be bound by the obligations in this Guaranty, but only for defaults and obligations hereunder existing at the time of death, and the obligations of any other Owners will continue in full force and effect.

Owners acknowledge and agree that we have granted the Franchise Agreement to Franchisee in reliance on Owners' business experience, skills, financial resources and personal character. Accordingly, Owners agree not to sell, encumber, assign, transfer, convey, pledge, merge or give away any direct or indirect interest in this Franchisee, unless Owners first comply with the sections in the Franchise Agreement regarding Transfers. Owners acknowledge and agree that any attempted transfer of an interest in Franchisee requiring our consent under the Franchise Agreement for which our express written consent is not first obtained will be a material breach of this Guaranty and the Franchise Agreement.

Any notices given under this Guaranty shall be in writing and delivered in accordance with the provisions of the Franchise Agreement. Our current address for all communications under this Guaranty is:



Kramerica Enterprises, LLC  
525 Junction Road, Suite 6500  
Madison, WI. 53717

The current address of each Owner for all communications under this Agreement is designated on the signature page of this Agreement. Any party may designate a new address for notices by giving written notice to the other parties of the new address according to the method set forth in the Franchise Agreement.

This Guaranty constitutes the entire, full and complete agreement between the parties with regard to the guaranty and related obligations under this Guaranty and supersedes any earlier or contemporaneous negotiations, discussions, understandings or agreements. There are no representations, inducements, promises, agreements, arrangements or undertakings, oral or written, between the parties relating to the matters covered by this Guaranty, other than those in this Guaranty. No other obligations, restrictions or duties that contradict or are inconsistent with the express terms of this Guaranty may be implied into this Guaranty. Except for unilateral reduction of the scope of the covenants permitted in this Guaranty (or as otherwise expressly provided in this Guaranty), no amendment, change or variance from this Guaranty will be binding on either party unless it is mutually agreed to by the parties and executed in writing. Time is of the essence.

Each provision of this Guaranty, and any portions thereof, will be considered severable. If any provision of this Guaranty or the application of any provision to any person, property or circumstances is determined by a court of competent jurisdiction to be invalid or unenforceable, the remainder of this Guaranty will be unaffected and will still remain in full force and effect. The parties agree that the provision found to be invalid or unenforceable will be modified to the extent necessary to make it valid and enforceable, consistent as much as possible with the original intent of the parties (i.e., to provide maximum protection for us and to effectuate the Owners' obligations under the Franchise Agreement), and the parties agree to be bound by the modified provisions.

Nothing in this Guaranty is intended to confer upon any person or entity (other than the parties and their heirs, successors and assigns) any rights or remedies under or by reason of this Guaranty.

Any term defined in the Franchise Agreement which is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this 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.

This Guaranty may be executed in counterparts, and each copy so executed and delivered will be deemed an original. This Guaranty is binding on the parties and their respective heirs, executors, administrators, personal representatives, successors and (permitted) assigns.

References to "Franchisor" or "JPI" or "the undersigned" or "you" or "Owner" include the respective parties' heirs, successors, assigns or transferees.

Our failure to insist upon strict compliance with any provision of this Guaranty shall not be a waiver of our right to do so. Delay or omission by us respecting any breach or default shall not affect our rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative.

You agree that fulfillment of any and all of our obligations written in the Franchise Agreement or this Guaranty, or based on any oral communications which may be ruled to be binding in a court of law, shall be our sole responsibility and none of our owners, officers, agents, representatives, nor any individuals associated with us shall be personally liable to you for any reason.

In the event of any discrepancy between this Guaranty and the Franchise Agreement, this Guaranty shall control.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature as of the Effective Date.

Signatures and addresses of each Guarantor

Percentage of Ownership in Franchisee (or designation as a spouse of an Owner)

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

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

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

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Signature)

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

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

## RESTRICTED PARTY JOINDER

Each of the parties signing below, being a “Restricted Party” under Section 0, agrees that he or she is bound by the terms of that Section and all other provisions in the Agreement in preserving our Confidential Information and trade secrets, including those in Section 0.

\_\_\_\_\_  
(Signature)

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

\_\_\_\_\_  
(Signature)

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

\_\_\_\_\_  
(Signature)

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

\_\_\_\_\_  
(Signature)

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

\_\_\_\_\_  
(Signature)

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

\_\_\_\_\_  
(Signature)

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

\_\_\_\_\_  
(Signature)

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

\_\_\_\_\_  
(Signature)

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

**EXHIBIT A TO UNIT FRANCHISEE FRANCHISE AGREEMENT**

**PROMISSORY NOTE**

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

1. Principal and Payment. FOR VALUE RECEIVED, the undersigned, [Insert entity name of franchisee], a(n) [Insert franchisee entity state of formation/incorporation] [Insert franchisee entity type] (“**Maker**”), promises to pay to Kramera Enterprises, LLC, a Wisconsin limited liability company (“**Holder**”), at 525 Junction Road, Suite 6500, Madison, WI 53717 (or at any other place as Holder specifies in writing), without deduction, abatement or offset in lawful money of the United States of America, the principal amount of \$ \_\_\_\_\_, with interest at the rate of 10% per year. Maker must pay Holder the principal and interest in \_\_\_\_\_ equal monthly installments of \$ \_\_\_\_\_, beginning on \_\_\_\_\_, 20\_\_\_\_, and continuing on the 10<sup>th</sup> day of each consecutive month until \_\_\_\_\_, 20\_\_\_\_, when this Note must be paid in full.

2. Franchise Agreement. This Note is being issued with a Franchise Agreement by Holder, as franchisor, and Maker, as Unit Franchisee (the “**Franchise Agreement**”). Unless defined otherwise in this Note, capitalized terms have the meanings given them in the Franchise Agreement.

3. Guaranty. Payment and performance of Maker’s obligations under this Note are secured by the written guaranty (the “**Guaranty**”) signed by \_\_\_\_\_ (“**Guarantor(s)**”).

4. Application of Payments. Holder may, in its sole discretion, credit any payment made under this Note (whether made when due or otherwise) first against any interest then due, and the remainder against the unpaid principal or any other amount due under this Note.

5. Default and Acceleration. Each of the following is an “**Event of Default:**”
- a. Maker fails to timely pay any amount due under this Note (including any principal or interest) or fails to timely perform any other obligation under this Note and that failure continues for ten days after Holder sends Maker written notice of the failure;
  - b. Maker or any Guarantor fails to perform any of their obligations under the Franchise Agreement or Guaranty and this default continues beyond any cure period;
  - c. Maker or any Guarantor transfers any direct or indirect interest in the Franchise Agreement (“transfer” and “direct or indirect interest” are defined in the Franchise Agreement);

d. Maker or any Guarantor becomes insolvent or makes a general assignment for the benefit of creditors;

e. A petition in bankruptcy is filed by Maker or any Guarantor or a petition is filed against or consented to by Maker or any Guarantor;

f. A substantial portion of Maker's or any Guarantor's personal property used in the Franchise is sold after levy by any sheriff, marshal or constable;

g. When, in Holder's sole option, your Maker's financial ability becomes impaired or unsatisfactory, which shall specifically include, but not be limited to, the termination or expiration of any Support Services Agreement entered into by Maker with Holder.

Upon an Event of Default, Holder may declare the entire principal balance of this Note and all accrued interest immediately due and payable. If Maker does not pay principal or interest when due, interest accrues on the unpaid principal from the due date until paid in full at the maximum rate permitted by law (the "**Default Interest Rate**").

6. Miscellaneous Provisions.

a. If Holder exercises no remedy on an Event of Default, the failure does not affect Holder's right to exercise any remedies for any later defaults.

b. Maker and all endorsers and Guarantors of this Note waive valuation and appraisal, demand, presentment, notice of non-payment, dishonor and protest.

c. If suit is brought for the collection of this Note, or if it is necessary to place this Note in the hands of a collection agency or an attorney for collection, whether or not suit is filed, Maker and all endorsers and Guarantors of this Note must pay to Holder its reasonable legal fees, attorneys' fees and paralegals' fees and other expenses for undertaking collection. Amounts due under this paragraph are treated as added to the principal amount due under this Note, with interest accruing thereon at the Default Interest Rate, and are due on demand.

d. The state and county where Holder's principal office is located on the date that the action is filed is the proper and exclusive jurisdiction and venue for any proceedings arising out of this Note. Maker consents, and waives all right to object to, the jurisdiction and venue of the federal and state courts closest to this location. Holder, however, may pursue any remedies in any jurisdiction and venue in which Maker or any Guarantor is located. This Note is to be construed according to the internal laws of the state where our principal office is located when the Franchise Agreement is originally signed, without regard to principles of conflicts of laws.

e. This Note may be prepaid in whole or part without premium or penalty.

f. This Note is “negotiable,” which means that the Holder can sell or transfer collection rights to someone else. Holder may assign this Note to any assignee who on assignment succeeds to Holder’s rights and status.

g. The following do not release or affect Maker's or any Guarantor’s or endorser’s liability under this Note:

i. Holder grants Maker, or any other party any renewal of time to pay any sums due under this Note or perform any obligation under this Note or in any other document securing the payment of this Note; or

ii. Holder: (i) releases Maker or any other party; (ii) agrees not to sue Maker or any other party; (iii) suspends the right to enforce this Note against Maker or any other party; (iv) discharges Maker or any other party; or (v) takes or releases any collateral or security.

h. This Note may not be amended or modified, nor may any waiver of any provisions of this Note be affected, except by a written instrument signed by Holder. Maker and all other persons signing this Note have signed this Note as a principal and not as surety or accommodation party.

i. Time is of the essence on all dates in this Note.

j. BY THEIR RESPECTIVE SIGNING AND ACCEPTING THIS NOTE, THE PARTIES MUTUALLY AND WILLINGLY WAIVE THE RIGHT TO A JURY TRIAL OF ANY CLAIMS MADE BETWEEN THEM, WHETHER NOW EXISTING OR ARISING IN THE FUTURE. THESE CLAIMS INCLUDE, WITHOUT LIMITATION, ANY CLAIMS, DEFENSES, COUNTERCLAIMS, CROSS-CLAIMS, THIRD-PARTY CLAIMS AND INTERVENOR'S CLAIMS, WHETHER ARISING FROM OR RELATED TO THE NEGOTIATION, SIGNING AND PERFORMANCE OF THE TRANSACTIONS TO WHICH THIS NOTE RELATES. NONE OF THE PARTIES’ RESPECTIVE CLAIMS MAY BE LITIGATED ON A CLASS-WIDE BASIS, NOR JOINED WITH ANY THIRD-PARTY CLAIM.

MAKER:

[Insert entity name of franchisee],  
a(n) [Insert franchisee entity state of formation/  
incorporation] [Insert franchisee entity type]

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

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

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

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

HOLDER:

Kramerica Enterprises, LLC,  
a Wisconsin limited liability company

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

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

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

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

## GUARANTY (Promissory Note)

This guaranty (“**Guaranty**”) is signed by the undersigned guarantors (each a “**Guarantor**,” and collectively, the “**Guarantors**”) and is delivered to Kramera Enterprises, LLC, a Wisconsin limited liability company (“**we**,” “**us**,” or “**our**”) as of \_\_\_\_\_, 20\_\_\_\_.

1. In consideration of, and as an inducement to, our accepting from [Insert entity name of franchisee], a(n) [Insert franchisee entity type] (“**you**”) the promissory note you are issuing to us (the “**Promissory Note**”) to evidence certain amounts you must pay to us under the Unit Franchise Agreement you and we are entering into (the “**Franchise Agreement**”), each of the undersigned, personally and unconditionally guarantees to us, and our successors and assigns, that:

a. you must pay and perform all of your obligations under the Promissory Note (the “**Obligations**,” which obligations include, without limitation, the obligation to pay all principal and interest due thereunder); and

b. he or she is bound by each of the Obligations as if he or she were the maker under the Promissory Note; and

c. he or she is personally liable for your breach of any of your Obligations.

2. Each of the undersigned waives:

a. acceptance and notice of acceptance by us of the foregoing undertakings;

b. notice of demand for payment of any indebtedness or nonperformance of any obligation guaranteed under this Guaranty;

c. protest and notice of default to any party regarding the indebtedness or nonperformance of any Obligations;

d. any right he or she may have to require that an action be brought against you or any other person as a condition of liability; and

e. all other notices and legal or equitable defenses to which he or she may be entitled.

3. Each of the undersigned agrees that:

a. his or her direct and immediate liability under this Guaranty is joint and several with each other guarantor under this or any other guaranty;

b. he or she must render any payment or performance required under the Promissory Note, on demand, if you fail or refuse to do so;

c. this liability is not contingent or conditioned upon our pursuing any remedy against you or any other person; and



d. any liability is not diminished, discharged or otherwise affected by any renewal of time, credit or other indulgence that we may grant to you or to any other person (including, without limitation, the acceptance of any partial payment or performance, release of any collateral, or the compromise or release of any claims, none of which modify or amend this Guaranty).

This Guaranty is a guaranty of payment and not of collection. This Guaranty is irrevocable and continues in full force and effect until all of the Obligations are paid, performed and discharged. The Obligations are not considered fully paid, performed and discharged unless all payments by you, and any Guarantor, to us are no longer subject to any right by any person whomsoever, including, without limitation, to you, you as a debtor in possession or any trustee in a bankruptcy, to disgorge any payments or seek to recoup any payments or any part of any payments.

This Guaranty continues to be effective if: (i) any petition is filed by or against you or any Guarantor for bankruptcy, liquidation or reorganization; (ii) you or any Guarantor becomes insolvent or makes an assignment for the benefit of creditors; or (iii) a receiver or trustee is appointed for all or any significant part of your or any Guarantor's assets.

In addition to the amounts guaranteed under this Guaranty, the Guarantors are jointly and severally obligated to pay: (i) all of our legal fees, attorneys' fees and paralegals' fees, and other expenses that we incur to enforce this Guaranty; and (ii) interest at the Default Interest Rate (as defined in the Franchise Agreement) on any of the Obligations not paid when due.

The state and county where our principal office is located on the date the action is filed are the proper and exclusive jurisdiction and venue for any proceedings arising out of this Guaranty. Each of the undersigned consents, and waives all right to object to, the jurisdiction and venue of the federal and state courts closest to this location. We, however, may pursue any remedies in any jurisdiction and venue in which any Guarantor is located. This Guaranty is to be construed according to the internal laws of the state where our principal office is located when this Guaranty is signed, without regard to principles of conflicts of laws.

IN WITNESS WHEREOF, each of the undersigned has signed this Guaranty on the date provided in the first paragraph of this Guaranty.

GUARANTORS:

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Signature*

\_\_\_\_\_  
*Print Name*

\_\_\_\_\_  
*Signature*

## EXHIBIT B TO UNIT FRANCHISEE FRANCHISE AGREEMENT

### INDEPENDENT BUSINESS ACKNOWLEDGEMENT

I hereby acknowledge that my company, [Insert entity name of franchisee], a(n) [Insert franchisee entity state of formation/incorporation] [Insert franchisee entity type] has been awarded a franchise by Kramerica Enterprises, LLC, a Wisconsin limited liability company (a subfranchisor of Jan-Pro Franchising International, Inc.) for the operation of an independent commercial cleaning business under the JAN-PRO Cleaning & Disinfecting brand (a “**Jan-Pro Business**”). As an owner of an independent business, I:

- a. supervise, manage and control the day-to-day operation of my Jan-Pro Business and determine the methods and hours necessary to meet a cleaning account’s terms and requirements;
- b. independently employ my own employees, and I determine those matters governing the essential terms and conditions of their employment, including hiring, firing, disciplining, setting compensation and benefits, and supervising performance;
- c. am solely responsible for the certification, scheduling, wages, staffing and management of my employees and the terms of their employment;
- d. manage my Jan-Pro Business expenses and provide equipment, chemicals and supplies to support my Jan-Pro Business operation; and
- e. am not precluded from selling janitorial services to accounts outside of the Jan-Pro Business, which are considered non-Jan-Pro accounts, so long as I do not do so under the Jan-Pro brand and do not solicit accounts under contract with another Jan-Pro business, and I will, upon request, provide evidence of such accounts.

Neither I, nor my other Jan-Pro Business employees, are employed by or agents of Kramerica Enterprises, LLC, Jan-Pro Franchising International, Inc., or any other Jan-Pro Franchising International, Inc. subfranchisor, and I am solely responsible for ensuring that:

- a. my Jan-Pro Business complies with federal, state and local laws pertaining to its operation and that all taxes applicable to my Jan-Pro Business, including business taxes, self-employment taxes, income taxes, social security, and payroll taxes are paid fully and on time; and
- b. any licenses and insurance that may be required to operate my Jan-Pro Business, including automobile liability and workers’ compensation insurance, must be obtained and maintained and meet minimum coverage requirements, as provided in my Jan-Pro Business franchise agreement.

I will meet all Jan-Pro Franchising International, Inc. brand standards for identifying my Jan-Pro Business and its operations as independently owned and operated, and will include specific

notices of independent ownership on forms, business cards, stationery, advertising, signs and other materials. I will hold my Jan-Pro Business out as an independent business in all dealings and communications with the public.

[Insert entity name of franchisee], a(n) [Insert franchisee entity state of formation/ incorporation] [Insert franchisee entity type]

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

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

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

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

**Exhibit B to the Franchise Disclosure Document**

**SUPPORT SERVICES AGREEMENT**

This Support Services Agreement (“**Agreement**”) is entered into as of the date last signed below (“**Effective Date**”) by and between Kramerica Enterprises, LLC, DBA Jan-Pro Franchise Development of Greater Madison and Jan-Pro Franchise Development of Northwestern Illinois (“**we**” or “**us**”) and the Franchisee identified on the signature page below (“**you**” or “**your**”).

We and you are also parties to a JAN-PRO Cleaning & Disinfecting Unit Franchisee Agreement (“**Franchise Agreement**”) under which you have the right to operate a franchise business offering janitorial and related services to one or more client accounts that you own, engage and/or service in the Territory (“**Accounts**”) under the JAN-PRO Cleaning & Disinfecting marks and other trademarks and services marks., (“**Proprietary Marks**”).

By signing this Agreement, you have elected to receive and we agree to perform the services selected by you below (“**Selected Support Services**”). Support services are provided on a subscription basis for a monthly charge based on your Gross Billings for the previous month. “**Gross Billings**” are an aggregate of total revenues derived from all of your Accounts for all services you provide to your Accounts under the Proprietary Marks during a calendar month.

**A. Support Service Package Elections**

**Your Selected Support Services elections are as follows, the services of which are described more fully in Section B:**

<p align="center">NO <input type="checkbox"/></p> <p align="center">YES <input type="checkbox"/></p> <p>By checking the “Yes” box, I agree to enroll in the Support Services Program</p>	<p><b>1. <u>Support Services Enrollment</u></b></p> <p><i>A monthly charge of 4% of your Gross Billings for the previous month includes:</i></p> <ul style="list-style-type: none"> <li>✓ Enrollment in Support Services Program</li> <li>✓ Billing and accounting services</li> <li>✓ Account support services</li> <li>✓ Monthly reporting services</li> <li>✓ Advances on regular service billings</li> </ul> <p><b>Please Note: If you do not elect to enroll in the Support Services Program, you are responsible for all billing and collection services (directly or through a third party).</b></p>
<p align="center">NO <input type="checkbox"/></p> <p align="center">YES <input type="checkbox"/></p> <p>By checking the “Yes” box, I agree to enroll in the Business Protection Program</p>	<p><b>2. <u>Business Protection Program Enrollment</u></b></p> <p><i>Current Monthly Charge of 5% of Gross Billings for the previous month includes:</i></p> <ul style="list-style-type: none"> <li>✓ Enrollment in the JAN-PRO insurance program</li> <li>✓ Enrollment in group insurance plan which includes General Liability Insurance, Workers Compensation Insurance (where available) and Janitorial Bonding</li> <li>✓ Six-month extension of our replacement obligation period on Additional Accounts (as defined in your franchise agreement)</li> <li>✓ Extra program benefits including a no conviction clause and lost key protection (subject to change and availability)</li> </ul>

<p>NO <input type="checkbox"/></p> <p>YES <input type="checkbox"/></p> <p>By checking this “Yes” box, I agree to enroll in the Advance Assurance Program</p>	<p><b>2. <u>Advance Assurance Program Enrollment*</u></b></p> <p><i>A monthly Charge of 2% of Gross Billings for the previous month includes:</i></p> <ul style="list-style-type: none"> <li>✓ Enrollment in the Advance Assurance Program</li> <li>✓ Up to three automatically applied unpaid client invoice credits per account</li> </ul> <p><small>*Product not offered without enrollment in Support Services Program</small></p>
--	--

**B. Service Descriptions**

Descriptions of support services we provide and specific terms applicable to your Selected Support Services are as follows:

**1. Support Services Program Enrollment.** If you enroll in the Support Services Program, we will provide:

**(a) Monthly Billing and Payment Processing.**

**(i) Invoicing and Payment Processing.** We will invoice your Accounts directly on your behalf on a monthly basis, unless an alternate arrangement is requested or agreed upon by your Account. You hereby authorize us to collect payments directly from the client and we will use commercially reasonable efforts to collect such payments due on your Accounts.

**(ii) Collections.** Upon your consent and approval, you agree that we may engage collection agencies, attorneys, file litigation, or take any other actions to collect and enforce payment from your Accounts. You are responsible for all collection costs. “**Collection Costs**” means our out-of-pocket costs (including legal fees, attorneys’ fees and paralegals’ fees, court costs, and all other expenses) incurred to collect and enforce payments due from your Accounts.

**(ii) Deductions.** From the amount we collect on your behalf, you authorize us to deduct and pay ourselves the fees due under this Agreement, Collection Costs, and any other amount you owe us under this Agreement, the Franchise Agreement, or any other agreement between us. These deductions may include charges for products or services purchased, royalty and other fees, or amounts due under any promissory note to us.

**(iv) Changes.** To ensure accurate and seamless billing, you must inform us of any changes that may affect the next month's billing for your Accounts before the end of the month of service. These changes may include, but are not limited to, changes to your Account's billing address, cleaning frequency changes, day(s) of clean changes, credits for missed service, etc. On the last business day of each month, we will advance you the net amount invoiced to your recurring Accounts for the previous month (after deducting the amounts described in the previous Section), even if your client has not made payment yet. We will include payment for the net amount invoiced for your Special Services billings only after your client has made payment.

- (v) **Advances.** If your client has not made a payment, or we have been unable to collect the entire amount due from that Account, our payments to you for that Account are considered advances (“**Advances**”). If, after 90 days from the date your Account is invoiced, we have not collected the entire amount due from that Account, you must repay us the uncollected Advances plus our related fees. We will not charge interest on Advances, unless you fail to repay them under this Section, in which case interest accrues at the lesser of 18% per year or the maximum rate allowed by applicable law from the date you must repay the Advance until paid. We will not make Advances to you for your Special Services billings. We are not obligated to make Advances for any Account that we believe is a bad risk, or for deductions taken by your customer related to claims they may have against you. In this case, we will notify you, and if you choose to continue servicing that Account, we will pay you for that Account only after payment has been made for services rendered.

If you do not elect to participate in the Support Services Program, any other fees due under this Agreement must be paid to us on or before the 10th day of each month and, if applicable, based on the previous month’s Gross Billings.

- (vi) **Monthly Reporting Services.** On the final business day of the month, we will provide your company with a pro forma statement detailing all services we believe your company performed and a full list of the amounts you owe to us. You must inform us of errors within ten (10) days from the date that we provided you with your statement. Statements that are not disputed within this timeframe will be deemed to have been accurate.

**(b) Account Support Services.**

(i) **Answering and Clerical Services.** We will offer to act as an answering service to assist in client Communications during normal business hours for JAN-PRO Cleaning & Disinfecting-related calls. You must provide us with dedicated phone number to which we can forward all appropriate client requests or communications.

(ii) **Complaint Resolution Assistance Services.** A “**Complaint**” is a complaint made by your Client, to us, that must be addressed in accordance with: (a) the customer’s service contract with you, (b) the JAN-PRO Cleaning & Disinfecting client warranty and service programs; and (c) the brand standards. Any client complaints we become aware of will be sent to your business in a timely manner.

(iii) **Account Mediation Services.** At your request, we will designate a representative to help you work through any issues between you and your client (note that favorable results are not guaranteed).

- (c) **Line of Credit Availability.** We may, but are not obligated to, offer you a line of credit to purchase supplies, purchase accounts, and cover any other service fees. The line of credit is subject to additional terms and conditions and may require you to complete and submit additional forms. [In no event shall the amount of interest due or payable on a Line of Credit exceed the maximum rate of interest allowed by applicable law.

**2. Business Protection Program. If you enroll in the Business Protection Program, you will receive:**

(a) **Group Insurance Plan Enrollment with Six Month Extension of Replacement Obligation Period on Additional Accounts.** The Business Protection Program provides you with the insurance coverage, as required in your Franchise Agreement, for janitorial bonding, general liability insurance,

worker's compensation (where offered) and an additional six-month extension of our replacement obligation period on newly purchased contracts. The Business Protection Program does not include the required insurance for automobile bodily injury, property damage liability, or uninsured motorist coverage. You will have to obtain this insurance from another source.

**(b) Extra Program Benefits Including a No Conviction Clause and Lost Key Protection (subject to change and availability).** The Business Protection Program provides you with the benefit of a no conviction clause (your employee does not have to be convicted of a crime in order for a claim to be made) and lost key protection, mitigating common operating risks. This coverage is not commonly available on standard policies and is also subject to state specific law.

**(c) Business Protection Program Terms.** The cost of the Business Protection Program is subject to change with changes in the insurance premiums of the group policy, or changes in our administration cost of the Business Protection Program. We will notify you at least 30 days prior to a change in the cost of the Business Protection Program. We may discontinue the Business Protection Program upon 30 day written notice.

**3. Advance Assurance Program – Accounts Receivable Protection for Uncollected Advanced Funds:**

The Advance Assurance Program is a unique product offering that provides an extra layer of protection to enrolled companies against unplanned chargebacks of payment advances due to non-payment by your Accounts. The Advance Assurance Program excuses you from re-paying us for Advances for up to three invoices per each of your Accounts. If an Account does not pay an invoice amount within 90 days, we will not offset your disbursement to recover the Advance up to three times per Account. The Advance Assurance Program covers up to three invoice payment advances on services billed to your Accounts, without the need to notify us when you wish to use these credits.

The Advance Assurance Program does not replace your internal accounts receivable program or policies but rather compliments them. It's important to note that the program does not protect invoices submitted to Jan-Pro Franchise Development improperly, such as late or special service billings not preapproved by your client, nor does it absolve you from the cost of potential service credits required by your clients.

**C. Additional Terms and Conditions**

1. **Term.** The term (the “Term”) shall commence on the Effective Date and expire five years after the Effective date, unless terminated earlier pursuant to the terms of this Agreement. Unless either party gives the other party notice of its intention not to renew this Agreement, this Agreement will automatically renew for successive one year terms.
2. **Termination.** This Agreement and the Selected Support Services may be terminated only as follows:
  - A. Either party may terminate this Agreement without cause at any time upon 60 days' prior written notice to the other party. In addition, you may cancel one or more, but not all, of the Selected Support Services we provide at any time upon 60 days' prior written notice.
  - B. Either party may terminate this Agreement immediately for the following reasons: (i) a breach of this Agreement by a party and a failure to (a) cure such breach within 15 days after notice by the non-

breaching party is given or (b) to take reasonable steps to cure such breach (if the breach is incapable of being cured within such 15-day period), or (ii) the other party is insolvent or files for bankruptcy.

C. We may terminate this Agreement if you are in breach of the Franchise Agreement and you have failed to cure such breach within the applicable cure period granted to you under the Franchise Agreement (if any).

D. This Agreement shall automatically terminate, without any notice or an opportunity to cure, upon the expiration, termination, or transfer of the Franchise Agreement.

If this Agreement is terminated or expires, you must immediately pay us all amounts owed.

3. **Accounts.** While we provide certain optional administrative, support, and marketing services to you under this Agreement, you own the Accounts and are responsible performing all janitorial and related services for the Accounts. You are responsible for keeping your agreed schedule with your customers, notifying your customers before any scheduled services you will miss, and scheduling a substitute cleaning service if your customer requests. You are further responsible for all keys and other methods of access to your customers' premises and for exercising reasonable security procedures and observing all security procedures that your customers require. You must comply with all federal, state and local laws and regulations that apply to your business (such as OSHA and employment laws), and maintain all permits, licenses or certificates needed to operate your business.
4. **Relationship of Parties.** This Agreement creates no fiduciary relationship between you and us. You are an independent business owner. We are an independent contractor of yours that provides business services to you pursuant to this Agreement. Nothing in this Agreement appoints either party an agent, legal representative, subsidiary, joint venturer, partner, employee, affiliate or servant of the other party for any purpose. Nothing in this Agreement authorizes either party to make any contract, agreement, warranty or representation on behalf of the other party. Neither party may incur any debt or other obligation in the other party's name unless the right to do so is explicitly stated in this Agreement.
5. **Indemnification.** You must indemnify us and our affiliates from all actions, judgments, damages, liabilities, claims, losses, costs and expenses (including reasonable legal fees, attorneys' fees and other expenses, even if incident to appellate, post-judgment or bankruptcy proceedings) to which we become subject, or that either incurs, arising from or relating in any manner to your ownership or operation of your business. Examples of the claims covered by this indemnity include claims relating to: (i) maintaining or operating vehicles; (ii) your being characterized as our employee by any federal, state or local court or agency; (iii) your failure to act as an independent business owner; or (iv) your failure to pay income, unemployment or payroll tax or file any related return. You will not be required to indemnify us for any matter caused by our gross negligence or intentional misconduct. Notwithstanding the expiration or sooner termination of this Agreement, this indemnity continues in full force and effect. This indemnity also covers our respective affiliates and their and those affiliates' respective owners, officers, directors, employees, agents, and representatives.
6. **Dispute Resolution.** Any Dispute (as defined in Section [6(H)] below) will be processed in the following manner, you and we each expressly waiving all rights to any court proceeding, except as expressly provided below:
  - A. Subject to Sections [6(G)], all Disputes brought by you or us must be submitted to binding arbitration before one arbitrator of the American Arbitration Association (or any other mutually



agreeable arbitration association) under its commercial arbitration rules only, even if you designate that the claim is subject to any other arbitration rules.

B. This Section must be construed as independent of any other provision of this Agreement. If a court or arbitrator of competent jurisdiction determines that any provisions are unlawful, that court or arbitrator is to modify or interpret the provisions to the minimum extent needed to have them comply with the law. Notwithstanding any provision relating to the state laws by which this Agreement must be governed and construed, all issues relating to arbitrability or the enforcement of the agreement to arbitrate in this Agreement must be governed by the Federal Arbitration Act (9 U.S.C. §1 et seq.) and the federal common law of arbitration. You and we agree that we, and our relationship with you, involve and relate to interstate commerce and therefore the FAA applies to and governs this Agreement. The arbitrator, and not any federal, state or local court, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, unconscionability, arbitrability, enforceability or formation of this Agreement, including any claim of fraud in the inducement or that all or any part of the Agreement is void or voidable. However, the preceding sentence shall not apply to the clause entitled “**Class Action Waiver**” set forth below.

C. Judgment on an arbitration award may be entered in any court of competent jurisdiction. This judgment is binding, final and non-appealable.

D. The arbitration provisions in this Section are self-executing and remain in full force and effect after the expiration or termination of this Agreement. If either party fails to appear at any properly noticed arbitration proceeding, notwithstanding failing to appear, an award may be entered against that party by default or otherwise.

E. Each party bears its own costs for arbitration, including any attorneys’ fees. The fees for arbitration payable to arbitrator, and their applicable agency, however, will be split equally, unless the AAA commercial rules are found not to apply, in which case the default rules and fee arrangements of the mediation and/or arbitration service will apply. Arbitration must take place in the county in which our principal office is then located, or if the arbitrator cannot conduct arbitration there, the nearest county where it can.

F. Notwithstanding the above, the obligation to arbitrate is not binding on either party for any request for a restraining order, injunction or other procedure to obtain specific performance in a court of competent jurisdiction when that court considers the restraining order, injunction or specific performance necessary to preserve the status quo or prevent irreparable injury pending resolution of the actual Dispute by arbitration. We may seek injunctive relief in any jurisdiction that has jurisdiction over you or any other party against whom this relief is sought. The obligation to arbitrate is also not binding for any claims for which arbitration is unavailable as a matter of law.

G. Class Action Waiver. Any proceeding (whether arbitration, trial to a court or jury, appeal or otherwise) must be brought in the parties’ individual capacity, and not as a plaintiff or class member in any purported class, collective, representative, multiple plaintiffs, or similar proceeding (“**Class Action**”). You and we expressly waive any ability to maintain any Class Action in any forum. Further, an arbitration proceeding between us and you (or any of your or our affiliates and owners and guarantors) may not be consolidated with any other arbitration proceeding between them and any other franchisee, person or entity. You hereby agree not to seek joinder of any of your claims with those of any other party. The arbitrator shall not have authority to combine or aggregate similar claims or conduct any Class Action, nor make an award to any person or entity not a party to the arbitration. Any

claim that all or part of this Class Action Waiver is unenforceable, unconscionable, void or voidable may be determined only by a court of competent jurisdiction and not by an arbitrator. YOU AND WE UNDERSTAND THAT WE WOULD HAVE HAD A RIGHT TO LITIGATE THROUGH A COURT, TO HAVE A JUDGE OR JURY DECIDE OUR CASE, AND TO BE PARTY TO A CLASS OR REPRESENTATIVE ACTION. HOWEVER, YOU AND WE UNDERSTAND AND CHOOSE TO WAIVE THAT RIGHT AND HAVE ANY CLAIMS DECIDED INDIVIDUALLY THROUGH ARBITRATION. It's your and our joint business judgment that the limitations of this subsection make good business sense, because: (i) the arbitration procedures contemplated by this Agreement (and which you and we agree are the core methods for resolving disputes) function most effectively on an individual case basis; (ii) there are significant business and other factors present in each individual franchisee's situation which should be respected; and (iii) the economic interests of lawyers on either side in class-wide or multiple plaintiff disputes, as well as the tendency to polarize positions, makes accommodation and compromise, as a practical business matter, less easily achieved, which would be a serious detriment to your and our business interests, as well as those of the entire franchised business system, in quickly, amicably and economically resolving any dispute.

H. "**Dispute**" means any disagreement, litigation, claim, dispute, suit, action, controversy or proceeding of any type whatsoever between or involving you and us on whatever theory and/or facts based, arising strictly out of the Selected Support Services in this Agreement (including any dispute or disagreement relating to arbitration, including the arbitrability of this Agreement or any of its provisions), the relationship of the parties, or any claim that this Agreement or any provision of this Agreement is invalid, illegal or otherwise voidable or void or unenforceable.

I. **Knowingly, Voluntarily, and With Counsel.** You acknowledge that you have carefully read this Section, that you understand its terms, that all understandings and agreements between you and us relating to the subjects covered in the Section are contained in it, and that You have entered into the Section voluntarily and not in reliance on any promises or representations by Us other than those contained in this Section and have been given the opportunity to discuss this Agreement with your private legal counsel.

7. **General.** You may not assign this Agreement without our prior written consent. We may assign this Agreement or delegate the Selected Support Services provided under this Agreement. No amendment to this Agreement or waiver of the rights or obligations of either party shall be effective unless in writing signed by the parties. This Agreement is governed by the laws of the State of Wisconsin. If any provision of this Agreement is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Agreement will remain in full force and effect. Any provision of this Agreement held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable. Any notices, consents or other communications pursuant to this Agreement must be in writing and delivered by mail, courier or facsimile (with written confirmation of receipt) to the address of the recipient party shown above (or to such other address provided by such notice). This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. This Agreement may be signed by facsimile and in counterparts.

*[Signature Page Follows]*

C. Signatures

Kramerica Enterprises, LLC

**[FRANCHISEE ENTITY]**

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Authorized Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Title

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Entity Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

**Exhibit C to the Franchise Disclosure Document**  
**TABLE OF CONTENTS - OPERATIONS MANUAL**

**JAN-PRO UNIT FRANCHISE OWNER CERTIFICATION MANUAL  
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Module	Subject	Number of Pages
Module 1	Introduction to JAN-PRO Cleaning & Disinfecting	72
Module 2	Introduction to the JAN-PRO Cleaning & Disinfecting Process	30
Module 3	Cleaning Technique and Schedule	30
Module 4	Profitability and Safety Tips	53
Module 5	JAN-PRO Cleaning & Disinfecting Certification Manual	4
	Room By Room Procedures	23
	Job Aid Cards	10
	Forms	34
	Total Pages	258

**JAN-PRO BRAND STANDARDS PROCEDURES MANUAL  
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Chapter	Subject	Number of Pages
1	Compliance with Brand Standards	2
2	Your Legal Responsibilities	1
3	Beginning Your New JAN-PRO Cleaning & Disinfecting Franchise Business	4
4	Insurance	3
5	Financial Documentation	1
6	Certification Program	1
7	Fulfillment of Your Initial Franchise Plan	2
8	Approved Supplies	1
9	Advertising and Marketing Materials	1
10	Standard Operating Procedures	5
11	Staffing Procedures for Your Business	2
12	Services Offered by Your Jan-Pro Franchise Development	1
13	Communication with Your Jan-Pro Franchise Development Office	2
14	Customer Billing and Collections	1
15	Receiving Your Monthly Payment	2
16	Special Services Performed for Customers	1
17	Contract Pricing	1
18	Sales and Marketing Fees	2
19	Transfers and Exchanges of Customer Accounts	2
20	Consequences of Poor Service	3
21	Cancellations	2
22	Absences from Your Business	1
23	Safety	1
24	Customer Sales Presentations by Franchisees	1
25	Transfer of Your Franchise Agreement	1
26	Legal Entities	1
27	Business Outside Your Franchise	1
28	Acknowledgement of Receipt	2

**Exhibit D to the Franchise Disclosure Document**

**FINANCIAL STATEMENTS**

**Kramerica Enterprises, LLC**  
**d/b/a**  
**Jan-Pro Franchise Development of Northwest Illinois**  
**and**  
**Jan-Pro Franchise Development of Greater Madison**

**Financial Statement**  
**December 31, 2023**



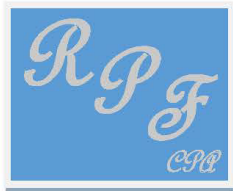
KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

FINANCIAL STATEMENT

For the year ended December 31, 2023

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Independent Auditors' Report	1-2
Initial Balance Sheet:	
Balance Sheet	3
Statement of income and members' deficiency	4
Statement of cash flows	5
Notes to Balance Sheet	6-11



# Accounting Services

100 Smithfield Ave, Box #5, Pawtucket, RI 02860 \* Ph 401-243-7851 \* ferlandandcompanycpas@yahoo.com

## **Independent Auditors' Report**

To the Members  
Kramerica Enterprises, LLC;  
d/b/a Jan-Pro Franchise Development of Northwest Illinois  
and Jan-Pro Franchise Development of Greater Madison  
Madison, WI

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison, which comprise the balance sheets as of December 31, 2023, and the related statements of income, changes in members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements presents fairly, in all material respects, the financial position of Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison, as of December 31, 2023, and the results of its operations and cashflows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Change in Accounting Principles:**

As discussed in notes 1 and 2 to the financial statements, as of January 1, 2023, Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison adopted new accounting guidance that changed the way it recognized the allowance for credit losses. Our opinion is not modified with respect to this matter.

### **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 Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater

Madison's ability to continue as a going concern within one year after the date the that the financial statements were available to be issued.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 in 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, individual or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison's ability to continue as a going concern for a reasonable period of time.

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



Pawtucket, RI  
May 13, 2024

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS  
AND JAN-PRO FRANCHISE DEVELOPMENT OF GREATER MADISON

BALANCE SHEETS  
December 31, 2023

ASSETS

	2023
Assets	
Cash	\$ 1,772
Accounts receivable, trade	472
Notes receivable, current (note 2)	3,760
Prepaid royaltly fees	2,320
Total current assets	8,324
Other assets:	
Security deposit	1,125
Notes receivable, net of current (note 2)	8,840
Master franchise fee, net of accumulated amortization (note 1)	93,333
Total other assets	103,298
Total assets	\$ 111,622

LIABILITIES AND MEMBERS' DEFICIENCY

Current liabilities:	
Accounts payable	\$ 1,178
Accounts payable, related party	24,429
Accrued expenses	27
Defered revenues	29,351
Note payable, franchisor	41,707
Total current liabilities	96,692
Long-term liabilities:	
Accrues expenses related to long-term assets	944
Note payable, franchisor, net of current	33,439
Total long-term liabilities	34,383
Total liabilities	131,075
Members' deficiency:	(19,453)
Total liabilities and members' deficiency	\$ 111,622

See accompanying notes to initial balance sheet

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS  
AND JAN-PRO FRANCHISE DEVELOPMENT OF GREATER MADISON

STATEMENTS OF INCOME AND MEMBERS' DEFICIENCY

For the Year Ended December 31, 2023

	2023
Franchise fee revenues:	
Franchise fees	4,657
Royalty fees	982
Support fees	491
Buisness protection fees	392
Other fees and reimbursements	916
Total franchise fee revenues	7,438
Agency revenues (note 1)	-
Supply revenue:	
Sale of janitorial supplies	195
Total revenue	7,633
Operating expenses:	
Corporate royalties	1,017
Occupancy	9,429
Selling, general and administrative	55,258
Total operating expenses	65,704
loss from operations	(58,071)
Other expenses:	
Amortization	6,667
Interest expense	1,844
Total other income (expenses)	8,511
Net loss	(66,582)
Member's equity, beginning	26,646
Contributions from members	20,483
Accumulated deficiency, ending	\$ (19,453)

See accompanying notes to financial statements

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS  
AND JAN-PRO FRANCHISE DEVELOPMENT OF GREATER MADISON

STATEMENTS OF CASH FLOWS  
For the Year Ended December 31, 2023

	2023
Operating activities:	
Net loss	\$ (66,582)
Adjustments to reconcile net loss to net cash used by operating activities:	
Amortization	6,667
Change in allowance for bad debts	900
Non-cash operating expenses	24,193
(Increase) decrease in:	
Accounts receivable	(472)
Advances	
Deposits	
Notes receivable	(13,500)
Prepaid expenses	1,562
Increase (decrease) in:	
Accounts payable	(72)
Accrued expenses	971
Deferred revenues	29,351
Net cash provided (used) by operating activities	(16,982)
Financing activities:	
Repayments on franchisor note payable	(9,854)
Proceeds from members	20,483
Net cash provided by financing activities	10,629
Net increase (decrease) in cash	(6,353)
Cash, beginning of year	8,125
Cash, end of year	\$ 1,772
Supplemental Information	
Interest paid during the year	\$ (1,844)
Expenses paid by related party	\$ 24,193

See accompanying notes to financial statements

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS  
AND JAN-PRO FRANCHISE DEVELOPMENT OF GREATER MADISON

FINANCIAL STATEMENT  
For the year ended December 31, 2023

1. Summary of Significant Accounting Policies:

Nature of Business:

Kramerica Enterprises, LLC, d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison (a Wisconsin Limited Liability Company), was formed July 11, 2022 to engage in the business of selling cleaning service franchises and procuring cleaning service contracts under the Jan-Pro brand to satisfy its contractual obligations to the purchasers of such franchises in the counties of Boone, Carroll, DeKalb, Lee, Ogle, Stephenson, and Winnebago, all in the State of Illinois as well as the counties of Dane, Green, Iowa, Jefferson, Lafayette and Rock all in the State of Wisconsin. The company owns one master franchise purchased from Jan-Pro Franchising International, Inc. that grants the company the exclusive right to sell cleaning service franchises and maintenance services on behalf of the franchisees in the stated territory. The company grants credit without collateral to its unit franchisees in the form of notes receivable.

Basis of Presentation:

Under FTC Rule 436 (Franchise Rule) the financial statements are presented in comparative format covering two years balance sheet and three years statements of income and member's equity and cash flows for the periods included. The format will be phased in over the next three years of operation.

Revenue Recognition:

The Financial Accounting Standards Board issued ASU 2014-09 Revenue from Contracts with Customers (ASC 606), replacing almost all the previous revenue recognition guidance in US GAAP, with regards to contracts.

- **The contract with the Customer:** The parties involved are Kramerica Enterprises, LLC and the prospective franchisees. In exchange for their financial consideration, either cash and/or financing (ranging from \$1,008 to \$51,000), the franchisee will receive monthly cleaning contracts consistent with the size of the plan purchased. The monthly cleaning contracts have a definite value for which the franchisee will gain benefits immediately when cleaning services are provided.
- **Performance obligations:** Under the franchise agreement, Kramerica Enterprises, LLC must certify the franchisee in the standards required by Jan-Pro Franchising International, Inc. and provide the franchisee with monthly service contracts in the amount specified by the size of the plan purchased.
- **Determining the transaction price:** Included in the Franchise Disclosure Document is a plan package grid with predetermined prices that the prospective franchisee chooses from. The cost of each service level is clearly defined and the only variable in pricing is if the franchisee obtains the 10% discount for paying upfront. There is a minimal renewal fee at the end of the ten-year term.
- **Allocating the purchase price:** The allocation of the purchase price per obligation incurred upon sale of the franchise:

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

FINANCIAL STATEMENT  
For the year ended December 31, 2023

1. Summary of Significant Accounting Policies: (continued)

Revenue Recognition: (continued)

- Certification 0% - the cost of certification is minimal to the Company and varies depending on the size of the group being certified and no economic benefit is received by the franchisee.
- Providing cleaning contract 100% - The franchisee receives direct economic benefit from the contracts provided by the company, as well as the services, such as invoicing and collection, to be received under the franchise agreement
- **Recognize Revenue:** The company recognizes revenue, from initial plan contracts, on the percentage of completion method. It is calculated as a percentage of the total monthly contracts actually provided divided by the total required monthly business consistent with the plan size purchased.

Once the obligations under the initial plan have been fulfilled, the Company recognizes additional contracts above the initial business, referred to as upgrades, when sold to the franchisees, since the franchisee receives immediate economic benefit of the contractual obligation.

<u>Year</u>	<u>Franchise Plans Sold</u>	<u>Gross amount of IFPs</u>	<u>Amount included in Deferred</u>	<u>Franchisees with upgrade purchases</u>	<u>Gross Amount Purchased</u>	<u>% of Total Revenues</u>
2023	3	\$ 34,008	\$ 29,351	0	\$ -	61%

The company, as part of the franchise agreement, acts as an agent on behalf of the franchisee for the invoicing and collection of payments from the cleaning customers on a monthly basis. The amounts billed on behalf of the franchisees for the years ended December 31

	<u>2023</u>
Gross cleans billed	\$ 9,818
Gross paid to franchisees	(9,818)
	<u>\$ -</u>

At December 31, 2023, the total owed to the franchisees from the cleaning contracts was \$1,035, which is included in accounts payable.

The Company, as part of the franchise agreement, provides ancillary services to the franchisee for which they are reimbursed on a monthly basis. The service revenues are recognized when the cleaning services are provided by the franchisees. The Company collects a support fee of 5% and a royalty fee of 10%. The Company also offers the franchisees the option to be covered by the Company's general liability policy at a rate of 4%, or carry their own policy supported by a certificate of insurance. The Company is also reimbursed for other administrative costs that are directly related to franchise operations.



KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

FINANCIAL STATEMENT  
For the year ended December 31, 2023

1. Summary of Significant Accounting Policies: (continued)

Revenue Recognition: (continued)

<u>Year</u>	<u>Ancillary Service Revenues</u>	<u>Other Fees and Reimbursements</u>	<u>% of Total Revenues</u>
2023	\$ 1,865	\$ 916	36%

At December 31, 2023 fee revenues relating to the payables, referred to above, have been accrued totaling \$197 and were included in accounts receivable.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the company considers all temporary investments with an original maturity of three months or less to be cash equivalents. At December 31, 2023 there were no cash equivalents.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable - Trade:

The company carries its accounts receivable at cost net of an allowance for credit losses. On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. Accounts receivable will be presented at the net amount expected to be collected by using an allowance for credit losses. The Company will consider a receivable to be a bad debt once it has been in collections for more than ninety days. At December 31, 2023 no measurement of credit losses was needed.

Income Taxes:

The limited liability company is not a taxpaying entity for federal and state income tax purposes; thus, no income tax expense has been recorded in the accompanying financial statements. Income from the limited liability company is taxed at the member’s level. The open year available for IRS review is 2022.

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

FINANCIAL STATEMENT  
For the year ended December 31, 2023

Master Franchise Fee:

The acquired master franchise fee is being amortized over the remaining seventy-three months of the original fifteen-year term of the agreement. The company evaluates its intangible assets annually to determine if there is impairment that would decrease the value of the asset. At December 31, 2023, there was no impairment.

Master franchise fee at December 31, 2023 consists of the following:

	2023	2022
Master Franchise Fee	\$ 100,000	\$ 100,000
Less: Accumulated amortization	(6,667)	-
	\$ 93,333	\$ 100,000
Future amortization at December 31,		
2024	\$ 6,667	
2025	6,667	
2026	6,667	
2027	6,667	
2028	6,667	
Beyond five years	59,998	
	\$ 93,333	

2. Notes Receivable:

The company carries its notes receivable at cost net of an allowance for credit losses. On January 1, 2023, the Company adopted ASU 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (ASC 326). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts, including loans, will be presented at the net amount expected to be collected by using an allowance for credit losses. Loans will receive an initial allowance at the acquisition date that represents an adjustment to the amortized cost basis of the loan, with no impact to earnings. The Company does not hold any portion of its notes for sale. It recognizes interest revenue at a rate of 0% or 10% per annum. If the franchisee’s monthly billings drop below a certain threshold, payments are suspended, and interest does not accrue until payments are resumed. Once the franchisee surpasses the threshold, payments are resumed, and interest is earned on the prior outstanding balance. If the franchisee is below the threshold, it is the Company’s policy to keep the loan as current if the franchisee is servicing customers.

The company finances the sales of franchises to franchisees. At December 31, 2023, two notes were outstanding with interest at 10% with monthly installments ranging from \$145 to \$290 through

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

FINANCIAL STATEMENT  
For the year ended December 31, 2023

2. Notes Receivable: (continued)

December 2026. Notes receivable, initial sales, at December 31, 2023 were \$13,500. At December 31, 2023, no franchisees were behind on payments.

The above referenced notes have scheduled maturities as follows:

For the year ended December 31

	<u>Amount</u>	<u>Allowance</u>	<u>2023 Net</u>
2024	\$ 4,060	\$ (300)	\$ 3,760
2025	4,485	(300)	4,185
2026	4,955	(300)	4,655
	13,500	(900)	12,600
Less Current	4,060	(300)	3,760
	<u>\$ 9,440</u>	<u>\$ (600)</u>	<u>\$ 8,840</u>

3. Concentration of Credit Risk:

The company keeps a majority of its cash with a financial institution that insures cash balances of up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). At different times of the year, the balance may exceed this amount. At December 31, 2023, the company had no uninsured cash.

4. Advertising:

Advertising costs are expensed when incurred. Advertising expense for the year ended December 31, 2023 amounted to \$11,371.

5. Commitments:

The company pays corporate royalties to Jan-Pro Franchising International, Inc. on the sale of franchise fees and financing revenue, and on the customers' monthly billings, on a franchise agreement in effect through September 2037.

6. Related Party:

A Company related by common ownership pays bills on behalf of the Company, while the Company grows its revenues. These bills include operating expenses such as auto expense, administrative costs and advertising, amongst others. The balance bears no interest and is repaid at the discretion of the related party. The amount owed at December 31, 2023 totaled \$24,429.

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

FINANCIAL STATEMENT  
For the year ended December 31, 2023

7. Note Payable Franchisor:

Note payable, franchisor, in the original amount \$100,000. If repaid within twelve months, there is no interest. If not repaid within twelve months, the loan will accrue interest at 8.25% from the thirteenth month and be repaid in twenty-four payments of \$3,864, through September 2025. The loan is secured by the personal guarantees of the members.	<u>2023</u>	<u>2022</u>
	\$ 75,146	\$ 85,000
<u>Future minimum payments at December 31:</u>		
2024	\$ 41,707	
2025	33,439	
	75,146	
Less: current	(41,707)	
	\$ 33,439	

8. Adoption of Current Expected Credit Losses (CECL):

The Company adopted ASC 326 and all related subsequent amendments thereto effective January 1, 2023 using the modified retrospective approach for all financial assets measured at amortized cost and off-balance sheet credit exposures. There was no transition adjustment for the adoption of CECL because this is the company's first year of operations.

9. Subsequent Events:

Subsequent events were evaluated through May 13, 2024, the date the financial statements were available to be issued.

**Kramerica Enterprises, LLC**  
**d/b/a**  
**Jan-Pro Franchise Development of Northwest Illinois**  
**and**  
**Jan-Pro Franchise Development of Greater Madison**

**Financial Statement**  
**November 30, 2022**

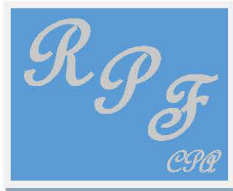
KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

INITIAL BALANCE SHEET

November 30, 2022

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# Accounting Services

100 Smithfield Ave, Box #5, Pawtucket, RI 02860 \* Ph 401-243-7851 \* ferlandandcompanycpas@yahoo.com

## **Independent Auditors' Report**

To the Members  
Kramerica Enterprises, LLC;  
d/b/a Jan-Pro Franchise Development of Northwest Illinois  
and Jan-Pro Franchise Development of Greater Madison  
Madison, WI

### **Report on the Audit of the Financial Statements**

We have audited the initial balance sheet of Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison, as of November 30, 2022, and the related notes to the initial balance sheet.

In our opinion, the accompanying initial balance sheet presents fairly, in all material respects, the financial position of Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison, as of November 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Change in Accounting Principles:**

As discussed in note 1 to the financial statements as of November 30, 2022, the Company adopted new accounting guidance that changed the way it recognized revenues from contracts with franchisees. Our opinion is not modified with respect to this matter.

### **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 Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison's ability to continue as a going concern for November 30, 2022.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 in 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, individual or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kramerica Enterprises, LLC; d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison's ability to continue as a going concern for a reasonable period of time.

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



Pawtucket, RI  
December 28, 2022



KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS  
& JAN-PRO FRANCHISE DEVELOPMENT OF GREATER MADISON

BALANCE SHEET  
November 30, 2022

ASSETS

	<u>2021</u>
Current assets:	
Cash	\$ 10,000
Prepaid expenses	5,000
Total current assets	<u>15,000</u>
Other assets:	
Master franchise license, net of accumulated amortization (Note 1)	<u>100,000</u>
Total other assets	<u>100,000</u>
Total assets	<u><u>\$ 115,000</u></u>

LIABILITIES

Current liabilities:	
Accounts payable, trade	\$ 234
Note payable, Franchisor, current	<u>6,546</u>
Total current liabilities	<u>6,780</u>
Long-term liabilities:	
Note payable, Franchisor, net of current	<u>78,454</u>
Total long-term liabilities	<u>78,454</u>
Total liabilities	<u>85,234</u>
Member's equity	<u>29,766</u>
Total liabilities and member's equity	<u><u>\$ 115,000</u></u>

See accompanying notes to initial balance sheet

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KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS  
AND JAN-PRO FRANCHISE DEVELOPMENT OF GREATER MADISON

NOTES TO THE INITIAL BALANCE SHEET

November 30, 2022

1. Summary of Significant Accounting Policies:

Nature of Business:

Kramerica Enterprises, LLC, d/b/a Jan-Pro Franchise Development of Northwest Illinois and Jan-Pro Franchise Development of Greater Madison (a Wisconsin Limited Liability Company), was formed July 11, 2022 to engage in the business of selling cleaning service franchises and procuring cleaning service contracts under the Jan-Pro brand to satisfy its contractual obligations to the purchasers of such franchises in the counties of Boone, Carroll, DeKalb, Lee, Ogle, Stephenson, and Winnebago, all in the State of Illinois as well as the counties of Dane, Green, Iowa, Jefferson, Lafayette and Rock all in the State of Wisconsin. The company owns one master franchise purchased from Jan-Pro Franchising International, Inc. that grants the company the exclusive right to sell cleaning service franchises and maintenance services on behalf of the franchisees in the stated territory. The company grants credit without collateral to its unit franchisees in the form of notes receivable.

Basis of Presentation:

Under FTC Rule 436 (Franchise Rule) the financial statements are presented in comparative format covering two years balance sheet and three years statements of income and member's equity and cash flows for the periods included. The format will be phased in over the next three years of operation.

Revenue Recognition:

The Financial Accounting Standards Board issued ASU 2014-09 Revenue from Contracts with Customers (ASC 606), replacing almost all the previous revenue recognition guidance in US GAAP, with regards to contracts. The Company adopted the new standard on November 30, 2022, the first day of the company's operations. Therefore, there is no adjustment needed for the prior years to present the retrospective balances for unearned revenues.

- **The contract with the Customer:** The parties involved are Kramerica Enterprises, LLC and the prospective franchisees. In exchange for their financial consideration, either cash and/or financing (ranging from \$1,008 to \$51,000), the franchisee will receive monthly cleaning contracts consistent with the size of the plan purchased. The monthly cleaning contracts have a definite value for which the franchisee will gain benefits immediately when cleaning services are provided.
- **Performance obligations:** Under the franchise agreement, Kramerica Enterprises, LLC must certify the franchisee in the standards required by Jan-Pro Franchising International, Inc. and provide the franchisee with monthly service contracts in the amount specified by the size of the plan purchased.
- **Determining the transaction price:** Included in the Franchise Disclosure Document is a plan package grid with predetermined prices that the prospective franchisee chooses from. The cost of each service level is clearly defined and the only variable in pricing is if the franchisee obtains the 10% discount for paying upfront. There is a minimal renewal fee at the end of the ten-year term.

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KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

NOTES TO THE INITIAL BALANCE SHEET

November 30, 2022

1. Summary of Significant Accounting Policies: (continued)

Revenue Recognition: (continued)

- **Allocating the purchase price:** The allocation of the purchase price per obligation incurred upon sale of the franchise:
  - Certification 0% - the cost of certification is minimal to the Company and varies depending on the size of the group being certified and no economic benefit is received by the franchisee.
  - Providing cleaning contract 100% - The franchisee receives direct economic benefit from the contracts provided by the company, as well as the services, such as invoicing and collection, to be received under the franchise agreement
- **Recognize Revenue:** The company recognizes revenue, from initial plan contracts, on the percentage of completion method. It is calculated as a percentage of the total monthly contracts actually provided divided by the total required monthly business consistent with the plan size purchased.

Once the obligations under the initial plan have been fulfilled, the Company recognizes additional contracts above the initial business, referred to as upgrades, when sold to the franchisees, since the franchisee receives immediate economic benefit of the contractual obligation.

The company, as part of the franchise agreement, acts as an agent on behalf of the franchisee for the invoicing and collection of payments from the cleaning customers on a monthly basis.

The Company, as part of the franchise agreement, provides ancillary services to the franchisee for which they are reimbursed on a monthly basis. The service revenues are recognized when the cleaning services are provided by the franchisees. The Company collects a support fee of 5% and a royalty fee of 10%. The Company also offers the franchisees the option to be covered by the Company's general liability policy at a rate of 6%, or carry their own policy supported by a certificate of insurance. The Company is also reimbursed for other administrative costs that are directly related to franchise operations.

Cash and Cash Equivalents:

For the purposes of the statement of cash flows, the company considers all temporary investments with an original maturity of three months or less to be cash equivalents. At November 30, 2022

Accounts Receivable - Trade:

The company carries its accounts receivable at cost net of an allowance for doubtful accounts, if deemed necessary. Periodically the Company evaluates its receivables and establishes an allowance based on historical experience with bad debts and collections as well as current credit conditions. The company will write off receivables after being in collections for more than ninety days.

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

NOTES TO THE INITIAL BALANCE SHEET

November 30, 2022

1. Summary of Significant Accounting Policies: (continued)

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Master Franchise Fee:

The acquired master franchise fee is being amortized over the remaining seventy-three months of the original fifteen-year term of the agreement. The company evaluates its intangible assets annually to determine if there is impairment that would decrease the value of the asset.

Master franchise fee at November 30, 2022 consists of the following:

			2021
Master Franchise Fee (net book value)			\$ 100,000
Less: Accumulated amortization			-
			\$ 100,000
Future amortization at December 31,			
2023	\$	6,667	
2024		6,667	
2025		6,667	
2026		6,667	
2027		6,667	
Beyond five years		66,665	
			\$ 100,000

Property and Equipment:

Property and equipment is stated at net book value of the acquired property. Depreciation is provided by using straight-line methods over the estimated useful lives of the related assets.

Income Taxes:

The limited liability company is not a taxpaying entity for federal and state income tax purposes; thus, no income tax expense has been recorded in the accompanying financial statements. Income from the limited liability company is taxed at the member's level. There are no open years available for IRS review.

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

NOTES TO THE INITIAL BALANCE SHEET

November 30, 2022

2. Notes Receivable:

The company carries its notes receivable at cost net of an allowance for doubtful accounts. The Company does not hold any portion of its notes for sale. It recognizes interest revenue at a rate of 0% or 10% per annum. If the franchisee's monthly billings drop below a certain threshold, payments are suspended, and interest does not accrue until payments are resumed. Once the franchisee surpasses the threshold, payments are resumed and interest is earned on the prior outstanding balance. If the franchisee is below the threshold, it is the Company's policy to keep the loan as current as long as the franchisee is servicing customers.

3. Concentration of Credit Risk:

The company finances sales of franchises to its franchisees as described in Note 2. The company periodically evaluates the allowance of 5% based on current economic conditions and trends of its own franchisee turnover. The franchise wide minimum allowance is based on national trends of the more than fifty US markets of Jan-Pro Franchising International and appears reasonable.

The company keeps a majority of its cash with a financial institution that insures cash balances of up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC)

4. Commitments:

The company pays corporate royalties to Jan-Pro Franchising International, Inc. on the sale of franchise fees and financing revenue, and on the customers' monthly billings, on a franchise agreement in effect through September 2037.

5. Note Payable Franchisor:

Note payable, franchisor, in the original amount \$100,000. If repaid within twelve months, there is no interest. If not repaid within twelve months, the loan will accrue interest at 8.25% from the thirteenth month and be repaid in twenty-four payments of \$3,864, through September 2025. The loan is secured by the personal guarantees of the members.

		<u>2022</u>
		<u>\$ 85,000</u>
<u>Future minimum payments at December 31:</u>		
2023	\$ 6,546	
2024	41,280	
2025	<u>37,174</u>	
	85,000	
Less: current	<u>(6,546)</u>	
	<u>\$ 78,454</u>	

KRAMERICA ENTERPRISES, LLC  
D/B/A JAN-PRO FRANCHISE DEVELOPMENT OF NORTHWEST ILLINOIS AND JAN-PRO  
FRANCHISE DEVELOPMENT OF GREATER MADISON

NOTES TO THE INITIAL BALANCE SHEET

November 30, 2022

6. Advertising:

Advertising costs are expensed when incurred.

7. Subsequent Events:

The Company has analyzed its operations subsequent to November 30, 2022, the date of the statement of financial position, through December 28, 2022, the date the financial statements were available to be issued.

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**Exhibit E to the Franchise Disclosure Document**

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

### LIST OF STATE ADMINISTRATORS

We intend to register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state:

#### **ILLINOIS**

Franchise Bureau  
Office of the Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

#### **WISCONSIN**

State of Wisconsin  
Office of the Commissioner of Securities  
4822 Madison Yards Way, North Tower  
Madison, WI 53705  
(608) 266-0448

### AGENTS FOR SERVICE OF PROCESS

We intend to register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, we will designate the following state offices or officials as our agents for service of process in those states:

#### **ILLINOIS**

Franchise Bureau  
Office of the Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

#### **WISCONSIN**

Administrator  
Department of Financial Institutions  
Division of Securities  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705



**Exhibit F to the Franchise Disclosure Document**

**LIST OF OUR CURRENT AND FORMER UNIT OUTLETS**

**LIST OF OUR CURRENT AND FORMER UNIT OUTLETS**

#101 – MV Cleaning Plus LLC  
217 N. Thompson RD  
Sun Prairie, WI 53590  
608-207-6742

#102 – Express Service Enterprise Group LLC  
Fitchburg, WI 53711  
608-239-9760\*

#103 – EnviroClean Solutions LLC  
Madison, WI 53719  
608-698-7730\*

\*Opened in 2024

**Transfers**

**None**

**Terminated, Non-Renewed, Reacquired by Us, or Ceased Operations, Other Reasons**

**None**

**Exhibit G to the Franchise Disclosure Document**

**STATE ADDENDA**

## ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

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

Section 4 of the 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 Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the 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 Act.

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

**ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT**

The Franchise Agreement is specifically amended as follows:

- 1. Governing Law.** Illinois law governs the Agreement.
- 2. Waivers Void.** In conformance with Section 41 of the Illinois Franchise Disclosure Act, notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee 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, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.
- 3. Jurisdiction.** In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to occur outside of Illinois.
- 4. Termination/Non-Renewal.** Franchisee’s rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
- 5. Disclaimers.** 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.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

KRAMERICA ENTERPRISES, LLC

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**WISCONSIN ADDENDUM TO DISCLOSURE DOCUMENT**

**ADDITIONAL REGULATIONS REQUIRED BY THE STATE OF WISCONSIN**

Wisconsin Fair Dealership Law, Wisconsin Statutes, Chapter 135, provides rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

**Exhibit H to the Franchise Disclosure Document**

**STATE EFFECTIVE DATES**

### State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	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 I to the Franchise Disclosure Document**

**ITEM 23 RECEIPT**



**ITEM 23 RECEIPT**

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

If Kramerica Enterprises, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. However, some state franchise laws (including Michigan, New York and Rhode Island) require Kramerica Enterprises, LLC to provide this disclosure document to you at the first personal meeting held to discuss the franchise sale or at least ten business days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If Kramerica Enterprises, 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, DC 20580, or the authorized state administrator listed in Exhibit E. Our registered agent authorized to receive service of process is listed in Exhibit E.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Corey Thompson, 525 Junction Road Suite 6500, Madison, WI. 53717 (925) 200-8807

Issuance Date: May 14, 2024

I have received a disclosure document issued May 14, 2024, that included the following Exhibits:

- Exhibit A Franchise Agreement
- Exhibit B Support Services Agreement
- Exhibit C Table of Contents to Operations Manual
- Exhibit D Financial Statements
- Exhibit E List of State Administrators and Agents for Service of Process
- Exhibit F List of Our Current and Former Unit Outlets
- Exhibit G State Addenda
- Exhibit H State Effective Dates
- Exhibit I Receipt

Date	Signature	Printed Name
Entity	Title	

Return one copy of the signed receipt by signing, dating, and mailing it to Kramerica Enterprises LLC at 525 Junction Road Suite 6500, Madison, WI 53717; or by emailing (as an attachment) a copy of the signed receipt to Corey Thompson at corey.thompson@jan-pro.com. You may keep the second copy for your records.

