

# FRANCHISE DISCLOSURE DOCUMENT



CANOPY FRANCHISE CORPORATION

A Delaware Corporation

2426 Old Brick Road

Glen Allen, VA 23060

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The franchise described in this disclosure document is for the operation of a CANOPY® business, which provides environmentally-responsible, subscription-based, tech-enabled lawn care services, including lawn applications such as turf fertilization, and weed control and prevention (a “Lawn Care Business”).

The total investment necessary to begin operation of a CANOPY® franchise is \$98,800 to \$265,200. This includes \$49,500 that must be paid to the franchisor or affiliate. If you acquire a territory for a CANOPY® franchise that exceeds a single-family residential dwelling units count of 45,000, then you must also pay us a fee equal to \$0.25 per single-family dwelling unit in the territory (which for a territory of 65,000 single-family dwelling units would result in an additional fee of \$5,000).

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 Scott Zide at 2426 Old Brick Road, Glen Allen, Virginia 23060, (804) 353-6999.

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, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: January 25, 2024, as amended March 15, 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 Exhibit C.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A 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 Canopy Lawn Care 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 Canopy Lawn Care franchisee?</b>	Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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 Virginia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Virginia than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments and advertising payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **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.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Sales Performance Required:** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.

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

**NOTICE REQUIRED  
BY  
STATE OF MICHIGAN**

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This will not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause will include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

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

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

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

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

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

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

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

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

**Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Law Building, Lansing, Michigan 48913, telephone (517) 373-7117.**

**THIS MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

To simplify the language in this franchise disclosure document (“**disclosure document**”), “CANOPY LAWN CARE,” “we,” “us,” “our” or “ourselves” means Canopy Franchise Corporation, the “Franchisor” and owner of the CANOPY® franchise system. “You,” “your” or “yourself” means the person or entity that buys the franchise, the “Franchisee.” If you are a corporation, partnership or other entity, “you” also may mean your owners.

Franchisor and Predecessors

We are a Delaware corporation formed on June 17, 2022. Our principal business address is 2426 Old Brick Road, Glen Allen, VA 23060. We conduct business under the trademark “CANOPY.” Our agents for service of process are listed in Exhibit D.

On June 13, 2023, our parent company, Empower Brands Franchising, LLC, formerly known as Lynx Franchising, LLC, a Delaware limited liability company (“**Empower Brands**”) became a majority equity owner in us. We have been the franchisor of the CANOPY® franchise system since June 2023. We have not conducted a business of the type that you will operate and have not offered franchises in any other line of business other than described in this Item 1.

Parent and Affiliates

We are a subsidiary of, and majority owned by, Outdoor Living Brands Holdco, LLC (“**OLB Holdco**”), a Delaware limited liability company with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060. OLB Holdco is a wholly-owned subsidiary of Empower Brands. Empower Brands was formerly 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 is owned 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 Ave 38th Floor, New York, NY 10167. None of these entities has conducted a business of the type that you will operate and have not offered franchises in any line of business except as otherwise described in this Item 1.

Our affiliate, CanopyNC Ventures LLC (“**CanopyNC**”) operates two company owned operations that perform lawn care services under the CANOPY® brand. CanopyNC is a North Carolina limited liability company, with a principal business office of 412 Woodburn Rd., Suite 02, Raleigh, NC 27605. CanopyNC has not offered franchises in any line of business.

Affiliates That Provide Services to Affiliates Franchisees

Lynx Franchising Intellectual Property, LLC (“**Lynx IP**”), a Delaware limited liability company with a principal business address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009, owns all of our affiliates’ related trademarks, trade names, service marks and logos (the “**IP Assets**”).

OLB Supply Chain, LLC (“**OLBSC**”), a Delaware limited liability company with a principal business address of 2426 Old Brick Road, Glen Allen, Virginia 23060, sources and distributes certain products for sale to certain affiliates’ franchisees.



## Empower Brands

Empower Brands is the parent company to the following franchisors, including us: Archadeck Franchisor, LLC (“**Archadeck**”), Bumble Roofing Franchisor, LLC (“**Bumble**”), Conserva Irrigation Franchisor, LLC (“**Conserva**”), FRSTeam, LLC (“**FRSTeam**”), Jan-Pro Franchising International, Inc. (“**JPI**”), Jan-Pro Enterprises, LLC (“**JPE**”), Koala Insulation Franchisor, LLC (“**Koala**”), Outdoor Lighting Perspectives Franchisor, LLC (“**OLP**”), Superior Fence and Rail Franchisor, LLC (“**Superior Fence**”), and Wallaby Windows Franchisor, LLC (“**Wallaby**”). Archadeck, Bumble, Conserva, OLP, Koala, Superior Fence, and Wallaby have the same principal business address as us. FRSTeam, JPI, and JPE, each have a principal address of 2520 Northwinds Parkway, Suite 375, Alpharetta, Georgia 30009.

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 Empower Brands through an acquisition. Archadeck, through its predecessor, Archadeck Franchising Corporation (“**AD Corp.**”) had offered ARCHADECK businesses since June 1980. As of September 30, 2023, there were 86 ARCHADECK franchises (83 located throughout the United States, and 3 located in Canada). Archadeck has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business other than described above.

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. 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.

Conserva is the franchisor of the CONSERVA IRRIGATION® franchise system in the U.S. 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 Empower Brands through an acquisition. 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 (“**CI LLC**”) 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 other line of business other than described above.

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 Empower Brands through an acquisition. FRSTeam. FRSTeam was incorporated as a California corporation 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.

JPI sells “Jan-Pro” regional developer franchises that sell and support unit franchises that operate commercial cleaning businesses. JPI is a Massachusetts corporation incorporated on April 6, 1995. JPI has offered Jan-Pro commercial cleaning regional developer franchises since 1995. As of September 30, 2023, there were 105 operating regional developer franchises in the United States. JPI has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

JPE sells and supports JAN-PRO Franchise Development country master franchises and 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, 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. As of September 30, 2023, there were eight country or international regional developer franchises operating outside of the United States. JPE has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business.

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 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.

OLP is the U.S. franchisor of the OUTDOOR LIGHTING PERSPECTIVES® franchise system. 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 Empower Brands through an acquisition. OLP, through its predecessor Outdoor Lighting Perspectives Franchising, Inc. (“**OLPFI**”), offered OUTDOOR LIGHTING PERSPECTIVES since March 2005. As of September 30, 2023, there were 128 OUTDOOR LIGHTING PERSPECTIVE franchises, including 126 located throughout the U.S., and 2 franchisees located in Canada. OLP has not conducted a business of the type that you will operate, and have not offered franchises in any other line of business other than described above.

Superior Fence is the franchisor of the SUPERIOR FENCE & RAIL® franchise system. SUPERIOR FENCE & RAIL franchises are businesses that sell, furnish and install wood, steel, aluminum and vinyl fencing and related garden products for residential and commercial customers. In December 2021, Superior Fence became affiliated with Empower Brands through an acquisition. Superior Fence, through its predecessor, Superior Fence & Rail Franchising, LLC had offered SUPERIOR FENCE & RAIL businesses since January 2017. As of September 30, 2023, there were 242 SUPERIOR FENCE & RAIL franchises located throughout the United States. Superior Fence has not conducted a business of the type that you will operate, and has not offered franchises in any other line of business other than described above.

Superior Fence and Rail of NOFL, LLC (“**Superior NOFL**”) operates two company owned operations that perform fencing services under the SUPERIOR FENCE & RAIL brand. Superior NOFL is a Delaware limited liability company, with a principal business office of 510 Superior Commerce Point, Oviedo, Florida 32765. Superior NOFL has not offered franchises in any line of business.

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. 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.

Custom Commercial Dry Cleaners, LLC (“**CCDC**”) operates company owned CCDC restoration dry cleaning and electronics restoration businesses. In June 2020, CCDC became affiliated with Empower Brands 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 11 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.

#### Other Affiliates 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 CANOPY® 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 63 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.

Except as described above, there are no other parents, predecessors or affiliates required to be disclosed in this Item 1.

### Franchise Offered

We offer franchises for the operation of Lawn Care Businesses under the “CANOPY” service mark, and other trademarks, trade names, service marks and logos we periodically designate (“**Canopy Lawn Care Marks**” or “**Marks**”). A Lawn Care Business offers environmentally responsible, subscription-based, tech-enabled turf care services, including lawn application such as turf fertilization, and weed control and prevention. The franchise is operated under a business format per a unique system, including our valuable know-how, information, trade secrets, methods, Operations Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development connected with the operation and promotion of Lawn Care Businesses (“**System**”). We have the right to change or otherwise modify the System at any time.

You must operate your Lawn Care Business per our standard business operating practices and sign our standard franchise agreement (“**Franchise Agreement**”). A copy of our current form Franchise Agreement is attached as Exhibit B. The geographic area granted to you under the Franchise Agreement is referred to as the “**Territory**.” Your Lawn Care Business must offer only authorized services and products as described in the Operations Manual. We have the right to add, modify, or delete any services or products that you must offer or sell at your Lawn Care Business at any time.

Currently, the core services that you will offer are lawn applications for turf fertilization and weed control and prevention. You will also have the opportunity to provide related enhancement goods and services that we prescribe, like lawn aeration; lawn over-seeding; small lawn renovations and repairs such as soil preparation, seeding, and sodding; lawn soil amendments; lawn disease control; lawn top dressing, and lawn pesticide applications. Currently, the System does not include landscape design or building, lawn mowing, landscape maintenance, bed maintenance, leaf clean up, structural pest control, or hardscaping services.

Typically, Lawn Care Businesses begin operations at a home office with access to a storage unit and rented parking at a self-storage unit facility. We recommend that as you grow your business you transition to a flexible warehouse space when economically feasible. The turf care services will be performed at customers’ locations. You must use the vehicles that meet our specifications and that are upfitted with our required equipment and wrap (each a “**Vehicle**”). We will cause your Vehicles to be upfitted prior to you taking possession of them. You may either purchase or lease the Vehicles from our designated supplier. You may purchase the Vehicles from a supplier which is not our designated supplier, but the Vehicles must meet our then-current standards and specifications. You must commence operations

with at least one Vehicle. For every 300 customer accounts you must have at least one Vehicle. If your customer to Vehicle ratio exceeds 300:1, then you must obtain an additional Vehicle within 60 days.

We offer a Franchise to those who meet our then-current standards and qualifications, in our determination. As a Franchise operator you may operate one Lawn Care Business for each Franchise Agreement you sign with us.

We will grant one license to a franchisee for up to 45,000 single-family dwelling units in a designated geographical area (“**Territory**”). We will use the most recent single-family dwelling and demographic information available in the U.S. Census Data, or other statistical sources of our choosing to determine the single-family dwelling count and resulting Territory. We have the right to change, modify, or delete the single-family dwelling limits or any other demographic factors considered when granting Territories. If you are granted a Territory that includes more than 45,000 single-family dwelling units, then you will be required to pay an additional fee, as disclosed more fully in Item 5, for each additional single-family dwelling in your Territory above 45,000.

If you operate Lawn Care Businesses in multiple contiguous Territories in the same market under separate Franchise Agreements, then you will be permitted sign our then-current Aggregate Reporting addendum (currently attached as an exhibit to the Franchise Agreement), which addresses certain overlap under the separate franchise agreements, such as being able to operate the Franchised Business from a single location or submitting one royalty report for all of your Franchised Businesses that operate from a single business location.

#### Regulations, Licenses and Permits

There are specific regulations pertaining to this industry and you must comply with all local, state and federal codes and regulations and all Environmental Protection Agency (“**EPA**”) and other environmental regulations pertaining to the Lawn Care Business. You may be required by local and state authorities to obtain certain permits, registrations, certifications or licenses to operate a Lawn Care Business. You should consult with local agencies and/or your attorney. You must obtain any required licenses and permits, and ensure that your employees and others providing services associated with the Lawn Care Business to customers have all required licenses and permits, relating to the operation of your Lawn Care Business. In the event we are required to sit on your board in order for you to obtain the requisite permits, registrations or licenses, we will not acquire any ownership or voting rights on the board. However, as a condition to sitting on your board, we will require you to use a third-party professional services organization that will be responsible for handling your payroll and to assist you with your obligations to comply with various state employment law. Once you obtain your own permits, registrations, and licenses, we will resign from your board. The federal Occupational Safety and Health Administration requires that you maintain a copy of a Material Safety Data Sheets in each truck you operate. These sheets provide the basic information to protect the safety and health of you and your employees. The failure to maintain the proper licensing and permits is a material breach of the Franchise Agreement. You are responsible for complying with all applicable laws and regulations. You should research these requirements before you invest.

#### Market and Competition

The CANOPY® system presently focuses on serving residential and commercial customers in urban and suburban areas. You may have to compete with other businesses, including franchised operations, national chains and independently owned companies offering services similar to those in the CANOPY® business to residential and commercial customers. The market is well developed, and sales may be seasonal in some parts of the country.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Our Executives**

#### **Chief Executive Officer: Hunt Davis**

Mr. Davis has served as our Chief Executive Officer since June 2022. Mr. Davis has also served as the Chief Executive Officer and President of CanopyNC that has operated Canopy Lawn Care Businesses in Raleigh, North Carolina and Charlotte, North Carolina since January 2015.

#### **President and Chief Operations Officer: Ben Wright**

Mr. Wright has served as our President and Chief Operations Officer since June 2022. Mr. Wright has also served as the Chief Operations Officer of CanopyNC that has operated Canopy Lawn Care Businesses in Raleigh, North Carolina and Charlotte, North Carolina since January 2016.

#### **Director of Agronomy: Mike Hrivnak**

Mr. Hrivnak has served as our Director of Agronomy since June 2022. Mr. Hrivnak is also the General Manager of two of our affiliate Canopy Lawn Care Businesses, located in Raleigh, North Carolina and Charlotte, North Carolina since March 2018. Mr. Hrivnak also serves as our Turf-grass Scientist formulating and overseeing the turf programs at CANOPY®. Mr. Hrivnak is located at our headquarters in Raleigh, North Carolina.

#### **Board Member: Daniel Currin**

Mr. Currin has served as our Board Member since June 2022. Mr. Currin is also the Chief Executive Officer of Greenscape, Inc., a commercial landscape business located in Raleigh, North Carolina since June 2009.

#### **Senior Vice President of Finance and Accounting: Corey Schroeder, CFA**

Mr. Schroeder has served as our Senior Vice President of Finance and Accounting since June 2023. He serves in this role for our Archadeck, Outdoor Lighting Perspectives, Conserva Irrigation franchise businesses and all related affiliates. Mr. Schroeder has served the same role for Superior Fence and its affiliates since December 2021 and for Bumble and its affiliates since March 2023. Prior to that, from January 2006 to September 2021, Mr. Schroeder served as the Senior Vice President, Chief Financial Officer, Director, Secretary and Treasurer of our predecessor, Outdoor Living Brands, Inc. and all its various affiliates. Mr. Schroeder's role in our predecessor's business included serving in his role for Mosquito Squad Franchising Corporation (2009 – 2018) and Renew Crew Franchise Corporation (2012 – 2020). In addition, Mr. Schroeder served as the Chief Financial Officer, Secretary, Treasurer and Director for Insurance Service Brands and its wholly owned subsidiary, National Restorations both in Richmond, Virginia from June 2010 until December 2016.

#### **Director of Marketing: Jane Campbell**

Ms. Campbell has served as our Director of Marketing since June 2023. Ms. Campbell has also served as the Director of Marketing for Conserva, Archadeck, and OLP since December 2021 and for Bumble and its affiliates since March 2023. Prior to that, Ms. Campbell served as Superior Fence's Digital Marketing Manager from September 2021 to December 2021. Ms. Campbell was also the Digital Marketing Manager for Conserva's predecessor from March 2017 to September 2021, and for Archadeck's and OLP's

predecessors from February 2010 to September 2021. Ms. Campbell served as Business Relationship Manager and Inbound Marketing Manager for Renew Crew Franchising Corporation from January 2009 to January 2020. Ms. Campbell also served as Business Relationship Manager and Inbound Marketing Manager for Mosquito Squad Franchising Corporation from January 2009 to December 2018.

Franchise Technology Solutions Manager: Erich Johnston

Mr. Johnston has served as our Franchise Technology Solutions Manager since June 2023. Mr. Johnston has held that same role for Conserva, Archadeck and OLP since September 2021, and held that same role for each of their predecessors from April 2019 to September 2021. Mr. Johnston has also served as Franchise Technology Solutions Manager of Superior Fence since its inception in December 2021 and for Bumble and its affiliates since March 2023. From July 2018 to March 2019, Mr. Johnston was CI LLC's IT Support and Project Specialist. Prior to joining the Outdoor Living Brands team, Mr. Johnston was the Account Manager at HindSite Software (CRM) in St. Paul, Minnesota from November 2012 through June 2018.

**Our Parent's Executives**

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.

Chief Incubation Officer: Scott Marr

Scott Marr has served as our Chief Incubation Officer of Empower Brands since April 2023. Mr. Marr has also been the Brand President of Wallaby Windows Franchisor, LLC since April 2023, and the Chief Incubation Officer for Empower Brands, LLC since April 2023. He holds these positions from Melbourne, Florida. Prior to his current roles, Mr. Marr was CEO of our predecessor Koala Franchise, LLC from January 2020 to April 2023, CEO of Wallaby Franchise, LLC from October 2022 to April 2023, and CEO of Carbon Ceiling, LLC from January 2019 to April 2023. Prior to that, Mr. Marr was President and CEO of Paxo Ventures, LLC in Melbourne Florida, from April 2014 to November 2018. In addition, Mr. Marr was the President and CEO of Paxo Venture, LLC's franchise affiliate, Fleet Clean Systems, Inc., located in Melbourne Florida, from November 2013 to November 2018. Mr. Marr was the President and CEO of Fleet Clean Systems, Inc.'s successor, FW Fleet Clean, LLC, located in Melbourne Florida, from November 2018 to April 2020.

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. 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**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5  
INITIAL FEES**

Franchise Agreement

**Initial Franchise Fee.** You must pay us an Initial Franchise Fee equal to \$49,500, provided that your Territory is less than 45,000 single-family dwelling units (“**Dwelling Limit**”). The Initial Franchise Fee is payable in full when you sign a Franchise Agreement, and except as described below, is not refundable. Other than the Initial Franchise Fee, there are no other initial fees charged to you. If your Territory is larger than the Population Limit, we reserve the right to charge you an increased Initial Franchise Fee, which will be determined on a case-by-case basis.



**Additional Dwelling Fee.** If we permit you to purchase additional geographic areas for a specific Territory so that the Territory exceeds 45,000 single-family dwelling units, then you must pay us an additional fee in an amount equal to the single-family dwelling units in your Territory in excess of 45,000 multiplied by \$0.25 (the “**Additional Dwelling Fee**”). We do not anticipate granting a single Territory that exceeds the Dwelling Limit of single-family dwelling units. The Additional Dwelling Fee is earned upon receipt and not refundable under any circumstances.

For example, if we permit you to purchase additional geographic areas for your Territory so that the individual Territory consists of a total of 65,000 single-family dwelling units, then you must pay us an Additional Dwelling Fee equal to \$5,000, for a total Initial Franchise Fee of \$54,500 (which is equal to \$49,500 + \$5,000).

**VetFran Discount.** We are a member of the International Franchise Association (“**IFA**”), and support and participate in IFA’s VetFran Program. If you are an honorably discharged veteran who meets our qualifications for new CANOPY® franchisees, we will discount the Initial Franchise Fee by 15%. The VetFran discount may be used only once for one Territory. The VetFran discount may be applied toward the purchase of only one of the franchise concepts offered by us and our Affiliates.

**Multi-Territory Discount.** If you license multiple contiguous Territories from us at the same time (for which you are signing separate Franchise Agreements for each Territory), the Initial Franchise Fee that you must pay under the second and each additional Franchise Agreement will be as follows:

<b>Number of Territories</b>	<b>Initial Franchise Fee Per Respective Territory</b>	<b>Total Initial Franchise Fees</b>
1	\$49,500	\$49,500
2	\$42,000	\$91,500
3	\$38,000	\$129,500
4	\$36,000	\$165,500
5	\$34,000	\$199,500
6	\$32,000	\$231,500
7	\$30,000	\$261,500
8	\$30,000	\$291,500
9	\$30,000	\$321,500
10	\$30,000	\$351,500

In the event that you purchase multiple contiguous Territories at the same time, and you are in the process of obtaining funding from a financial institution for the purpose of paying the Total Initial Franchise Fees, then we may, in our discretion, permit you to pay the Total Initial Franchise Fees in installments and upon signing of the Franchise Agreements as follows: (a) payment of the full Initial Franchise Fee for Territory 1 plus a minimum of \$5,000 for each additional Territory due at the time you sign the Franchise Agreements, and (b) the remainder to be paid for the additional Territories in full upon the earlier of (i) 90 days from the execution of the Franchise Agreements or (ii) the date you receive the funding. The initial payment is non-refundable. If you fail to pay the remaining balance of the Total Initial Franchise Fees, then we have the right to terminate your Franchise Agreements.

**Existing Franchisee: Additional Territory Discount.** If you are an existing CANOPY® franchisee that: (a) has been a CANOPY® franchisee for at least 18 months, (b) has been operating a Lawn Care Business for at least 18 consecutive months, in full compliance with your Franchise Agreement (c) meets our qualifications for new CANOPY® franchisees, (d) is purchasing an additional contiguous Territory from us (for which you are signing a separate franchise agreement), and (e) the purchase is not

facilitated through a third-party broker, then we will discount the then-current franchise fee by 20%. This discount, if applicable, will be limited to one CANOPY® territory.

**Existing Franchisee: Additional Concept Discount.** As an existing member franchisee of an Empower Brands affiliate, as outlined in Item 1, you may be eligible to purchase a franchise from another affiliated brand at a discount as long as your existing Empower Brands franchise: (a) has been in full compliance under your franchise agreement for at least 2 consecutive years, (b) you meet the then-current qualifications for the affiliated Empower Brand, and (c) the new affiliated brand purchase is not facilitated through a third party broker. The discount offered will be 20% of the then current franchise fee of the affiliated brand. That discount, if applicable, is limited to one affiliated brand territory.

**Discount for Employees of Franchisees.** Under certain circumstances, we may offer a discount program to reward qualified employees of our franchisees who: (a) have been recommended in writing by a franchisee; (b) have been employed in good standing by a franchisee for at least 2 years; and (c) meet our qualifications for new CANOPY® franchisees. Under certain circumstances, we may offer a 5% discount for every year of employment over 2 years subject to a maximum discount of 50% as shown below:

Percentage Discount	Years of Consecutive Employment
10%	2
15%	3
20%	4
25%	5
30%	6
35%	7
40%	8
45%	9
50%	10 and more

**Combination and Application of Discounts.** The VetFran discount is the only discount that can be combined with any of our other discounts. If you qualify for the VetFran or employee discount and during the first 3 years of the term of the Franchise Agreement you: (a) fail to maintain at least a 75% interest in the franchisee entity; or (b) cause any transfer under the terms of the Franchise Agreement, then you must immediately pay us the discounted amount of the Initial Franchise Fee.

We will refund 50% of the Initial Franchise Fee within 30 days after notice of termination by us if you do not receive all applicable licenses and permits to operate your Business within 6 months after the mutual execution of the Franchise Agreement, provided that you have used all commercially reasonable efforts, as we determine in our sole discretion, to secure the applicable licenses and permits. We will notify you in writing if we decide to terminate your franchise and give you a partial refund of the Initial Franchise Fee. In addition, in limited circumstances, we may offer to finance up to 50% of your Initial Franchise Fee. There are no refunds of these fees under any other circumstances.

**ITEM 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
<i>Primary Fees</i>			
Royalty Fee	The greater of 8% of Gross Revenue or the required Minimum Royalty	Payable by EFT monthly on or before the fifth of each month	Payable to us. (Notes 1 and 2)
Technology Fee (Note 3)	2% of Gross Revenues	Payable by EFT monthly on or before the 5 <sup>th</sup> of each month	The technology fee is collected monthly by us and provides the Franchisee with on-going access to, and the use of, automated lawn measurements, sales and marketing automation, scheduling and routing, billing, and CRM software.
Brand Fund Contribution	Currently 1% of Gross Revenues. Maximum of 2% of Gross Revenues	Payable by EFT monthly on or before the 5 <sup>th</sup> of each month	Payable to us.  Any amounts you are required to contribute to the Brand Fund will be counted toward your required local marketing expenditures.
Individual Advertising Investment	A minimum of \$50,000 during the first 12 months of operations for the first Territory, plus \$25,000 for the second Territory, plus an additional \$10,000 for each additional contiguous Territory.  After the first year of operations, you must spend the greater of \$30,000 for the first Territory plus an additional \$10,000 for each additional contiguous Territory, or 10% of the prior year's Gross Revenues.	As incurred	Payable to third party suppliers.  We have the right, but not the obligation to collect up to the minimum required Individual Advertising Investment from you, after you commence operations, and administer it on marketing and advertising investments in your Territory on your behalf.
Bookkeeping Services (Note 4)	The then-current Bookkeeping Services Fee.  Currently, \$350 per month, plus \$55 per hour of additional support.	Monthly	We may increase the Bookkeeping Services Fee upon notice to you to be up to \$500 per month and up to \$100 per hour for additional assistance.
QuickBooks Online; QuickBooks Payroll	QuickBooks Online is currently \$74.50; QuickBooks Payroll is currently \$35.75 for the Core service and \$59.30 for the premium service. The cost of service increase as additional employees are added.	Monthly	This is paid to us or our affiliate. We may increase this fee based upon any increases imposed by the third-party vendor. QuickBooks Online is required, but QuickBooks Payroll is optional.

Type of Fee	Amount	Due Date	Remarks
<i>Secondary Fees</i>			
Transfer Fee (Note 5)	If you arrange the buyer, the transfer fee is the greater amount of \$10,000 or 20% of our then-current initial franchise fee.  If we arrange the buyer, the transfer fee is the greater amount of \$15,000 or 30% of our then-current initial franchise fee.	Upon application for transfer	We must approve any transferee. If the transfer does not occur or we do not approve the transfer, we will refund the fee less our expenses associated with our review.
Audit	Cost and expenses	As incurred	Payable only if audit shows an under-statement of at least 2% of gross revenue for any month.
Insufficient Funds	\$50 per violation plus any fee charged to us for uncollected funds	As incurred	Failure to have sufficient funds available for payment to us.
Successor Franchise Fee	The greater of \$10,000 or 20% of our then-current initial franchise fee.	Upon executing the then-current successor Franchise Agreement	
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims arising from your Lawn Care Business
Cost of Enforcement or Defense	All costs including accounting and attorneys' fees	Upon settlement or conclusion of claim or action	You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement
Interest	18% per month or highest rate allowed by law	As incurred	Begins to accrue after any payments are due and unpaid
Seminars, Conventions or Programs	Our then-current fee (between \$500 to \$750) per person, plus the actual cost of materials (if any).	Monthly and as incurred	We reserve the right to conduct required periodic meetings of all franchisees. Currently, attendance at the annual convention is required. We may collect the annual convention fee on a monthly basis or in any other manner or frequency we determine. You must also pay your own costs and expenses, as well as the costs and expenses your Designated Business Manager and employees incur in attending these meetings.
Third Party Supplier Charges	Your share of any charges billed to us on behalf of your business.	As incurred	Sometimes it may be in the best interest of the CANOPY® brand for suppliers to bill us a network-wide charge for a product or service. We will then divide the invoice among our franchisees and charge you for your share.
Refurbishing Reimbursement	Varies	Upon demand	If we must undertake any refurbishing work on your behalf, you will pay us our costs and expenses and an administrative fee of 15% for the total aggregate amount incurred by us. Additional late fees and interest will apply to any late payment of reimbursement.
Attorneys' Fees and Costs, and Arbitration	Varies	As incurred	The prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses in connection with any action at law, and interest on such expenses.

Type of Fee	Amount	Due Date	Remarks
Management Fee	10% of Gross Revenues plus costs and expenses	Upon demand	Only payable in the event we must temporarily operate your franchise due to death, disability, etc. The Management Fee would be paid in addition to royalties, Brand Fund contributions and any other fees due to us.
Supplemental or Refresher Training	Then-current fee	As incurred	Payable if we require you to attend any additional or supplemental training programs. We do not pay any travel expenses, lodging, meals, ground transportation or other personal expenses.
Early Termination Fee	An amount equal to 24 times the average monthly Royalty fees payable to Franchisor over (i) the last 12 months of the Franchised Business's active operations, or (ii) the entire period the Franchised Business has been open for business, whichever is the shorter period.	Within 30 days of the early termination date	We may require you to pay us an early termination fee in the event the Franchise Agreement is terminated prior to its natural expiration date.
Post-Termination or Post-Expiration Expenses	Costs and expenses	As incurred	You must pay all costs and expenses related to de-identifying the Lawn Care Business or otherwise complying with your post-termination or post-expiration obligations.
Fines	Up to \$1,000 per infraction	As incurred	Failure to operate in accordance with operating standards.
Unreported or Unrecorded Sale Fine	2% of the unrecorded or unreported sale if you report within 30 days of billing the customer (plus the regular Royalty Fee due on the sale)  100% of the unrecorded or unreported sale if you do not report within 30 days of billing the customer.  Additionally, any audit expenses.	Upon demand	There is a penalty for failing to report or record a sale using the designated systems.
Data Inspections and Reimbursement	Varies	Upon demand	If you violate the required data privacy and security obligations under the Franchise Agreement, we reserve the right to charge you our costs and expenses to inspect your business. Additionally, you are responsible for our costs and expenses that arise from your non-compliance or a security breach caused by you or your personnel.
Legal Fees	Varies	Upon Demand	If we incur legal expenses while providing assistance to you in legal compliance or negotiation circumstances, we may require you to reimburse us for the legal expenses we incur.
Quality Control Review Services	Costs and expenses	As incurred	If we implement a quality control program, you will pay your share of the costs and expenses of the program.

Notes:

These fees are uniformly imposed and payable to us or our affiliates. All fees paid to us or our affiliates are non-refundable under any circumstances once paid. Fees paid to vendors or other suppliers may or may not be refundable depending on your vendors and suppliers. We reserve the right to require you to pay fees and other amounts due to us via electronic funds transfer or other similar means, as described in the Franchise Agreement. If payments are required in this method, you must comply with our procedures and perform all acts and deliver and sign all documents, including authorization (in the form attached to the Franchise Agreement as Attachment D or any other form that we may accept) for direct debits from your business bank operating account, which may be necessary to assist in or accomplish payment by this method. Under this procedure you shall authorize us to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to us and any interest that may be owing. You shall make the funds available to us for withdrawal by electronic transfer no later than the payment due date. If you have not timely paid the monthly Royalty Fees and Brand Fund Contribution to us for any month, then we shall be authorized, at our option, to debit your account for the monthly Royalty Fees and the Brand Fund Contribution.

(1) The term “**Gross Revenues**” means amounts derived from all products or services sold from or through your Franchise (across all Territories), including any sale of products or services made for cash or credit, or partly for cash and partly for credit. “Gross Revenues” also includes the fair market value of any services or products received by you in barter or in exchange for services and products. Gross Revenues are deemed received by the franchisee at the time the services or products are delivered or at the time the sale takes place, whatever occurs first, regardless if final payment has actually been received by the franchisee. There is no rollover credit for weeks in which the royalty amount exceeds the minimum. Gross Revenues do not include:

(i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by you to the appropriate governmental authority; and

(ii) all customer refunds, valid discounts and coupons, and credits made by the Fencing Business (exclusions will not include any reductions for credit card user fees, financing program fees, returned checks or reserves for bad credit or doubtful accounts).

(2) Minimum Royalty per Territory per month:

<b>Months After Opening</b>	<b>Minimum Royalty Per Territory</b>	<b>Monthly Gross Revenue Equivalent<sup>*(i)</sup></b>	<b>Annual Gross Revenue Equivalent<sup>*(ii)</sup></b>
7-12	\$500	\$6,250	\$75,000
13-24	\$875	\$10,938	\$131,250
25-36	\$1,250	\$15,625	\$187,500
37-48	\$1,625	\$20,313	\$243,750
49-60	\$2,500	\$31,250	\$375,000
61+	\$3,375	\$42,188	\$506,250

\*These Gross Revenue Equivalent figures are provided for convenience purposes only. They are not minimum sales requirements.

(i) The Monthly Gross Revenue Equivalent was calculated by dividing the Minimum Royalty by 8%. This represents the amount that you would need to generate in order for 8% of Gross Revenue to equal the Minimum Royalty.

(ii) The Annual Gross Revenue Equivalent was calculated by multiplying the Monthly Gross Revenue Equivalent by 12.

(3) Technology Fee. You must pay us a monthly technology fee (“**Technology Fee**”) for access to our designated technology package, which currently includes website hosting and local presence optimization, automated lawn measurement using artificial intelligence, dynamic pricing table, automated quote generation and distribution to prospects, automated sales follow-ups to prospects, SMS messaging, online sales and payment collection, scheduling tool, automated invoicing and payment collection, telephony integration, lead tracking, marketing integrations and email accounts. If you license and operate multiple contiguous Territories, you will utilize the same designated technology package for all of your contiguous Territories, and we will only require you to pay the applicable Technology Fee as if you were operating those contiguous Territories as only one Lawn Care Business.

(4) Bookkeeping Service. You are required to exclusively use Bookkeeping Services that we designate. However, if you currently operate a similarly situated franchised business that uses a bookkeeping service, you may provide us with a written request to continue using such bookkeeping service. You may be granted, in our sole discretion, express permission to use your current bookkeeping service for your CANOPY® business. The Bookkeeping Services Fee is a monthly fee that is currently charged at \$350 per month. The Bookkeeping Services fee covers up to 5 hours of bookkeeping assistance per month. The Bookkeeping Services Fee covers up to 5 hours of bookkeeping assistance per month; however, if you require more than 5 hours of bookkeeping assistance per month, we will charge you our then-current hourly fee for additional assistance. We may increase the Bookkeeping Services Fee upon notice.

(5) Transfer Fee. If you sell or otherwise transfer your franchise and engage with a broker or franchise sales organization, or if you request that we assist with the sale or transfer of your franchise and we engage a broker or franchise sales organization, you will be responsible for any commission or fees that the broker or franchise sales organization charges in connection with locating a buyer for your franchise before we will grant an approval of the transfer.

**ITEM 7  
ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure (1)</b>	<b>Estimated Low/High Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is Made</b>
Initial Franchise Fee (2)	\$49,500	Lump sum	Upon signing the Franchise Agreement	Franchisor
Grand Opening Marketing Spend (3)	\$5,000 / \$50,000	As incurred	Varied times	Vendors
Service vehicle down payment and lease payments (4)	\$8,000 / \$90,000	As incurred	Varied times	Vendors
Aftermarket Vehicle Items (5)	\$15,000 / \$40,000	As incurred	Varied times	Vendors
Rent (6)	\$900 / \$1,200	As incurred	Varied times	Vendors
Construction, Leasehold Improvements, Furniture and Fixtures (7)	\$0	As incurred	Before Launch	Contractor, suppliers, vendors
Supplies, Uniforms, and Inventory (8)	\$1,000 / \$3,000	Lump sum	At delivery	Vendors, suppliers
Computer Systems (9)	\$1,500 / \$2,500	Lump sum	At delivery	Vendors, suppliers
Insurance Deposits and Premiums (10)	\$900 / \$1,800	As incurred	Before Launch	Vendors
Travel and living expenses while training (11)	\$1,000 / \$5,000	As incurred	As incurred during training	Airlines, hotels, restaurants
Professional Fees and Business Licenses (12)	\$500 / \$1,200	As incurred	As incurred	Suppliers
Office Equipment and Supplies	\$500 / \$1,000	As incurred	Before Launch	Vendors, suppliers
Additional Funds – 3 months (13)	\$15,000 / \$20,000	As incurred	After Launch	Suppliers, utilities
<b>TOTAL (12)</b>	<b>\$98,800 / \$265,200</b>			

Notes:

(1) Expenditures. The estimated high and low ranges in the table are based on the past experience of company owned CANOPY® businesses and our reasonable estimate. All fees imposed by us are non-refundable unless otherwise noted. Fees and expenses paid to vendors or other third parties may or may not be refundable depending on the arrangements you make with them. The above chart reflects the estimated costs for a single territory.

(2) Initial Franchise Fee. For start-up franchises, the above chart assumes you did not qualify for any discounts and paid the standard Initial Franchise Fee. The Initial Franchise Fee is due when you sign the Franchise Agreement and is generally non-refundable once paid. In limited circumstances, we may offer to finance up to 50% of your Initial Franchise Fee. See Item 10.

(3) Grand Opening Marketing Spend. We may require you to spend \$50,000 on local advertising and marketing during the first 12 months of operations in accordance with an expenditure schedule we set. You must spend the grand opening marketing funds on marketing, advertising, and promotional goods and services we approve. We reserve the right to require you to show evidence of how you spent the funds. The amount that we require you to spend prior to opening or during the first three months of operations will depend on the time of year that you open, but it could be as high as the entire \$50,000. We reserve the right to, or designate others to, create the plan and direct the spending for your grand opening marketing efforts.

Each subsequent year of operations, you will be required to spend the greater of \$30,000 for the first Territory plus an additional \$15,000 for each additional contiguous Territory, or 10% of the prior year's Gross Revenues per year on local advertising. We may, in our sole discretion, agree to alter the advertising



requirement in the future if we deem, in our sole discretion, that lower advertising spend is sufficient to meet the customer demands of your Territory. Brand Fund Contributions will count towards the required amount you must spend on local marketing in a year.

There are no marketing or advertising cooperatives; therefore, our affiliate-owned units do not have any voting power on any fees imposed by a cooperative nor is there a cooperative fee required by us.

(4) Service Vehicle Down Payment and Lease Payments. You are required to purchase or lease at least one Vehicle from our designated supplier, which is currently a third party. These estimates assume you will purchase or lease only one Vehicle to commence operations. The estimates assume that you will pay a down payment. The down payment amount may change according to market conditions and is subject to the terms of your Vehicle lease. For every 300 customer accounts you must have at least one Vehicle. If your customer to Vehicle ratio exceeds 300:1, then you must obtain an additional Vehicle within 60 days. Before you take possession of the Vehicle from the supplier, we will cause it to be upfitted with all required equipment and the wrap. A portion of the cost of the equipment and wrap can be included in the cost of the lease and the purchase price of the Vehicle if you purchase your Vehicle from our designated supplier. If you lease the Vehicle, the monthly lease payment amount may change according to market conditions and is subject to the terms of your Vehicle lease.

(5) Aftermarket Vehicle Items. Aftermarket Vehicle items include custom upfits to the Vehicle (floor liner, ramp, shelving, hooks, ventilation, bulkhead divider, etc.), equipment (spray tank / pump, motor, and other tools), and branded vehicle wrap and installation of items. The total estimated cost for aftermarket upfits ranges from \$30,000 to \$40,000. A portion of the cost of the aftermarket Vehicle items may be included in the cost of the lease and the purchase of the Vehicle. If you chose to finance the cost of the aftermarket Vehicle items, 50% of the total cost will be applied to the lease and 50% will be added as a un upfront cap cost reduction. The low estimate in the above chart assumes you finance the aftermarket Vehicle items, and pay 50% down.

(6) Rent. We recommend you commence operations of the Lawn Care Business from a home office and this estimate assumes you will. If you operate from a home office, you will need to rent a storage unit and parking spaces at a self-storage facility if you do not have adequate space at your home. We estimate that the cost of the self-storage unit is between \$200 and \$300 per month and that parking for one Vehicle is \$100 per month.

You may but we do not recommend you begin operations from a flexible warehouse space in an industrial park. We recommend you lease at least 2,500 square feet. We have not included estimates to rent such a space in this estimate and the costs are likely to be greater than for rent of the storage unit and parking spaces. However, we do encourage you to convert operations to a flexible warehouse space during the term of the Franchise Agreement as it becomes economically feasible.

(7) Construction, Leasehold Improvements, Furniture and Fixtures. We assume that the storage unit and parking is ready to use. You are not required to upfit your home office or the storage unit and parking spaces.

(8) Supplies, Uniforms, and Inventory. You will need to purchase an inventory of supplies, fertilizers, pesticides, herbicides, uniforms, etc. These will need to be replaced as they are used. Shipping and freight costs of these items are dependent on region and market conditions.

(9) Computer Systems. You must have a computer, internet, and smart phone to operate the business. You must also obtain a subscription to QuickBooks Online that includes our standardized Chart of Accounts, which you will purchase from us or our affiliate as disclosed in Item 6. You will need a GPS tracker for each Vehicle. This estimate assumes that your personnel will provide their own smartphones,

but you may elect to provide your personnel with a smartphone for use at work. Currently we will provide at no additional cost to you, subscriptions to the other software that we require you to use.

(10) Insurance Deposits and Premiums. Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. You must comply with all state minimums when obtaining insurance. Your costs will vary depending on the market, location and size of your Lawn Care Business, the amount of coverage you select, your insurance carrier and other factors. We set minimum insurance requirements for Lawn Care Businesses, but we recommend that you seek the advice of an independent risk management professional and/or insurance broker to determine the additional coverage you should have in place for your Lawn Care Business.

(11) Travel and Living Expenses While Training. We provide training at our corporate office and training center located in or around Richmond, Virginia or Raleigh, North Carolina or at another location we designate. You must pay for airfare, meals, transportation costs, salaries, benefits, lodging and incidental expenses for all initial training program attendees. The low estimate assumes you bring one person, and the high estimate assumes you bring two other people to training. These estimates do not include any labor costs.

(12) Professional Fees and Business Licenses. Your cost will depend on the location of the Franchised Business and the prevailing rates of local attorneys, accountants, and consultants. Your costs for these services are typically nonrefundable. You should inquire about the refund policy of the attorney, accountant or consultant at or before the time of hiring. The cost of business licenses and permits will vary by location and jurisdiction.

(13) Total Estimated Initial Investment. You should have at least a three-month cash reserve to cover the operations of the Lawn Care Business. Our estimates for the cash reserve you should have on hand include our estimates for initial staffing, payroll expenses, royalties, and Brand Fund Contributions, offset by the revenues we estimate you will collect in the first three months of operation. Our estimates do not include any other charges or expenses, including finance charges, interest or debt service obligations or any other expenses. The operating costs for which you may use the cash reserve are typically non-refundable, but you should ask about refund policies before you patronize any vendor. The payments made to third parties may be refundable depending on the terms offered by each third party. The amounts shown in these and all other estimates in Item 7 are based on the experience of our affiliate. We have relied on our affiliate's experience and our reasonable estimates to compile the above estimates.

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

You must establish and operate your Lawn Care Business in compliance with your Franchise Agreement and the required standards and specifications contained in the CANOPY® confidential operations manual ("**Operations Manual**") we loan to you.

You must provide specified services and use and sell specified products. The services include weed control and fertilization, lawn aeration, lawn seeding, top dressing, fungal protection, tree and shrub care, and related lawn care services ("**Services**"). The products include all supplies, materials, and equipment sold, prepared or otherwise dealt with in connection with a Lawn Care Business ("**Products**"). We reserve the right to require that you sell additional or different Services and Products in your Lawn Care Business on 30 days' prior written notice to you. You must provide the Services and sell the Products per our specifications and standards. We reserve the right to change standards and specifications on 30 days prior written notice to you.

We have standards and specifications for your Products, Services, storage facility, equipment, tools, vehicle, uniforms, inventory, supplies, forms, advertising materials, computer hardware and software, accounting systems, bookkeeping service, and/or other services and products used in, sold or provided through your Lawn Care Business (“**Required Items**”). We will notify you of our specifications and standards. To maintain our standards of consistent, high-quality products, customer recognition, advertising support, value and uniformity in Lawn Care Business, we may require you to purchase or lease some or all Required Items per our specifications and standards. We also reserve the right to require you to purchase any Required Items only from our designated or approved suppliers. The term “suppliers,” also includes vendors, manufacturers and distributors. We have identified a number of preferred, but not required, suppliers for other Required Items. Except as disclosed in this Item 8, neither we nor an affiliate is currently the only designated or approved supplier of any Required Items. We reserve the right, however, at any time and at our discretion, to designate ourselves or one of our affiliates as the only designated or approved supplier, or one of several designated or approved suppliers, of any additional Required Items.

Except for certain Required Items, we do not require that you purchase any equipment, tools, goods or services from us, our affiliates or any other source we designate. You may purchase these from any supplier, but we reserve the right to designate other required suppliers in the future. Except for your purchase of a GPS tracker for the Vehicle, you are not allowed to purchase or subscribe to any required software independently. The software that you will use through the accounts we provide will provide features such as booking services, scheduling, payment processing, and invoicing.

You must purchase or lease a vehicle that is large and durable enough to accommodate our standard complement of equipment, tools and accessories, and meets out then-current standards and specifications. We currently specify the options of make(s) and model(s) of Vehicle you must purchase or lease. Our recommended supplier for the Vehicle is currently Enterprise Fleet Management. You may currently purchase the Vehicle from any supplier as long as the Vehicle meets our then-current standards and specifications, but we reserve the right to require you in the future to purchase or lease Vehicles from a designated supplier. Your Vehicle must be in good working condition and be outfitted with our trade dress so that they will look the same as other franchisees' Vehicles when emblazoned with the CANOPY® name, logo and decorations. As your Lawn Care Business grows, you will be required to obtain additional Vehicles. You must keep your Vehicles and equipment in good working order and make the necessary repairs. There is not a cap on the amount that you may be required to spend to refurbish your business and Vehicles.

As described in more detail in Item 10, we have made arrangements with Enterprise FM Trust (“Lessor”) whereby Lessor will lease Vehicles, which have been equipped and outfitted in accordance with our specifications. There is no assurance or guarantee that Lessor will agree to lease any Vehicle(s) to you or any other franchisee. The decision whether or not to lease to you will be in Lessor’s sole discretion, and may include you meeting credit worthiness and other conditions for qualifications.

You must purchase and use computer hardware that meets our specifications. We may require that you upgrade or change your computer equipment and software periodically. Additionally, you must pay a monthly Technology Fee for ongoing access to, and the use of, automated lawn measurements, sales and marketing automation, scheduling and routing, billing, and CRM software.

You are required to use the bookkeeping service as provided by us or our affiliate for a fee. You are also required to purchase QuickBooks Online from us or our affiliate. QuickBooks Payroll is also an optional service that may be purchased from us or our affiliate.

We may establish approved suppliers and specifications and standards that you must follow. Any required or preferred suppliers are set forth in our Operations Manual.

Approved suppliers and specifications and standards are determined based on the current needs for operating Lawn Care Businesses. If we have a designated supplier for any product and you want to purchase a product from a supplier that does not appear on our designated supplier list or use a product that is not on our approved-product list, you must first furnish us samples of the product from the supplier, together with as much information as you can gather about the product's composition, properties and intended uses; the results of lab and field tests on its use; the manufacturer's location, years in business, quality control standards and warranty policies; and such other information as we request. We may evaluate designated suppliers based on price, service, quality, warranty, delivery terms, and other commercially reasonable benchmarks. Any preferred or required suppliers will be specified in the Operations Manual. We may establish procedures for approving alternative required suppliers you recommend (including alternative suppliers for Required Items) based on the criteria described above. We will notify you within 90 days of your request to evaluate an alternative supplier of our approval or disapproval of that supplier. Currently, we do not charge a fee to evaluate an alternative supplier, but we reserve the right to charge a fee in the future. We may revoke our approval of any supplier with 30 days' prior written notice to you.

You are required to use the credit card processing service we approve. Since you accept credit cards as a method of payment, you must comply with payment card infrastructure (“PCI”) industry and government requirements. PCI security standards are technical and operational requirements designed to protect cardholder data. The standards apply to all organizations that store, process, or transmit cardholder data and cover technical and operational payment system components involving cardholder data. Notwithstanding the credit card processing requirement, we do not represent, nor certify to you or your customers that the credit card processing service approved or provided by us or an affiliate is compliant, whether or not certified as compliant, with PCI Data Security Standards. Your credit card processing provider should assist you with this compliance.

You are also required to purchase and maintain the insurance that we describe in the Operations Manual which may be adjusted periodically. Currently, you must procure and maintain, at your own expense: (a) commercial general liability including products liability and completed operations including herbicide/pesticide applicators endorsement. Annual aggregate limit of at least \$2,000,000, and per occurrence limit of at least \$1,000,000. Coverage must be on an “occurrence” basis. Deductibles (if any) on a “per occurrence” basis; (b) all risk or special property insurance covering all real and personal property and equipment on replacement cost basis including business interruption and extra expense insurance; (c) commercial automobile liability coverage for any owned, leased, hired or borrowed automobile, including auto pollution, with a minimum limit of liability of \$1,000,000 per occurrence. Bodily injury and property damage limits should be no less than \$1,000,000 for any one occurrence; (d) uninsured and underinsured motorist protection, medical payments, and statutory no-fault coverage subject to the licensee’s state minimum must also be purchased; (e) Canopy Franchise Corporation and its affiliates, and their partners, officers, subsidiaries, affiliates, shareholders, directors, regional directors, agents, and employees named as additional insured; (f) workers compensation, employer's liability of no less than \$500,000 per accident, \$500,000 per policy, and \$500,000 per employee; and (f) contractors professional liability including pollution or voluntary property damage or expanded property damage no less than \$250,000 or the state minimum (or an endorsement form with comparable wording stating endorsement covers damage to what you are working on with no workmanship exclusion). You must also procure and maintain all other insurance required by state or federal law, including unemployment insurance. The additional insured coverage must be provided on an Additional Insured Grantor of Franchise Endorsement form CG2029 (or an endorsement form with comparable wording acceptable by us). We must be given a 30-day written notice of cancellation or notice of non-renewal by all insurers providing coverage for those types of coverage required above or by statute.

We estimate that purchases and leases required by us, will equal approximately 75% to 85% of the total cost to establish your franchise. We estimate that purchases of these items will total approximately 75% to 85% of a franchisee's ongoing operating expenses.

We and our affiliates have the right to receive fees, payments, rebates, commissions or other consideration from third-party manufacturers, suppliers and/or distributors. The payment of any rebates or consideration may or may not be reasonably related to services we or our affiliates provide to these third parties. We and our affiliates may, but currently do not, derive revenue or other consideration from your purchases of Required Items from us or our affiliates. These payments may range from less than 1% up to 10% or more of the total purchase price of those items. We and our affiliates will retain and use any fees, payments, rebates, commissions or other consideration as we deem appropriate or as required by a particular manufacturer, supplier or distributor.

During our last fiscal year ending September 30, 2023, we did not collect any revenue as a result of franchisee's purchases of products and services.

We do not have any purchasing or distribution co-operatives as of the issuance date of this disclosure document. We may negotiate purchase arrangements with designated and approved suppliers for the benefit of our franchisees. We do not provide material benefits, such as renewing or granting additional franchises to franchisees, based on their use of designated or approved suppliers or purchases of particular products or services.

Some of our officers own an indirect interest in Empower Brands or its subsidiaries. We are majority owned by OLB Holdco, which is a wholly-owned subsidiary of Empower Brands. Otherwise, there are no suppliers in which one of our officers owns an interest.

## 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 franchise disclosure document.**

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Definitions and Sections 7 and 8 of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Sections 8 and 9 of Franchise Agreement	Item 8 & Item 11
c. Site development and other pre-opening requirements	Section 8 of Franchise Agreement	Item 6, Item 7 & Item 11
d. Initial and ongoing training	Sections 7 and 8 of Franchise Agreement	Item 11
e. Opening	Section 8	Not Applicable
f. Fees	Sections 5, 6, 8 and 11 of Franchise Agreement	Item 5, Item 6, & Item 7
g. Compliance with standards and policies/ operating manual	Section 8 of Franchise Agreement	Item 11
h. Trademarks and proprietary information	Section 10 of Franchise Agreement	Item 13 & Item 14
i. Restrictions on products/services offered	Sections 8 and 9 of Franchise Agreement	Item 8 & Item 16
j. Warranty and customer service requirements	Section 8 of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Section 4 of Franchise Agreement;	Item 11 & Item 12
l. Ongoing product/service purchases	Sections 9 and 12 of Franchise Agreement	Item 16
m. Maintenance, appearance and remodeling requirements	Section 8 of Franchise Agreement	Item 7

Obligation	Section in Franchise Agreement	Disclosure Document Item
n. Insurance	Section 12 of Franchise Agreement	Item 8
o. Advertising	Sections 8 and 11 of Franchise Agreement	Item 11
p. Indemnification	Section 12 of Franchise Agreement	Not Applicable
q. Owner’s participation/management/staffing	Sections 1 and 8 of Franchise Agreement	Item 15
r. Records/reports	Sections 6 and 17 of Franchise Agreement	Item 6 & Item 17
s. Inspection/audits	Section 6 and 8 of Franchise Agreement	Item 6
t. Transfer	Section 15 of Franchise Agreement	Item 17
u. Renewal	Attachment G	Item 17
v. Post-termination obligations	Sections 10, 12, 14 and 17 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 14 of Franchise Agreement	Item 17
x. Dispute resolution	Sections 19 and 20 of Franchise Agreement	Item 17
y. Personal Guaranty (including owners/spouses)	Attachment B	Item 15

**ITEM 10  
FINANCING**

Except as indicated below, we require that the initial fees described in Item 5 be paid to us in cash at the time of signing the Franchise Agreement.

Under limited and special circumstances, we may make optional financing available to qualifying existing franchisees. In those situations, we may finance up to 50% of your franchise fee for up to 36 months, provided you sign the Promissory Note (“**Note**”) attached as Exhibit I at the time you sign the Franchise Agreement. The effective annual interest rate will be 4 percentage points above the prime interest rate on the effective date of the Franchise Agreement. There is no prepayment penalty and the rule of 78 does not apply (the rule of 78 is a method of computing interest which requires the interest originally calculated to still be paid even if prepaid). No security interest is required and no person other than you and, if you are an entity, those individuals who are required to sign the form Guarantee and Assumption of Obligations attached as Attachment B to the Franchise Agreement, must sign the Note.

If we offer and you accept financing from us, and you sign the Note, you will be required to waive and excuse presentment for acceptance and payment, notice of dishonor, and protest of dishonor. Other than as mentioned in the previous sentence, neither the Note, nor any other financing document you sign will contain any waiver of defense or similar provision. In the event payment of the Note is not made under its terms, we may either accept a late payment, together with a late charge equal to 10% of the late payment, or declare the entire balance of the Note immediately due. If the balance of the Note is accelerated, we must give written notice and, if the balance is not paid within 10 days after notice is given, you must pay us interest at the maximum legal rate (not to exceed 18%) and any attorneys’ fees and other costs we incur in collecting the monies owed. We also have the right to terminate the Franchise Agreement if we accelerate the Note and the Note is not paid within the 10 days after acceleration. We have not in the past and do not currently intend to sell, assign or discount to any third party the Note or any other financing document you sign.

We will comply with all appropriate laws governing any direct financing we offer to you including, if applicable, the California Finance Lenders Law.

**SUMMARY OF FINANCING / LEASING OFFERED**

<b>Item Financed</b>	<b>Source of Financing</b>	<b>Amount Financed</b>	<b>Term (Mos)</b>	<b>Interest Rate</b>	<b>Prepay Penalty</b>	<b>Security Required</b>	<b>Liability on Default</b>	<b>Loss of Legal Right on Default</b>
Vehicle Lease(s)	Enterprise FM Trust	Varies depending on vehicle, monthly fees estimated to range from \$1,000 to \$1,500 per month	60 months	3-year Treasury Bill plus 450 basis points (currently estimated to be 8% to 9%)	None	10% of the delivered cost of the vehicle	Repossession of vehicle, performance of obligations, acceleration of lease payments, damages and expenses (incl court costs and attorney fees), termination of lease, and any rights under the UCC	None
Aftermarket Vehicle Items	Enterprise FM Trust	If amount is over \$10,000, then 50% down payment and 50% financed over financing term	60 months	3-year Treasury Bill plus 450 basis points (currently estimated to be 8% to 9%)	None	50% of the delivered cost of the vehicle	Repossession of vehicle, performance of obligations, acceleration of lease payments, damages and expenses (incl court costs and attorney fees), termination of lease, and any rights under the UCC	None
	Enterprise FM Trust	If amount is between \$5,000 to \$9,999, then 25% down payment and 75% financed over financing term	60 months	3-year Treasury Bill plus 450 basis points (currently estimated to be 8% to 9%)	None	25% of the delivered cost of the vehicle	Repossession of vehicle, performance of obligations, acceleration of lease payments, damages and expenses (incl court costs and attorney fees), termination of lease, and any rights under the UCC	None

**Notes:**

We have made arrangements with Enterprise FM Trust (“Lessor”) for Lessor to lease vehicles to franchisees in connection with their Lawn Car Business. If you want to lease a vehicle from Lessor, you will sign a Master Equity Lease Agreement (the “Lease Agreement”) (See Exhibit H), and other documents required by the Lessor, which may include a personal guaranty by you or your owners. There is no assurance or guarantee that Lessor will agree to lease any vehicle(s) to you or any other franchisee. The decision whether or not to lease to you will be in Lessor’s discretion, and may include you meeting credit worthiness and other conditions and qualifications. Your lease of a vehicle and the associated extension of credit is not and shall not be deemed to be an assurance that your Lawn Care Business will be successful or achieve any financial metric. The Lessor is unaffiliated with us. Monthly lease payments vary depending on the year, make and model of the vehicle. You will incur a monthly management fee of .12% of the delivered cost of the vehicle and a service charge of \$495 at the end of the term. The typical monthly lease payment for a Vehicle is about \$1,000 to \$1,500. Interest is based on credit of lessee and cost of vehicle, and other factors as determined by Lessor. The interest rate is fixed at date of delivery for entire term. The Lease Agreement is a contract for leasing only. You will acquire no ownership of the vehicle during the term of the Lease Agreement. The Vehicle will be registered in the name of Lessor during the term of the Lease Agreement. If you are in default under the Lease Agreement, we may terminate the Franchise Agreement. In consideration for referring a prospective franchisee to Lessor, Lessor may pay for a sponsorship at the annual conference.

Except as described above, we do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

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

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

Pre-opening Obligations

Before you open your Lawn Care Business, we (or our designee) will provide the following guidance, coaching and assistance to you.

Designate your Territory (Sections 7.3(b) of the Franchise Agreement and Attachment A to the Franchise Agreement).

Provide you with our specifications and approved suppliers for all initial and replacement equipment, tools, supplies, inventory, Required Items, and signage for the operation of your Lawn Business (Section 7.3(c) of the Franchise Agreement). We do not install or deliver any of these items to you.

Provide an initial training course for you, or if you are not an individual, your Designated Business Manager and one additional person in Raleigh, North Carolina, or at another location we designate (Section 7.3(d) of the Franchise Agreement).

Loan you one copy of our confidential and proprietary Operations Manual no later than the start of the initial classroom training. The Operations Manual consists of one or more manuals, technical bulletins or other written materials and may be modified by us periodically. The Operations Manual may be in printed or in an electronic format in our discretion. We reserve the right to require you to use an electronic version of the Operations Manual and to require you to access the document using the Internet or an intranet created and supported by us. The Operations Manual currently contains 155 pages plus exhibits. The Table of Contents for the Operations Manual is attached to this disclosure document as Exhibit F (Section 7.3(e) of the Franchise Agreement).

We will provide you with a list of the makes and models of vehicles that we consider suitable for use as Vehicles dedicated to the Lawn Business and will provide you with specifications and supplier information to have your initial Vehicle outfitted and decorated with our trade dress (Franchise Agreement, Section 7.3(c)).

At our sole discretion, we may provide on-site assistance during the first months of operations of your Lawn Care Business (Section 7.3(g) of the Franchise Agreement).

Continuing Obligations

During the term of the Franchise Agreement, we (or our designee) will provide the following guidance, coaching and assistance to you:

Inform you of mandatory specifications, standards and procedures for the operations of your Lawn Care Business (Section 7.4(d) of the Franchise Agreement).

Make a representative reasonably available to speak with you on the telephone during regular business hours to discuss your operational experiences and support needs (Section 7.4(a) of the Franchise Agreement).



Research new Products, Services and methods and provide you with information concerning developments of this research (Section 7.4(e) of the Franchise Agreement).

Administer and maintain the Brand Fund, and use these funds to develop promotional and advertising programs for Lawn Care Businesses (Section 7.4(f) of the Franchise Agreement).

Provide advertising materials to you in the form of an arts graphics package, which is included in your Operations Manual (Section 7.4(g) of the Franchise Agreement).

Provide you with bookkeeping services for a fee (Section 7.4(h) of the Franchise Agreement).

A representative of ours may, in our sole discretion, provide additional assistance (Section 7.4(j) of the Franchise Agreement).

If we determine that you are unable or unwilling to handle a particular job, we reserve the right to assign that job to another CANOPY® franchisee, complete the job ourselves or hire a third-party specialist to assist with the job.

We may choose to provide you with continuing national, regional or local conference calls, meetings or conferences, which we hold in our discretion. You must pay the conference fee, if any, and all travel and living expenses. As of the date of this disclosure document, you are required to attend these conferences. These future training events are held at our Richmond, Virginia headquarters or at a location chosen by us (Section 7.4(b) of the Franchise Agreement).

We may choose to provide mandatory annual conferences. You must pay the conference fees, if any, and all travel and living expenses incurred by you to attend such conferences. The annual conference may be held at our corporate headquarters or at a location chosen by us (Section 7.4(c) of the Franchise Agreement).

We reserve the right, in our discretion, to delegate some or all of our pre-opening and continuing obligations under the Franchise Agreement to a representative with regional responsibility over the geographic area in which you operate your Lawn Care Business. Except as listed above, we do not provide any additional assistance to you.

We may, but are not required to, provide you with assistance on establishing prices at which you must sell your products and services, subject to applicable law.

### Training

Before the opening of your Lawn Care Business, we provide an initial training program. You must attend and successfully complete the training program to our satisfaction.

Under the Franchise Agreement, before you begin operating your Lawn Care Business and within 90 days of the mutual execution of your Franchise Agreement, you or, if you are not an individual, a **“Designated Business Manager”** must attend and successfully complete to our satisfaction our initial training program. The initial training program will include approximately 5 days of training held at our headquarters in Raleigh, North Carolina, or such other location as we designate. You may have up to 2 additional persons attend the initial training program at no additional training fee. If the Designated Business Manager’s employment with you is terminated, you must designate a new Designated Business Manager who must successfully complete our initial training program within 90 days after the termination of the initial Designated Business Manager, unless we do not hold an initial training program during that 90-day period in which case the replacement Designated Business Manager must attend and successfully

complete the first available initial training program held by us. The costs for airfare, ground transportation, lodging, meals, personal expenses, and the Designated Business Manager’s salary and benefits must be paid by you.

There is no tuition or fee for the initial training program for you or your Designated Business Manager or additional staff members as we mutually agree. We do not pay any travel expenses, lodging, meals, ground transportation or other personal expenses.

Our training program generally consists of the following topics:

**TRAINING PROGRAM**

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Marketing	6	0	Virtual
Virtual – Sales	6	0	Virtual
Technology	6	0	Virtual
Business Management	6	0	Virtual
Basic Agronomics	6	2	Raleigh, NC or Richmond, VA
Program Overview	6	2	Raleigh, NC or Richmond, VA
Equipment Operations and Application Techniques	0	8	Raleigh, NC or Richmond, VA
Field Operations	0	8	Raleigh, NC or Richmond, VA
Final Exam and Graduation	6	0	Raleigh, NC or Richmond, VA
<b>Total</b>	<b>42</b>	<b>20</b>	

The entire training program is subject to change due to updates in materials, changes or additions to the services offered, introduction of new methods and cleaning techniques, manuals and personnel. The subjects and time periods allocated to the subjects actually taught to specific franchisees may vary, based on the experience of the persons being trained.

Our training is conducted by Ben Wright, Hunt Davis, and Mike Hrivnak, who each have at least 5 years of experience in their respective field and at least 1 year of experience with the CANOPY® system. We may change, supplement or substitute training personnel as necessary, and we may delegate our duties and share our responsibilities with regard to training. Any individual involved in training will have at least one year of experience in the subject he/she teaches.

We use the Operations Manual as the sole reference material during our training sessions. New franchisees receive a copy of the Operations Manual and are instructed to carefully review its content.

We may require you or your Designated Business Manager attend all supplemental and refresher training programs that we designate. We may charge you a reasonable fee for any supplemental and refresher training programs. You must pay the then-current fee for such training programs, if any, and all personal travel and living expenses.

Advertising Programs

You must invest a minimum of \$50,000 (“**Individual Advertising Investment**”) for local advertising and marketing during the first 12 months of operations for the first Territory, plus \$25,000 for the second Territory, plus an additional \$10,000 for each additional contiguous Territory, in accordance with

an expenditure schedule we set. Typically, the schedule we set will concentrate the marketing spend on the sales season of January to May of the first year of operations. You must spend the grand opening marketing funds on marketing, advertising, and promotional goods and services we approve. Currently, we anticipate that we will require most of your advertising to be digital. We reserve the right to, or designate others to, create the plan and direct the spending for your grand opening marketing efforts. After the first year of operations, you must spend the greater of \$30,000 for the first Territory plus an additional \$10,000 for each additional contiguous Territory, or 10% of the prior year's Gross Revenues on local marketing.

We reserve the right to designate the manner in which you spend any required amounts on local advertising. Brand Fund Contributions will count towards the required amount you must spend on local marketing in a year.

We have established a production and marketing fund (the "**Brand Fund**") to promote CANOPY® businesses in the System and conduct other promotional and marketing activities. We currently require that you contribute 1% of your Gross Revenues to the Brand Fund ("**Brand Fund Contribution**"). You must pay the Brand Fund Contribution at the same time that you pay your Royalty fee. We reserve the right to increase the Brand Fund Contribution upon at least 30 days' notice to you, provided that the Brand Fund Contribution will not exceed 2% of Gross Revenues.

Unless required by law, we will not be required to deposit the Brand Fund Contribution in a separate bank account, commercial account or savings account and we may place the Brand Fund Contribution in our general accounts or in separate accounts. The Brand Fund will be administered by us, in our discretion, and we may use a professional advertising agency or media buyer to assist us.

We may reimburse ourselves, our authorized representatives or our affiliates from the Brand Fund for administrative costs, independent audits, reasonable accounting, bookkeeping, reporting and legal expenses, taxes and all other reasonable direct or indirect expenses that may be incurred by us or our authorized representatives and associated with the programs funded by the Brand Fund. We assume no other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. Since we do not have this fund audited, audited financial statements are not available to Franchisees. We will provide to you, upon request, an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year and plans to invest the Brand Fund for the current year.

We may use the Brand Fund for the creation, production and placement of commercial advertising; internet advertising; agency costs and commissions; creation and production of video, audio and written advertisements; administering multi-regional advertising programs, direct mail and other media advertising; in-house staff creative development, assistance and related administrative costs; local promotions; supporting public relations; market research; website development; public relations efforts including affiliations with charitable organizations related to the Lawn Care Business; and other advertising and marketing activities, including participating at trade shows or industry associations. Advertising may be placed in local, regional or national media of our choice, including print, direct mail, internet, radio or television. We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all.

We will not use Brand Fund monies to solicit franchisees in our current fiscal year. Neither our affiliates nor we receive payments for providing goods or services to the Brand Fund, except for reimbursement of expenses as described above.

CANOPY® businesses that we operate in the United States may, but are not required to, contribute to the Brand Fund at the same percentage rate as a majority of CANOPY® businesses must pay to the Brand Fund. We did not collect or spend any Brand Fund Contributions in the fiscal year end September 30, 2023.

We do not require you to participate in or to contribute to an advertising cooperative. We do not have an advertising council composed of franchisees that advise us on advertising policies.

You are strongly encouraged to order sales and marketing material from our designated supplier(s). It is a material breach of the Franchise Agreement to use other marketing material without prior written approval. If you desire to use your own advertising materials, you must obtain our prior approval. We will review your request and we will respond in writing within 15 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must be consistent with our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If we approve of promotional items or services that will be sold in your Lawn Care Business, those items or services must be included in your gross revenues.

Except as described above, we are not obligated to spend any amount on advertising in the geographical area where you are or will be located.

You will be required to pay a third party vendor \$1.00 for each aerial image generated in association with a service quote generated through our website for a property address located within your Territory (“**Aerial Imagery Fee**”). You will be billed monthly and payment will be made via a credit card on file with the vendor. Currently, any Aerial Imagery Fees will be counted toward your required local marketing expenditures. We do not receive any rebates, incentives, or other consideration of any kind related to your use of our third party aerial imagery vendor.

We retain the sole right to market on the Internet, including all use of websites, domain names, URL’s, linking, advertising, and co-branding arrangements. You may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks. We intend that any Franchisee website be accessed only through our home page. You will provide us content for our Internet marketing. We retain the right to approve any linking or other use of our website.

### Site Development

We encourage you to commence operations of your Lawn Care Business from a home office, though we will not prohibit you from commencing operations from a flexible warehouse space. If you operate from a home office, you will need secured storage and parking for a Vehicle. We recommend that you rent a storage unit and parking spaces at a self-storage facility, but we do not require it if you have adequate space at your home. Also, we recommend that you transition to a leased flexible warehouse space during the term of your Franchise Agreement. You must obtain our approval of your flexible warehouse space and lease, if applicable. Some of the factors we may consider in approving sites include general location and neighborhood, traffic patterns, population size, available parking, and lease terms. It is your responsibility to select and outfit your own location in accordance with our specifications and standards. We are not required to provide or assist you in locating any site for the warehouse, home office, or self-storage facility or in negotiating a lease. We do not generally own or lease the buildings in which our franchisees operate. It is your sole responsibility to ensure that your premises conform to local ordinances and building codes as well as obtain any required permits. It is also your responsibility to construct, remodel and equip the premises, as applicable.

Generally, we accept or do not accept a site for the warehouse within 15 days of receiving the request, but have up to 30 days to do so. In the event we do not accept a proposed site by written notice to you within 30 days, such site shall be deemed not accepted by us. If we cannot agree on a site for a warehouse, you must operate from a home office until you can identify a site that we accept.

### Schedule for Opening

If you are purchasing a Franchise, we estimate that the typical length of time between the signing of the Franchise Agreement and the opening of your Lawn Care Business will be 90 to 180 days. Some factors which may affect this timing are your ability to acquire a storage facility through lease negotiations, your ability to secure any necessary financing, your ability to comply with any applicable local zoning and other ordinances, your ability to obtain any necessary licenses, permits and certifications, the timing of the delivery of equipment, the time of year you execute a Franchise Agreement in relation to the typical season for the Lawn Care Business. You must open and commence operations of your Lawn Care Business within 180 days of signing the Franchise Agreement, unless due to specific circumstances in which through our sole discretion, we may grant you an extension through written notice.

You must comply with all applicable ordinances, building codes and permit requirements and with lease requirements and restrictions. You must apply for any required licenses and permits within 10 business days after signing the Franchise Agreement.

You may not open your Lawn Care Business until: (1) initial training is completed to our satisfaction; (2) all amounts due to us have been paid; (3) we have been furnished with copies of all insurance policies and certificates required by the Franchise Agreement, or other documentation of insurance coverage and payment of premiums that we request; (4) you notify us that all approvals and conditions set forth in the Franchise Agreement have been met; (5) you have received all required permits and licenses or have made arrangements acceptable to us to operate under another existing license; and (6) you have ordered, received and installed your equipment, supplies, inventory and Computer System. You must be prepared to begin operating your Lawn Care Business immediately after we state that your Lawn Care Business is ready for opening.

### Software and Computer Equipment

Currently, you must have or purchase a personal computer (“**Hardware**”) which runs on a Windows or Macintosh operating system. Your computer must also have Microsoft Office XP Professional or a more recent version installed and operating and the web-based resource center software (“**Software**”). The Hardware and Software are referred to as the “**Computer System.**” You must update your Computer System, at your expense, as we may require periodically to meet our specifications as they evolve. There are no contractual limitations on the frequency and cost of your obligations to upgrade or update the Computer System. Upgrades, in some cases, may only be available through our suppliers. We may change the designated suppliers occasionally on written notice to you. Neither we nor any supplier has any obligation under the Franchise Agreement to provide ongoing maintenance, repairs, upgrades or updates to the Computer System. We estimate the cost of optional or required maintenance, updates and upgrades will be \$0 to \$500 per year. In addition, you must pay us a monthly Technology Fee (currently 2% of Gross Revenues per month) for access to, and use of, proprietary technology systems that assists with efficiently gaining customers and communicating with customers, delivering work, and receiving payments. This system currently includes: website hosting and local presence optimization, automated lawn measurement using artificial intelligence, dynamic pricing table, automated quote generation and distribution to prospects, automated sales follow-ups to prospects, SMS messaging, online sales and payment collection, scheduling tool, automated invoicing and payment collection, telephony integration, lead tracking, marketing integrations and email accounts. We may change the fees described in this paragraph at any time upon 30 days’ written notice.

You will use the Computer System for word processing, communicating via e-mail with us and for tracking customer information. You must have sufficient computer skills to be able to operate your Computer System and to access e-mail and the Internet. You must have access to the Internet and maintain an email account that allows us to communicate with you on a regular basis. If available in your area, you must have high-speed Internet access. You must check your email account at least once every day. If we determine that you require additional computer training, you must take and pay for, at your own expense, a computer training course at a local computer training school. You must complete this training within 90 days of the day we advise you of this requirement, and you must present us with a certificate acceptable to us to show that you passed the course.

We estimate the cost of purchasing the Computer System, a smartphone and subscription to a telephony system and obtain internet access for the first three months of operation will range from \$1,500 to \$2,500, if you do not already have a Computer System or smartphone that can be used in your Lawn Care Business. You must purchase QuickBooks Online from us at a cost of \$74.50 per month.

We have the right to independently access your electronic information and data through our proprietary data management and intranet system, and to collect and use your electronic information and data in any manner we choose to promote the development of the System and the sale of franchises. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system.

We may develop proprietary or non-proprietary hardware and/or software (“**Proprietary System**”). Accordingly, we may require that you enter into a license agreement with us or our affiliate, which may require you to pay us commercially reasonable fees and/or enter into license agreements directly with suppliers. Additionally, if we enter into a license agreement with a supplier and sublicense the Proprietary System to you, we may charge you for all amounts we pay to the supplier based on your use, plus a reasonable amount to compensate us for the service that we or our affiliate provide.

We recommend that you back up your data locally, which may require you to purchase a “back-up” subscription service. We are not responsible under any circumstances for any malfunction or “crash” of the Computer Systems or Software we require, recommend, provide, or approve, including for any Lawn Care Business data lost as a result of that malfunction or “crash.”

You are solely responsible for protecting yourself from viruses, computer hackers, and other communications and computer-related problems, and you may not sue us for any harm caused by these communications and computer-related problems.

## **ITEM 12 TERRITORY**

### Franchise Agreement

You will be granted a Territory in which to operate the Lawn Care Business under the Franchise Agreement. Your Territory is based on demographics and other characteristics including population density, home values, average income and other characteristics of the surrounding area, natural boundaries, extent of competition and the amount and size of urban, suburban and rural areas. We will grant only one license to a franchisee for up to the Dwelling Limit, which equals 45,000 single family dwelling units in the designated geographical location. If you are granted a Territory in excess of the Dwelling Limit, then you will need to pay us an Additional Dwelling Fee, which equals \$0.25 per single family dwelling unit in the Territory in excess of the Dwelling Limit. We will use the most recent population information available in the U.S. Census Data, or other population statistical sources of our choosing to determine single family dwelling units. Except as otherwise disclosed below, you will maintain rights to your Territory during the

term of your Franchise Agreement even though the single family dwelling count in your Territory may increase or decrease. We have the exclusive right to determine the boundaries of your Territory in our sole discretion. We reserve the right to change, modify, or delete the Dwelling Limit in our sole discretion. We will use our business judgment to determine whether the Dwelling Limit makes good business sense for us and all of our franchisees. Enforcing the Dwelling Limit may not be practical when considering limitations on geography, housing availability, natural physical boundaries and population and demographic shifts. In the event that utilizing a Dwelling Limit does not make good business sense as determined by us we may delete the Dwelling Limit in our sole discretion. In addition to all other rights and remedies available to Franchisor, Franchisor may reduce the size of the Territory and/or eliminate the protections granted to Franchisee in the Territory.

You may not relocate your Territory or establish additional Lawn Care Businesses without our prior written consent, which we may withhold in our sole discretion. Such requests are evaluated on a case-by-case basis, including consideration of whether you are currently in compliance with your Franchise Agreement, territory availability, and other fact-specific considerations.

You may be granted, in our sole discretion, express permission to sell or service customers in an unsold territory adjacent to your Territory (“**Adjacent Territory**”). However, you must agree that when this Adjacent Territory is granted to another franchisee, you will, upon receipt of written notice from us, cease all sales and service efforts within the Adjacent Territory, and return to us, within 10 days of the notice, all customer and prospect information related to the Adjacent Territory assign to us or our designee all customer contracts in the Adjacent Territory; and pay to us any amounts (or a pro rata portion of any amounts) paid by customers within the Adjacent Territory for Services you have not yet performed. For example, if a customer pre-paid for a year of Services and you have performed only half of the contracted work, you must pay us 50% of the amount the customer paid you. You do not have any first claim on any Adjacent Territory. Territories are awarded on a first-come, first-served basis to qualified applicants that meet our requirements to operate a Lawn Care Business. Other than as described in this paragraph, you may not solicit or accept orders from customers located outside your Territory or use other channels of distribution, including the Internet, catalog sales, telemarketing or other direct marketing.

Customers from your Territory may purchase Services and Products from us and our affiliates or designees over the Internet, or in other reserved channels of distribution without compensation to you. If you advertise or market your Lawn Care Business outside of your Territory, unless otherwise approved by us, you will be in breach of your Franchise Agreement, and we would have the right to terminate your franchise.

We reserve the right to modify your Territory at the time you execute a Successor Franchise Agreement to conform the size of your Territory to our then-current standards for protected territories that are being granted to new franchisees, for example, if there has been an increase or decrease in the population or number of qualified dwelling units within your original Territory, or if we use different standards or calculations in determining the size of protected territories. If at the time you intend to sign a Successor Franchise Agreement your original Territory encompasses more than one protected territory based upon our then-current standards for determining protected territories, we may require you to execute multiple Successor Franchise Agreements if you wish to continue operating within the entire original Territory.

If we determine that you are unable or unwilling to handle a particular job, we reserve the right to assign that job to another CANOPY® franchisee, complete the job ourselves or hire a third-party specialist to assist with the job. (See Section 4.4 of the Franchise Agreement)

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

Among other rights, we specifically reserve the following rights, which we may exercise without any compensation to you or other franchisees:

1. We reserve the right to own, franchise, or operate Lawn Care Businesses at any location outside of the Territory, regardless of the proximity to your Lawn Care Business.
2. We reserve the right to use the Marks and the System to sell any products or services, similar to those, which you will sell, through any alternate channels of distribution within or outside of the Territory. This includes retail locations and other channels of distribution such as television, mail order, catalog sales, wholesale to unrelated retail outlets, or over the Internet. We exclusively reserve the Internet as a channel of distribution for us, and you may not independently market on the Internet or conduct e-commerce. If we use the Marks to sell the Products and Services that you must sell to a customer in your Territory over the Internet, we or our supplier and manufacturers may, in our sole discretion, provide you with a credit in an amount solely determined by us.
3. We reserve the right to use and license the use of other proprietary and non-proprietary marks or methods which are not the same as or confusingly similar to the Marks, whether in alternative channels of distribution or in the operation of a Lawn Care Business, at any location, including within the Territory, which may be the same as, similar to or different from the Lawn Care Business operated by you.
4. We reserve the right to purchase or be purchased by, or merge or combine with, any business, including a business that competes directly with your Lawn Care Business, wherever located.
5. We reserve the right to acquire and convert to the System operated by us any businesses offering services similar to the Lawn Care Business including those businesses operated by competitors or otherwise operated independently or as part of, or in association with, any other system or chain, whether franchised or corporately owned and whether located inside or outside of the Territory;
6. We reserve the right to implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We also reserve the right to issue mandatory policies to coordinate these multi-area marketing programs; and
7. We reserve the right to provide services directly or indirectly to National Accounts (as defined below) located inside or outside the Territory as described further below.

We or our affiliates have the right to sell and enter into agreements with National Accounts, both inside and outside the Territory. A “**National Account**” means those customers or accounts we designate in our sole and absolute discretion, regardless of their geographic location, as desiring central billing accounts, or that have at least 20 locations, and such locations are located in more than one franchised or company-owned territory or market. You must participate in any national accounts program (the “**National Accounts Program**”) we designate and comply with the terms of the National Accounts Program as described in the Operations Manual or as we otherwise describe in writing. You understand that we will establish the rules under which you will participate, and be compensated for participation, in the National Accounts Program and that we may terminate, modify or replace the National Accounts Program at any time. You must pay us any then-current fees associated with the National Accounts Program.

If a National Account contacts you directly, you must refer the National Account to us. We will negotiate all contracts with National Accounts and you will not have any right to negotiate any contract or provide services to the National Account without our express written consent.

You have no right of first refusal or similar rights to acquire additional franchises.



**ITEM 13  
TRADEMARKS**

The Franchise Agreement grants you the nonexclusive right to use the Marks, including the service mark “CANOPY,” and various designs and logo types associated with our services and Marks. You may also use other current or future Marks as we may designate to operate your Lawn Care Business.

We own the following service mark registered on the Principal Register with the United States Patent and Trademark Office (“USPTO”), and we intend to file all required affidavits and renewals:

<b>Mark</b>	<b>Registration/Application Date</b>	<b>Registration No.</b>
<b>CANOPY</b>	October 24, 2017	5316039

We may also use a number of unregistered, common-law trademarks. You must follow our rules when you use our Marks. You may not use any of the Marks alone or with modifying words, designs or symbols as part of a corporate or business name or in any form on the Internet, including but not limited to URLs, domain names, e-mail addresses, locators, links, metatags or search techniques. You must get our prior written approval of your company name before you file any registration documents. You must indicate, as required in the Franchise Agreement and specified in the Operations Manual, that you are an independent operator. Guidelines regarding proper trademark use and notices are in the Operations Manual and will be updated periodically in our discretion. You may not use the Marks with an unauthorized product or service, or in a manner not authorized in writing by us.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, any pending infringement, opposition or cancellation proceedings or any pending material litigation involving any of the Marks which are relevant to the use of these Marks. No currently effective litigation affects our use or ownership rights in any Mark. Other than as described above, no currently effective agreement limits our right to use or license the use of the Marks.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Marks. We may take whatever action we deem necessary to protect the unauthorized use of the Marks and you must cooperate with us. We have the right to control any administrative proceedings or litigation involving the Marks. If we require you to join in any action, we will pay for your out-of-pocket expenses. We are not required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a trademark licensed by us to you or if the proceeding is resolved unfavorably to you.

You must modify or discontinue the use of a Mark if we modify or discontinue the Mark. If this happens, we will reimburse you for your tangible out of pocket cost of compliance (for example, changing letterhead and business cards). You must not directly or indirectly contest our rights to the Marks, or any other trademarks, trade names, service marks, logos, trade secrets or business techniques that are part of our business.

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

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

The information contained in the Operations Manual is proprietary and is protected by copyright and other laws. The Operations Manual and the limitations of the use of it by you and your employees are described in Sections 7, 8 and 10 of the Franchise Agreement. The designs contained in the Marks, the layout of our advertising materials, the content and format of any other writings or copyright and other laws also protect recordings in print or electronic form. Although we have not filed an application for copyright registration for the Operations Manual, the advertising materials, the content and format of any other writings and recordings, we and our affiliates claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“**Copyright Works**”) in connection with your operation of your Lawn Care Business, but these copyrights remain our or our affiliates’ sole property.

There are currently no effective determinations of the United States Copyright Office or any court regarding any of our or our affiliates’ Copyrighted Works, nor are any proceedings pending, nor are there any currently effective agreements between us or our affiliates, and third parties, or infringing uses pertaining to the Copyrighted Works that will or may significantly limit your use of our or our affiliates’ Copyrighted Works.

Our Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of and experience in the development, operation and franchising of Lawn Care Businesses, formulations for and packaging of Products and Services sold at Lawn Care Businesses, information concerning Product and Service sales, operating results, financial performance and other financial data of Lawn Care Businesses and other related materials are proprietary and confidential (“**Confidential Information**”) and are considered to be our property to be used by you only as described in the Franchise Agreement or the Operations Manual. Where appropriate, certain information has also been identified as trade secrets (“**Trade Secrets**”). The formulae for the products that we manufacture or have manufactured and carry the CANOPY® name constitute Trade Secrets. We will not disclose these formulae to you; we disclose them only to manufactures, suppliers and others with a need to know, and then only on receipt of a signed confidentiality agreement. You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for the development of your Lawn Care Business during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners, if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement that we can enforce. Nothing contained in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Lawn Business during the term of the Franchise Agreement.

You must notify us within 3 days after you learn about another’s use of language, a visual image, or a recording of any kind, that you perceive to be identical or substantially similar to one of our Copyright Works or use of our Confidential Information or Trade Secrets or if someone challenges your use of our Copyright Works, Confidential Information or Trade Secrets. We or our affiliates will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyright Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with

the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of or challenge to your use of any Copyright Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyright Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to any of our Copyright Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us and our counsel with respect to any infringement, challenge or claim. We will have discretion to take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control exclusively any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyright Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance, and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding or to protect and maintain our interests in the Copyright Works, Confidential Information or Trade Secrets. If we require you to modify or discontinue any Copyright Works, Confidential Information or Trade Secrets, you must do so at your own expense.

No patents are material to us at this time and we do not have any pending patent applications that are material to the franchise.

We have the right to inspect, copy and use all records with respect to the customers, suppliers, and other services providers of, and related in any way to, your Lawn Care Business. This includes, without limitation, all databases (whether in print, electronic, or other form), including all names, addresses, phone numbers, e-mail addresses, and customer purchase records. We may use or transfer the records in any way we wish, both before and after any termination, expiration, repurchase, transfer or otherwise. We may contact any or all of your customers, suppliers, and other service providers for quality control, market research, and other purposes, as we deem appropriate, in our sole discretion.

You must disclose to us all ideas, techniques and products concerning the development and operation of the Lawn Care Business you or your employees conceive or develop during the term of the Franchise Agreement. You must grant to us and agree to obtain from your owners or employees a perpetual, non-exclusive and worldwide right to use these ideas, techniques and products concerning the development and operation of the Lawn Care Business that you or your employees conceive or develop during the term of the Franchise Agreement in all related product and service businesses that you operate. We will have no obligation to make any lump sum or on-going payments to you with respect to any idea, concept, method, technique or product. You must agree that you will not use, nor will you allow any other person or entity to use any of these ideas, techniques or products without obtaining our prior written approval.

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

You must directly supervise the Lawn Care Business at your franchised location. The direct, on-site supervision must be done by a Designated Business Manager, which could be one of your employees. The Designated Business Manager is not required to own a beneficial interest in the business entity.

If we believe you lack sufficient business experience, you must designate a Designated Business Manager to act as the operating manager for your Lawn Care Business. We must approve the selection of the Designated Business Manager before signing the Franchise Agreement. The Designated Business Manager must attend and successfully complete the initial training program, and must abide by the obligations in the Franchise Agreement and the Operating Manual. The Designated Business Manager must agree to the same confidentiality and non-competition obligations that you are required to abide by (see Attachment A to the Franchise Agreement).

Each individual who owns, directly or indirectly, a 5% or greater interest in you (and, if you sign the Franchise Agreement as an individual, your immediate family defined as your spouse and domestic partner) must sign the Guaranty and Assumption of Franchisee's Obligations assuming and agreeing to discharge all of your obligations and comply with all restrictions under the Franchise Agreement (See Attachment B to the Franchise Agreement).

We, as a matter of policy, will not assist you in any decision-making process that may affect the operations of your Lawn Care Business. The success or failure of the franchise as a business enterprise is dependent on your efforts. The licensing of this franchise should not be considered by anyone who is unfamiliar with standard business practices or is unwilling to accept the responsibilities associated with running a small business.

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

You must refrain from using or permitting the use of your Lawn Care Business for any other purpose or activity except as defined herein at any time without first obtaining our written consent.

You must sell or offer for sale only those Services and Products which are authorized by us and which meet our standards and specifications. You may sell or offer for sale those Services and Products to any customer in the Territory. You may not use other brands of products that we have not approved in writing. Currently, the core services that you will offer are lawn applications for turf fertilization and weed control and prevention. You will also have the opportunity to provide related enhancement goods and services that we prescribe, which we may modify from time to time and may include lawn aeration; lawn over-seeding; small lawn renovations and repairs such as soil preparation, seeding, and sodding; lawn soil amendments; lawn disease control; lawn top dressing; tree and shrub care service, and lawn pesticide applications. Currently, the System does not include landscape design or building, lawn mowing, landscape maintenance, bed maintenance, leaf clean up, structural pest control, or hardscaping services.

You must follow our policies, procedures, methods, and techniques. We may change or add to our required Services and Products at our discretion with prior notice to you. You must discontinue selling and offering for sale any Services or Products, which we may, in our discretion, disapprove in writing at any time. We impose these requirements to control the quality of the Services and Products that you and other franchisees may offer through the use of our trade name and Marks. In addition to all other rights we have, we reserve the right to charge you a fine up to \$1,000 per occurrence if you provide an unauthorized service or sell any unauthorized good.

We may grant you permission, in our sole discretion, to sell or service customers in an adjacent, unsold territory. However, when the adjacent territory is sold to another franchisee, you must cease all sales and service activities in that adjacent territory.

**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 Agreement or Other Agreement	Summary
a. Length of the Franchise Term	Section 3 of Franchise Agreement	Franchise Agreement: 10 years.
b. Renewal or extension of the term	Section 3 of Franchise Agreement	If you wish to do so, and you satisfy all of the pre-conditions to obtaining a Successor Franchise, we will offer you the right to obtain 2 additional terms of for a period of 5-years each.
c. Requirements for franchisee to renew or extend	Section 3 of Franchise Agreement	Renewal means obtaining the right to operate the Business for another term. Requirements to renew include: sign our then-current successor franchise agreement (“ <b>Successor Franchise Agreement</b> ”) for the Successor Term, and this new Franchise Agreement may have materially different terms and conditions (including, <i>e.g.</i> higher royalty and advertising contributions) from the Franchise Agreement that covered your original term, be current in all payments, not have committed 3 breaches in the 12 months before the end of the term, sign release, pay renewal fee, meet our qualifications for new and renewing franchisees, provide notice, upgrade the computer system and vehicle, and provide proof of current licenses, insurance and permit.
d. Termination by franchisee	Not applicable	Not applicable.  Franchisees may terminate the Franchise Agreement under any grounds permitted by law.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 17 of Franchise Agreement	We can terminate upon certain violations of the Franchise Agreement by you
g. “Cause” defined – curable defaults	Section 17 of Franchise Agreement	Franchise Agreement: You have 30 days to cure defaults including: failure to comply with operating procedures and standards; failure to obtain our prior written consent; failure to comply with the Operations Manual; default under the lease for the storage facility or other premise; failure to submit reports; or failure to accurately report Gross Revenues.  You have 10 days to cure a failure to comply with any other provision of the Franchise Agreement or any specification, standard or operating procedure prescribed by us (or 30 days for the first noncompliance or breach).

Provision	Section in Franchise Agreement or Other Agreement	Summary
h. "Cause" defined – non-curable defaults	Section 17 of Franchise Agreement	Franchise Agreement: Non-curable defaults include: disclosure of confidential information; abandonment; insolvency; bankruptcy; material judgment against you; you or your operators are convicted of a felony, a crime of moral turpitude or any crime that will affect the System or Marks; failure to pay amounts due; failure to use the Marks correctly; 3 notices of default within a 12-month period; unauthorized transfer; 2 or more times during the term, you underreport Gross Revenue by 3% or more; failure to submit reports or other information 2 or more times during the term; offer for sale any unauthorized product or service; contests the validity of our Marks; liquidation; failure to complete training; 4 or more notices of default during the term; misrepresentation; failure to obtain and maintain all required permits and licenses; and others.
i. Franchisee's obligations on termination/non-renewal	Sections 10, 12, 14 & 17 of Franchise Agreement	Franchise Agreement: Obligations include complete de-identification, payment of amounts due and return of Operations Manual, all Confidential Information, trade secrets and records, assignment of customer contracts, payment of any customer prepayment, and compliance with post-termination noncompetition provision.
j. Assignment of contract by franchisor	Section 15.1 of Franchise Agreement	No restriction on our right to assign
k. "Transfer" by franchisee – defined	Section 15 of Franchise Agreement	Franchise Agreement: Includes transfer of contract or assets or ownership change
l. Franchisor approval of transfer by franchisee	Section 15 of Franchise Agreement	We have the right to approve all transfers
m. Conditions for franchisor approval of transfer	Section 15 of Franchise Agreement	Franchise Agreement: New franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee.
n. Franchisor's right of first refusal to acquire your business	Section 16 of Franchise Agreement	We can match any offer for your business
o. Franchisor's option to purchase franchisee's business	Section 16 of Franchise Agreement	We may, but are not required to, purchase your inventory and equipment at fair market value if your franchise is terminated for any reason
p. Death or disability of franchisee	Section 15.9 of Franchise Agreement	Your estate or legal representative must apply to us for the right to transfer to the next of kin within one hundred twenty days
q. Non-competition covenants during the term of the franchise	Section 14 of Franchise Agreement	No involvement in competitive business
r. Non-competition covenants after the franchise is terminated or expires	Sections 14, 17 of Franchise Agreement	Franchise Agreement: No competitive business for 2 years (i) in the Territory or any other Franchisee's Territory; (ii) 10 miles of the Territory or any other Franchisee's Territory or (iii) 10 miles of any of our or our affiliate owned Lawn Care Business.

<b>Provision</b>	<b>Section in Franchise Agreement or Other Agreement</b>	<b>Summary</b>
s. Modification of the agreement	Sections 2.3, 7.3 & 21.11 of Franchise Agreement	Franchise Agreement: No modifications of Franchise Agreement during term generally, but Operating Manual subject to change. Modifications permitted on renewal.
t. Integration/merger clause	Section 21.5 of Franchise Agreement	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document, franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 20 of Franchise Agreement	Except for certain claims, all disputes must first be submitted to non-binding mediation, and if unsuccessful, then arbitrated in Virginia, subject to state law
v. Choice of forum	Sections 20.1 & 21.1	Mediation and arbitration must be in Virginia, subject to state law
w. Choice of law	Sections 20.1 & 21.1 of Franchise Agreement	Virginia law applies, subject to state law.

**ITEM 18  
PUBLIC FIGURES**

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

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

Unless otherwise explained below, these financial performance representations disclose historical information for the affiliate-owned CANOPY outlets that have open for at least twelve months and that operated for the full duration of the reporting period of January 1, 2023 to December 31, 2023 (“Reporting Period”). These financial performance representations are for the outlet owned and operated by our affiliate in Raleigh, NC that also provides services in Charlotte, NC (“Reporting Unit”), which opened in 2016. The Reporting Unit operates in four territories and reports its data in the aggregate for all of its territories. As a result, for purposes of this Item 19, the data for the Reporting Unit is presented as the same outlet. We did not have any franchisees as of September 30, 2023.

The Reporting Unit included in this financial performance representation offer services that you will not be authorized to offer under the terms of your Franchise Agreement. However, we have excluded data from those other services from this financial performance representation. The data included below is only for the core service and enhancement services that you will also be authorized to offer. The turf care services offered by the Reporting Unit is substantially similar to the CANOPY Franchised Businesses for which we are offering franchises in this disclosure document. The Reporting Unit is not limited by territorial boundaries, and its core business is represented by customer activity concentrated within zip codes that, when aggregated, represent four territories.

**A. Revenue per account January 1, 2023 through December 31, 2023**

The following table sets forth the average, median, high, and low account revenue for all accounts and for residential and commercial accounts serviced by the Reporting Unit during the Reporting Period.

<b>Description</b>	<b>All Accounts</b>	<b>Residential Accounts</b>	<b>Commercial Accounts</b>
Total number of customer accounts	1,327	1,257	70
Average Revenue per customer accounts	\$750.24	\$612.53	\$3,582.24
Number or customer accounts above average	279	361	21
% of projects above average	21.0%	28.7%	30.0%
Median Revenue per customer account	\$476.00	\$476.00	\$3,145.00
Maximum customer account revenue	\$19,580	\$16,118.00	\$19,580.00
Minimum customer account revenue	\$228.00	\$228.00	\$250.00

[Item 19 Continues on Following Page]



**B. Revenue less disclosed costs for January 1, 2023 through December 31, 2023**

The following table presents revenues and certain operating expense information for the Reporting Unit for the reporting period January 1, 2023 through December 31, 2023. The table presents the dollar amount for each category and the various categories as a percent of Revenues.

Revenues and Disclosed Costs		2023	% of Revenue
Revenue	1	\$ 965,281	100.0%
Cost of Materials	2	\$ 240,517	24.9%
Cost of Labor	3	\$ 191,954	19.9%
Gross Profit		\$ 532,810	55.2%
Advertising & Marketing	4	\$ 55,347	5.7%
Vehicle fuel & tolls expense		\$ 27,638	2.9%
Vehicle repairs & maintenance expense	5	\$ 6,364	0.7%
Vehicle lease expenses	6	\$ 40,496	4.2%
Equipment Expenses	7	\$ 6,504	0.7%
Insurance	8	\$ 13,504	1.4%
Mobile phones and Internet	9	\$ 5,147	0.5%
Merchant Services	10	\$ 24,132	2.5%
Software licenses	11	\$ 8,431	0.9%
Professional fees	12	\$ 5,395	0.6%
Uniforms and operating supplies	13	\$ 5,212	0.5%
Royalty	14	\$ 77,222	8.0%
Technology Fee	15	\$ 19,306	2.0%
Brand fund contribution	16	\$ 9,653	1.0%
Total Disclosed Expenses		\$ 304,352	31.5%
Revenue less Disclosed Expenses		\$ 228,459	23.7%

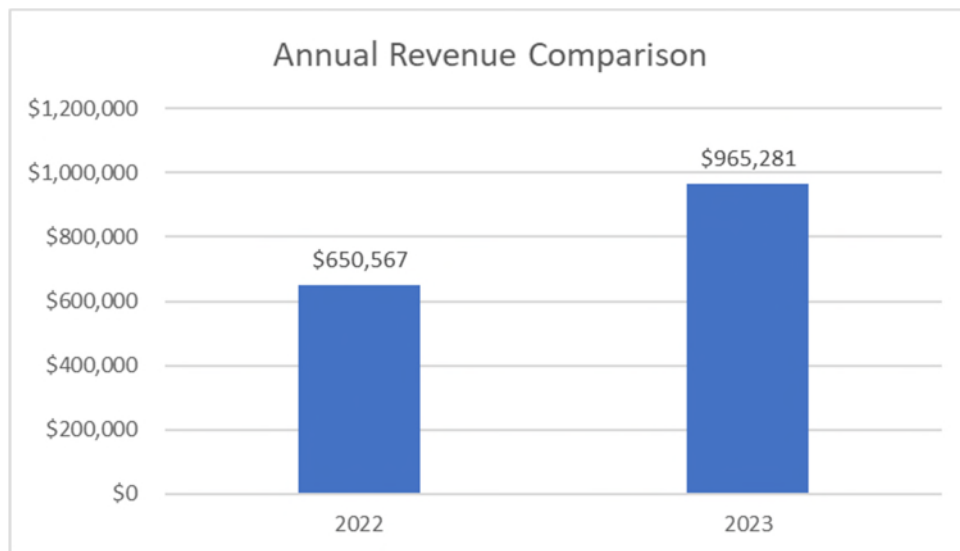
- (1) Revenue includes all Gross Revenue net of refunds to customers.
- (2) Cost of Materials includes lawn care products, such as fertilizer, herbicides, pesticides, grass seed, soil, etc.
- (3) Cost of Labor includes wages and payroll taxes for lawn care technicians.
- (4) The reporting units invested \$51,792 in marketing and advertising services during the reporting period. Franchisees should expect to invest the greater of \$30,000 or 9% of the prior year's gross revenues for local marketing.
- (5) Vehicle repairs and maintenance expenses include vehicle registration and repairs and maintenance expenses.
- (6) Vehicle lease expenses include the cost of monthly vehicle lease payments.
- (7) Equipment expenses include equipment rental, replacement, repairs and maintenance.
- (8) Insurance expenses include commercial policy, workers compensation and auto policies.
- (9) Mobile phones and internet expenses include cell phones and other mobile devices and internet services.

- (10) Merchant Service costs for the Reporting Unit were \$10,984 during the Reporting Period. Franchisees should expect merchant service costs of approximately 2.5% of gross revenue.
- (11) Software licenses include telephony (voice-over-IP subscription), GPS vehicle tracking, accounting, payroll, human resources and recruiting software services.
- (12) Professional fees include bookkeeping, tax preparation and recruiting services.
- (13) Uniforms and operating supplies include technician uniforms and other miscellaneous operating expenses.
- (14) Royalty includes a royalty fee equal to 8% of Gross Revenues that the Reporting Unit would have paid.
- (15) Technology Fee covers the proprietary technology systems to efficiently gain customers and communicate with customers, deliver work, and receive payments. This system includes: website hosting and local presence optimization, automated lawn measurement using artificial intelligence, dynamic pricing table, automated quote generation and distribution to prospects, automated sales follow-ups to prospects, SMS messaging, online sales and payment collection, scheduling tool, automated invoicing and payment collection, telephony integration, lead tracking, marketing integrations and email accounts.
- (16) Brand fund contribution includes a charge of 1% of gross revenue for national brand marketing and advertising activities per the franchise agreement.

Certain expenses have been excluded that a franchise operator may incur. Excluded expenses include facility rent and utilities, cost of a full-time manager, and employee benefits.

**C. Annual Revenue comparisons for various periods from January 1, 2023 through December 31, 2023**

The chart below sets forth the Gross Revenues achieved by the Reporting Unit during the period of January 1, 2023 through December 31, 2023 compared to the Gross Revenues for comparable periods of time for the 2022 calendar year.



**D. Recurring Revenue Percent, Sales Conversion Rate and Customer Retention Rate for January 1, 2023 through December 31, 2023**

Metric	Measure
Recurring Revenue Percent	74.7%
Sales Conversion Rate	37.4%
Customer Retention Rate	80.6%

Recurring Revenue is calculated by measuring the dollars of revenues earned from recurring revenue contracts (monthly or quarterly or annual renewal contracts) earned over the reporting period (\$720,642) divided by the total net revenue earned over the reporting period (\$965,281).

Sales conversion rate is calculated by dividing the number of new customers signing a new service contract (377) divided by the total number of prospective customers that received a quote for services (1,008) during the reporting period. Canopy’s automated proposal system generates a proposal for all prospects who complete a webform on the company’s website. All website leads receive a proposal, as do all qualified leads via phone and email.

The Customer retention rate is calculated by dividing the number of customers signing a renewal contract (257) during the reporting period (January 1, 2023 – December 31, 2023) that also had a contract during the twelve months preceding the reporting period (January 1, 2022 – December 31, 2022) by the total number of customers that had contracts in the twelve months preceding the reporting period (319).

**E. Average Annual Revenue per vehicle, average annual accounts served per vehicle, average annual service visits per vehicle and average annual square feet serviced per vehicle for January 1, 2023 to December 31, 2023.**

The table below shows total Gross Revenue, total customers serviced, total service visits completed, and total square feet of turf serviced and the total number of service vehicles used during the Reporting Period. Based on the three service vehicles that operated full time throughout the reporting period and one vehicle that operated an estimated 50% of the time during the Reporting Period we calculated the average annual revenue per service vehicle, average annual customers per service vehicle, average annual service visits completed per service vehicle and the average annual square feet serviced per service vehicle. The total annual square feet serviced is the sum of the square feet of all client properties as measured by the technicians and recorded in the CRM.

Description	Metric
Total Gross Revenue	\$965,281
Total customers serviced	1,327
Total service visits completed	8,190
Total square feet serviced	16,960,867
Total service vehicles in service	3.5
Average annual revenue per service vehicle	\$275,795
Average annual accounts per service vehicle	379
Average annual visits per service vehicle	2,340
Average annual square feet per service vehicle	4,845,962

The average annual revenue per service vehicle is calculated by dividing the total reported Gross Revenue divided by the total reported vehicles in service. The average annual accounts per service vehicle is calculated by dividing the total number of customers serviced divided by the total reported vehicles in service. The average annual visits per service vehicle is calculated by dividing the total number of service visits completed by the total reported vehicles in service. The average annual square feet per service vehicle is calculated by dividing the total square feet serviced divided by the total reported vehicles in service.

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

The information presented above relates to the actual historical performance of the presented outlets.

We will, upon reasonable request, provide to you written substantiation for the information provided in this Item 19.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our Chief Executive Officer, 2426 Old Brick Road, Suite 101, Glen Allen, Virginia 23060, (800) 722-4668, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR FISCAL YEARS 2021 TO 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned(1)	2021	4	4	0
	2022	4	4	0
	2023	4	4	0
<b>Total Outlets</b>	<b>2021</b>	<b>4</b>	<b>4</b>	<b>0</b>
	<b>2022</b>	<b>4</b>	<b>4</b>	<b>0</b>
	<b>2023</b>	<b>4</b>	<b>4</b>	<b>0</b>

**Notes:**

Although CanopyNC operated one company owned outlet, the operation was not limited by the territorial boundaries applicable to CANOPY® franchisees. However, its core business is represented by customer activity concentrated within zip codes that, when aggregated, represent four territories.

**Table No.2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN THE FRANCHISOR)**  
**FOR FISCAL YEARS 2021 TO 2023**

State	Year	Number of Transfers
<b>Total</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>

**Table No. 3**  
**FRANCHISED OUTLETS STATUS SUMMARY**  
**FOR FISCAL YEARS 2021 TO 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – other reasons	Outlets at End of Year
<b>Total</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 4**  
**COMPANY-OWNED OUTLETS STATUS SUMMARY**  
**FOR FISCAL YEARS 2021 TO 2023**

State	Year	Outlets Operating at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets Operating At End of Year
North Carolina	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
<b>Total</b>	<b>2021</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2022</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
	<b>2023</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>

**Notes:**

Although CanopyNC operated one company owned outlet, the operation was not limited by the territorial boundaries applicable to CANOPY® franchisees. However, its core business is represented by customer activity concentrated within zip codes that, when aggregated, represent four territories.

**Table No. 5**  
**PROJECTED OPENINGS**  
**AS OF SEPTEMBER 30, 2023**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Arkansas	0	1	0
Florida	0	1	0
Idaho	0	1	0
Indiana	0	1	0
Kansas	0	1	0
Massachusetts	0	1	0
Michigan	0	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
Minnesota	0	1	0
New Jersey	0	1	0
North Carolina	0	1	0
Oklahoma	0	1	0
South Carolina	0	1	0
Texas	0	1	0
Virginia	0	1	0
<b>Total</b>	<b>0</b>	<b>14</b>	<b>0</b>

**Notes:**

Our fiscal year is September 30 and the information in the charts above is based on the fiscal years ending September 30, 2021, September 30, 2022 and September 30, 2023.

**List of Current Franchisees**

The names, addresses and telephone numbers of all current franchisees as of September 30, 2023, are listed in Exhibit C.

**List of Former Franchisees**

Included in Exhibit C is a list of the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who has had an outlet terminated, canceled, transferred, or not renewed by us, who otherwise voluntarily or involuntarily ceased to do business under their agreement as of the end of our fiscal year ended September 30, 2023, who has transferred an outlet, or who has not communicated with us within 10 weeks of the date of this disclosure document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

**Confidentiality Clauses**

During the last three fiscal years, neither we nor our predecessor has signed any agreements with franchisees that contain confidentiality clauses that would restrict a franchisee’s ability to speak openly about their experience.

**Trademark-Specific Franchisee Organizations**

We are not aware of any trademark-specific franchisee organizations associated with the franchise system which we have created, sponsored or endorsed, or any independent franchisee organizations that have asked to be included in this Disclosure Document.

**ITEM 21  
FINANCIAL STATEMENTS**

Attached to this Disclosure Document as Exhibit A are the audited consolidated financial statements and supplementary information of Outdoor Living Brands Holdco LLC (“**OLB Holdco**”) for the fiscal year ended September 30, 2023, September 30, 2022, and for the period of September 10, 2021 to September 30, 2021 and interim unaudited financial statements for the period ended January 31, 2024. Our fiscal year end is September 30. OLB Holdco has absolutely and unconditionally guaranteed our obligations under your Franchise Agreement. See Exhibit A for a copy of the written guarantee. 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.

## **ITEM 22 CONTRACTS**

Attached are the following agreements proposed for use in connection with our offering of franchises:

- B. Franchise Agreement  
Attachment F – Sample Release Agreement
- E. State-Specific Addenda
- G. Acknowledgement Addendum
- H. Vehicle Lease
- I. Promissory Note

## **ITEM 23 RECEIPT**

The last 2 pages of Exhibit K to this disclosure document are receipt pages acknowledging your receipt of the disclosure document. One copy is for your records, and one copy must be signed and dated by you and returned to us.

**EXHIBIT A**  
**FINANCIAL STATEMENTS**



**OUTDOOR LIVING BRANDS HOLDCO, LLC**

**SUCCESSOR CONSOLIDATED FINANCIAL STATEMENTS**  
**AS OF SEPTEMBER 30, 2023, 2022, AND 2021**  
**AND FOR THE YEARS ENDING**  
**SEPTEMBER 30, 2023 AND 2022**  
**AND FOR THE PERIOD FROM**  
**SEPTEMBER 10, 2021 TO SEPTEMBER 30, 2021**

**AND CERTAIN PREDECESSOR CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM OCTOBER 1, 2020 TO SEPTEMBER 9, 2021**

**with**

**INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

**To the Member**  
**Outdoor Living Brands Holdco, LLC**

### Opinion

We have audited the accompanying successor consolidated financial statements of Outdoor Living Brands Holdco, LLC (the "Company"), which comprise the consolidated balance sheets as of September 30, 2023, 2022, and 2021, and the related successor consolidated statements of operations, member's equity and cash flows for the years ending September 30, 2023 and 2022, and the period from September 10, 2021 to September 30, 2021. We have also audited the predecessor consolidated statements of operations, member's equity and cash flows for the period from October 1, 2021 to September 9, 2021, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of September 30, 2023, 2022, and 2021, and the results of the successor operations and cash flows for the years ended September 30, 2023, 2022, and for the period from September 10, 2021 to September 30, 2021 and the results of predecessor operations and cash flows for the period from October 1, 2021 to September 9, 2021 in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### 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 Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company 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 opinion.

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date of this report.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (Continued)**

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

### **Emphasis of Matter – Related Party Transactions**

As discussed in Notes 2, 5, 6, 7, and 8, the Company has significant transactions with related parties.

*Smith and Howard PC*

Atlanta, GA  
December 28, 2023

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**CONSOLIDATED BALANCE SHEET**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**ASSETS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Current Assets			
Cash	\$ 1,737,401	\$ 1,492,295	\$ 633,681
Royalties and accounts receivable, net	8,416,631	5,544,544	2,441,667
Rebates receivable, net	1,815,484	-	-
Notes receivable	24,492	231,429	155,486
Inventory	3,215,098	950,753	-
Prepaid expenses and other	<u>2,211,505</u>	<u>1,436,976</u>	<u>425,583</u>
Total Current Assets	17,420,611	9,655,997	3,656,417
Property and Equipment, Net	4,096,255	2,219,874	1,084,830
Other Assets			
Notes receivable, net of current portion	293,452	199,591	258,080
Intangibles, net	245,488,089	153,036,800	88,001,777
Right-of-use assets	2,972,324	-	-
Other assets	<u>28,923</u>	<u>28,923</u>	<u>28,923</u>
	<u>248,782,788</u>	<u>153,265,314</u>	<u>88,288,780</u>
	<u>\$ 270,299,654</u>	<u>\$ 165,141,185</u>	<u>\$ 93,030,027</u>

**LIABILITIES AND MEMBER'S EQUITY**

Liabilities			
Accounts payable and accrued expenses	\$ 7,737,340	\$ 3,264,529	\$ 1,793,198
Contract liability - deferred revenue on franchise sales	2,189,795	1,619,650	282,050
Contract liability - customer deposits	1,518,782	780,338	-
Operating lease liabilities, current portion	<u>664,894</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>12,110,811</u>	<u>5,664,517</u>	<u>2,075,248</u>
Long-Term Liabilities			
Operating lease liabilities, net of current portion	3,117,530	-	-
Due to affiliated companies	8,621,529	723,589	814,183
Note payable	<u>525,000</u>	<u>-</u>	<u>-</u>
	<u>12,264,059</u>	<u>723,589</u>	<u>814,183</u>
Noncontrolling Interest (Deficit)	(89,448)	-	-
Member's Equity	<u>246,014,232</u>	<u>158,753,079</u>	<u>90,140,596</u>
	<u>\$ 270,299,654</u>	<u>\$ 165,141,185</u>	<u>\$ 93,030,027</u>

The accompanying notes are an integral part of these consolidated financial statements.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**CONSOLIDATED STATEMENT OF OPERATIONS**  
**FOR THE YEARS ENDING SEPTEMBER 30, 2023 AND 2022 (SUCCESSOR)**  
**AND FOR THE PERIOD OF SEPTEMBER 10, 2021 TO SEPTEMBER 30, 2021 (SUCCESSOR)**  
**AND FOR THE PERIOD OF OCTOBER 1, 2020 TO SEPTEMBER 9, 2021 (PREDECESSOR)**

	<u>Successor</u> For the year ending <u>September 30, 2023</u>	<u>Successor</u> For the year ending <u>September 30, 2022</u>	<u>Successor</u> September 10, 2021 to <u>September 30, 2021</u>	<u>Predecessor</u> October 1, 2020 to <u>September 9, 2021</u>
Revenue				
Fencing and rail revenues	\$ 23,390,797	\$ 16,879,944	\$ -	\$ -
Franchise royalties and fees	21,471,627	13,380,514	399,431	7,083,670
Product sales	9,875,832	8,878,823	425,709	7,366,342
Residential and commercial roofing	4,131,506	-	-	-
Window and door installation	1,058,329	-	-	-
Franchise fees	10,807,586	5,641,473	179,000	2,938,080
Ancillary	5,721,908	2,553,819	108,146	2,059,640
Advertising fund contributions	3,075,049	2,159,470	9,453	1,615,792
	<u>79,532,634</u>	<u>49,494,043</u>	<u>1,121,739</u>	<u>21,063,524</u>
Cost of Product Sales	24,051,826	16,544,077	281,172	6,016,876
Operating Expenses	<u>37,487,987</u>	<u>21,404,407</u>	<u>626,520</u>	<u>10,393,046</u>
Income from Operations	17,992,821	11,545,559	214,047	4,653,602
Other Income (Expense)				
Depreciation and amortization	(7,910,727)	(5,494,567)	(313,980)	(148,716)
Forgiveness of Paycheck Protection Program Loan	-	-	-	799,784
Other income	(161,414)	38,521	-	-
	<u>(8,072,141)</u>	<u>(5,456,046)</u>	<u>(313,980)</u>	<u>651,068</u>
Net Income (Loss) Before Provision for Income Taxes	9,920,680	6,089,513	(99,933)	5,304,670
Provision for Income Taxes	<u>(2,182,493)</u>	<u>(1,655,211)</u>	<u>(26,757)</u>	<u>-</u>
Net Income (Loss) Before Noncontrolling Interest	7,738,187	4,434,302	(126,690)	5,304,670
Loss Attributable to Noncontrolling Interest	<u>89,648</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Income (Loss) Attributable to Outdoor Living Brands Holdco, LLC	<u>\$ 7,827,835</u>	<u>\$ 4,434,302</u>	<u>\$ (126,690)</u>	<u>\$ 5,304,670</u>

The accompanying notes are an integral part of these consolidated financial statements.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**CONSOLIDATED STATEMENT OF MEMBER'S EQUITY**  
**FOR THE YEARS ENDING SEPTEMBER 30, 2023 AND 2022 (SUCCESSOR)**  
**AND FOR THE PERIOD OF SEPTEMBER 10, 2021 TO SEPTEMBER 30, 2021 (SUCCESSOR)**  
**AND FOR THE PERIOD OF OCTOBER 1, 2020 TO SEPTEMBER 9, 2021 (PREDECESSOR)**

	<u>Consolidated Member's Equity</u>	<u>Noncontrolling Interest</u>	<u>Total Equity</u>
<b><u>Predecessor:</u></b>			
Balance, September 30, 2020	\$ 8,423,383	\$ -	\$ 8,423,383
Net Income	5,304,670	-	5,304,670
Distributions to Member	<u>(5,963,462)</u>	<u>-</u>	<u>(5,963,462)</u>
Balance, September 9, 2021	<u>\$ 7,764,591</u>	<u>\$ -</u>	<u>\$ 7,764,591</u>
<b><u>Successor:</u></b>			
Recapitalization (Note 7), September 10, 2021	\$ 90,178,403	\$ -	\$ 90,178,403
Net Loss	(126,690)	-	(126,690)
Contributions from Member	<u>88,883</u>	<u>-</u>	<u>88,883</u>
Balance, September 30, 2021	90,140,596	-	90,140,596
Net Income	4,434,302	-	4,434,302
Distributions to Member	(5,078,245)	-	(5,078,245)
Contributions from Member	<u>69,256,426</u>	<u>-</u>	<u>69,256,426</u>
Balance, September 30, 2022	158,753,079	-	158,753,079
Net Income (Loss)	7,827,835	(89,648)	7,738,187
Distributions to Member	(17,682,672)	-	(17,682,672)
Contributions from Member	<u>97,115,990</u>	<u>200</u>	<u>97,116,190</u>
Balance, September 30, 2023	<u>\$ 246,014,232</u>	<u>\$ (89,448)</u>	<u>\$ 245,924,784</u>

The accompanying notes are an integral part of these consolidated financial statements.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDING SEPTEMBER 30, 2023 AND 2022 (SUCCESSOR)**  
**FOR THE PERIOD OF SEPTEMBER 10, 2021 TO SEPTEMBER 30, 2021 (SUCCESSOR)**  
**AND FOR THE PERIOD OF OCTOBER 1, 2020 TO SEPTEMBER 9, 2021 (PREDECESSOR)**

	<u>Successor</u> For the year ending <u>September 30, 2023</u>	<u>Successor</u> For the year ending <u>September 30, 2022</u>	<u>Predecessor</u> September 10, 2021 to <u>September 30, 2021</u>	<u>Predecessor</u> October 1, 2020 to <u>September 9, 2021</u>
Cash Flows from Operating Activities:				
Net income (loss)	\$ 7,827,835	\$ 4,434,302	\$ (126,690)	\$ 5,304,670
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Bad debt expense (recoveries)	59,046	82,201	-	(24,148)
Depreciation and amortization	7,910,727	5,494,567	313,980	148,716
Lease expense	519,344	-	-	-
Operating lease payments	(265,181)	-	-	-
Forgiveness of Paycheck Protection Program loan	-	-	-	(799,784)
Provision for deferred income taxes	-	1,655,211	26,757	-
Changes in assets and liabilities:				
Royalties and accounts receivable	(729,389)	(2,044,615)	111,866	(38,017)
Rebates receivable	(1,815,484)	-	-	-
Notes receivable	113,076	(17,454)	-	(126,112)
Inventory	(1,043,705)	(122,300)	-	-
Prepaid expenses and other current assets	192,280	(976,687)	204,447	(261,772)
Other assets	-	-	-	18,205
Accounts payable and accrued expenses	2,121,617	925,000	190,358	362,392
Deferred revenues on franchise sales	(824,331)	1,337,600	(179,500)	160,975
Customer deposits	706,594	(306,386)	-	-
<b>Net Cash Provided by Operating Activities</b>	<b>14,772,429</b>	<b>10,461,439</b>	<b>541,218</b>	<b>4,745,125</b>
Cash Flows from Investing Activities:				
Purchases of property and equipment	(1,812,928)	(734,351)	-	(63,509)
Net cash received from acquisition of Koala and Wallaby	33,145	-	-	-
Net cash received from acquisition of Canopy	641	-	-	-
Acquisition of Junk Junk Baby	(125,000)	-	-	-
Net advances from (repayments to) affiliated companies	5,059,491	(3,790,229)	-	(817,446)
<b>Net Cash Provided (Required) by Investing Activities</b>	<b>3,155,349</b>	<b>(4,524,580)</b>	<b>-</b>	<b>(880,955)</b>
Cash Flows from Financing Activities:				
Payments on notes payable	-	-	-	(187,063)
Net contributions from (distributions to) Member	(17,682,672)	(5,078,245)	88,883	(5,963,462)
<b>Net Cash Provided (Required) by Financing Activities</b>	<b>(17,682,672)</b>	<b>(5,078,245)</b>	<b>88,883</b>	<b>(6,150,525)</b>
<b>Net Change in Cash</b>	<b>245,106</b>	<b>858,614</b>	<b>630,101</b>	<b>(2,286,355)</b>
Cash, Beginning of Period	1,492,295	633,681	3,580	3,247,663
Cash, End of Period	\$ 1,737,401	\$ 1,492,295	\$ 633,681	\$ 961,308

Schedule of Non-Cash Operating, Investing, and Financing Activities:

As further discussed in Note 7, prior to September 10, 2021, Outdoor Living Brands (the "Company") was under previous ownership. The Company was acquired by Lynx Franchising, LLC ("Lynx"). In conjunction with the acquisition, the consolidated balance sheet of the Company was adjusted to market values based upon fair market appraisals received by the Company increasing member's equity by approximately \$82,414,000.

As further discussed in Note 8, during 2023 and 2022, the Company financed business acquisitions through member contributions approximating \$93,200,000 and \$69,256,000, respectively.

As further discussed in Note 9, effective October 1, 2022, the Company adopted Accounting Standards Update ("ASU") 2016-02, Leases (Topic 842). Adoption of this ASU resulted in the Company recording right-of-use ("ROU") assets of approximately \$3,398,000 and corresponding operating lease liabilities of approximately \$3,954,000 at the date of adoption. The difference in ROU asset and operating lease liability at inception is due to a deferred rent and certain tenant allowances of approximately \$556,000 at October 1, 2022 which has been netted against the ROU asset.

The accompanying notes are an integral part of these consolidated financial statements.



**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 1 – DESCRIPTION OF BUSINESS**

Outdoor Living Brands Holdco, LLC ("OLB Holdco" or "the Company"), is located in Virginia, operates multiple franchise brands serving the outdoor living product and service markets. Its customers are primarily located throughout the United States of America and Canada.

OLB includes nine franchise brands under the trade names Archadeck Outdoor Living, Outdoor Lighting Perspectives, Conserva Irrigation, Superior Fence and Rail, Wallaby Windows, Koala Insulation, Bumble Roofing, Canopy Lawn Care, and Junk Junk Baby! (referred to hereafter as, the "brands"). The brands sell franchises and provide support for franchisees using standardized products, services and procedures developed by the franchisor.

- Archadeck Outdoor Living franchises design, sells and constructs decks, porches, screened rooms, sunrooms, outdoor kitchens, hardscaped patios and other custom outdoor living space projects.
- Outdoor Lighting Perspectives franchises provide outdoor lighting and holiday lighting design and installation and maintenance services for residential and commercial clients.
- Conserva Irrigation franchises provide upgrades, maintenance services, and installation of outdoor irrigation systems for residential and commercial clients.
- Superior Fence and Rail franchises sell and construct a variety of fences for residential and commercial clients.
- Wallaby Windows franchises sell and install a variety of windows and doors for residential and commercial clients.
- Koala Insulation franchises install, maintain, and clean insulation for residential clients and commercial clients.
- Bumble Roofing franchises provide roofing replacement, repair, and inspection services for residential clients and commercial clients.
- Canopy Lawn Care provides homeowners and business owners lawn care services.
- Junk Junk Baby! provides waste and "junk" removal services for residential clients and commercial clients. This franchise concept is still in development.

As discussed further in Note, 5, prior to September 9, 2021, the brands were owned and operated by Outdoor Living Brands, Inc ("OLB, Inc" or "the Predecessor"). On September 10, 2021, Empower Brands, LLC ("Empower")(formerly Lynx Franchising, LLC), a wholly owned subsidiary of MidOcean BCAT Holdings, Inc. ("BCAT"), formed OLB Holdco for the purpose acquiring the brands. Empower, BCAT and OLB Holdco are referred to herein as "the Successors."

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Consolidation and Presentation

For the period of October 1, 2020 to September 9, 2021 (the "predecessor period"), the accompanying consolidated financial statements include the accounts of OLB, Inc's wholly-owned subsidiaries, which includes Outdoor Lighting Perspectives Holding Corporation, Outdoor Lighting Perspectives Franchising, Inc., Outdoor Living Brands Intellectual Property Corporation, Outdoor Lighting Perspectives International, Inc. (collectively, "Outdoor Lighting Perspectives"), Archadeck Franchising Corporation ("Archadeck"), Outdoor Living Brands Supply Corporation, Outdoor Living Brands Management, Inc. ("OLB Management"), and Conserva Irrigation Franchising, LLC ("Conserva"). These companies owned and operated the brands.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Principles of Consolidation and Presentation (Continued)

For the years ending September 30, 2023 and 2022 and for the period of September 10, 2021 to September 30, 2021 (the “successor period”), the accompanying consolidated financial statements include the accounts of OLB Holdco. On September 10, 2021, OLB Holdco formed the wholly owned subsidiaries: Archadeck Franchisor, LLC, Outdoor Lighting Perspectives Franchisor, LLC, OLB Supply Chain, LLC (“OLB Supply”) and Conserva Irrigation Franchisor, LLC. These subsidiaries acquired the assets of Outdoor Lighting Perspectives, Archadeck, OLB Supply, OLB Management and Conserva from OLB, Inc.

As further discussed in Note 8, the Company has entered into the following business combinations:

On December 15, 2021 OLB Holdco acquired Superior Fence and Rail, LLC (“SFR”) and Superior Fence and Rail of NOFL, LLC (“SFR-NOFL”).

On April 14, 2023, OLB Holdco acquired Wallaby Franchise, LLC (“Wallaby”), Wallaby’s wholly owned subsidiary and operating unit located in Melbourne, Florida, Facility FranCo, LLC (“Wallaby-Melbourne”), and Koala Franchise, LLC (“Koala”).

On May 1, 2023, OLB Holdco acquired Bumble Roofing of LA, LLC (“Bumble-LA”) and formed Bumble Franchising, LLC (“Bumble”).

On June 13, 2023, OLB Holdco entered into an equity purchase agreement with Canopy Franchise Corporation (“Canopy”) to acquire 60% of Canopy’s outstanding equity.

On August 31, 2023, OLB Holdco formed JJB Franchisor, LLC (“JJB”) to acquire Junk, Junk, Baby! Franchising, LLC and Junk, Junk, Baby! IP, LLC. JJB’s operations were not significant for the year ending September 30, 2023.

The accompanying consolidated financial statements present the operations, equity and cash flows of the Company under Successor and Predecessor ownership during the years ended September 30, 2023 and 2022 and for the period of September 10, 2021 to September 30, 2021 and the period of October 1, 2020 to September 9, 2021. Intercompany transactions and balances have been eliminated in consolidation.

The Company follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Adoption of New Accounting Policy

Effective October 1, 2022, the Company adopted Accounting Standards Update (“ASU”) 2016-02, *Leases* (Topic 842). The objective of this ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. The Company adopted ASU 2016-02 using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch-up adjustment to equity recognized upon adoption, if necessary. Adoption of ASU 2016-02 did not result in changes to the Company’s beginning equity balance. Upon adoption, the Company elected to use risk-free discount rate, an option only available to private entities, when calculating the present value of future lease payments if an interest rate is not explicit in a lease agreement.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Adoption of New Accounting Policy (Continued)

Adoption of this ASU resulted in the Company recording right-of-use (“ROU”) assets of \$3,397,752 and corresponding operating lease liabilities of \$3,953,689 on October 1, 2022 which represents the present value of future lease payments on the Company’s office and warehouse leases further detailed in Note 9 at the date of adoption. The difference in ROU asset and operating lease liability at inception is due to a deferred rent and certain tenant allowances of \$555,937 at October 1, 2022 which has been netted against the ROU asset.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenues for the Company are disaggregated into the following revenue streams:

*Fencing and Rail and Window and Door Installation Revenues*

SFR-NOFL’s fencing and rail contracts and Wallaby-Melbourne’s door and window contracts generally include a single performance obligation for which revenue is recognized over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. These contracts are normally short term (less than one month) and seldom have multiple performance obligations or variable consideration. The contract liability “customer deposits” represents funds received from customers before the contract has commenced. Customers are billed upon contract completion. SFR-NOFL and Wallaby-Melbourne provides a labor warranty following completion of services performed under its contracts. Historically, warranty claims have not resulted in materials costs incurred.

*Franchise Royalties and Advertising Fund Contributions*

The Company collects royalties and advertising fund contributions ranging from 1.5% to 6.5% of a franchisee’s monthly revenues. Royalties and advertising fund contributions are considered variable consideration. GAAP requires variable consideration that is to be recognized over the term of the franchise agreement to be estimated at the inception of the Franchise Agreement. Deferred revenue and a receivable would normally be recognized at the inception of the Franchise Agreement based on this estimate; however, given the nature of the business, the constraints associated with estimating these fees cannot be overcome in order to determine an estimate of the variable consideration that would not be likely to result in a significant reversal. Accordingly, as allowed by GAAP, these fees are recognized in the month in which services are performed for customers.

*Product Sales*

OLB Supply and Koala sell and distribute to its franchisees certain products and provides supporting services required for use in the operation of a franchise. The revenue from the sale of these products and ancillary services performed by the Franchisors is recognized at the point in time the products and services are delivered.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition (Continued)

Residential and Commercial Roofing

Bumble-LA's residential roofing contracts generally include a single performance obligation for which revenue is recognized over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. Residential roofing contracts are normally completed in one to five days. These contracts seldom have multiple performance obligations or variable consideration. The contract liability "customer deposits" represents funds received from customers before the residential roofing contract has commenced. Customers are billed upon contract completion.

Bumble-LA's commercial roofing services are provided through discrete project agreements. The contracts are awarded on a competitively bid and negotiated basis. The Company's contracts generally include a single performance obligation for which revenue is recognized over time, as performance obligations are satisfied, due to the continuous transfer of control to the customer. For cost-plus fee contracts, the Company recognizes revenue when services are performed and contractually billable based upon the hours incurred and agreed-upon hourly rates as well as subcontractor costs and materials cost. Revenue on fixed-price contracts is recognized and invoiced over time using the cost-to-cost percentage-of-completion method.

Franchise Fees

Archadeck, Outdoor Lighting Perspectives, Conserva, SFR, Wallaby, Koala, Bumble, and JJB (the "Franchisors") sell franchises which grant franchisees a right to operate within a designated territory. These franchises are conveyed through a Franchise Agreement. The sale of the franchises is reflected within Franchise Fees in the accompanying consolidated statement of operations. Following execution of the Franchise Agreement, the Franchisors agree to provide certain initial services, including advertising material, manuals, website development, training and on-site assistance. The value of the initial services provided exceeds the standalone value individual services performed by the Franchisors. Included in the accompanying consolidated balance sheet is a contract liability, "deferred revenue on franchise sales," which represents initial services that have not yet been completed for franchisees. Upon completion of these initial services, the franchise fees are recognized as revenue in the accompanying statement of operations. In certain circumstances, the Franchisors finance the sale of Franchise Agreements.

Risks and Uncertainties

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and receivables. The Company maintains cash balances at financial institutions that, at times, are in excess of federally insured limits. Management continually monitors receivable balances and believes that its exposure to receivable credit risk is limited. The Company performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's cash management strategy. If liquidity issues arise in the global credit and capital markets, it is at least reasonably possible that these changes in risks could materially affect the amounts reported in the accompanying consolidated financial statements.

Property and Equipment

Property and equipment are recorded at cost. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets (3-10 years). The cost and accumulated depreciation for property and equipment sold, retired, or otherwise disposed of are relieved from the accounts, and resulting gains and losses are recognized currently. Minor maintenance, repairs, and renewals are expensed as incurred.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Property and Equipment (Continued)

Property and equipment consists of the following at September 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 2,295,625	\$ 799,907	\$ 795,727
Furniture and fixtures	276,558	276,558	276,558
Office equipment	38,506	20,273	20,273
Vehicles and equipment	1,573,129	1,104,812	-
Computer equipment and software	728,489	267,000	-
	<u>4,912,307</u>	<u>2,468,550</u>	<u>1,092,558</u>
Less: accumulated depreciation	<u>(816,052)</u>	<u>(248,676)</u>	<u>(7,728)</u>
	<u>\$ 4,096,255</u>	<u>\$ 2,219,874</u>	<u>\$ 1,084,830</u>

Depreciation and amortization expense was \$567,376 and \$232,969 for the years ending September 30, 2023 and 2022, respectively. Depreciation and amortization expense was \$7,728 for the period from September 10, 2021 to September 30, 2021, and \$131,171 for the predecessor periods from October 1, 2020 through September 9, 2021.

Intangible Assets

The Company's franchise agreements, internally developed software, trademarks, and goodwill were assigned fair values based upon appraisals obtained as part of the recapitalization as further discussed in Note 7 and acquisition further discussed in Note 8. The value associated with the franchise agreements, internally developed software, and trademarks are being amortized on a straight-line basis over 5-15 years.

The Company periodically evaluates whether changes have occurred that would require revision of the remaining estimated useful life of the franchise agreements, trademarks, internally developed software and non-compete agreements as well as whether changes have occurred to determine if all intangible assets are recoverable.

Goodwill is not amortized, but is tested for impairment using a fair value approach. If the fair value of the reporting unit is less than its carrying value, or if the fair value of the goodwill has been diminished, an impairment loss would be recorded to the extent of that difference. The Company tests for impairment as of September 30 annually. Goodwill will be tested for impairment between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying value or diminish the fair value of the goodwill. Management believes there has been no impairment of intangible assets during 2023, 2022, or 2021.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Intangible Assets (Continued)

Intangible assets consists of the following at September 30:

	<u>Estimated Useful Life</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchise agreements	7 years	\$ 55,934,000	\$ 30,710,000	\$ 20,200,000
Internally developed software	5 years	6,350,000	6,350,000	3,650,000
Trademarks	15 years	4,306,342	1,840,000	890,000
		<u>66,590,342</u>	<u>38,900,000</u>	<u>24,740,000</u>
Less: accumulated amortization		<u>(12,903,224)</u>	<u>(5,559,873)</u>	<u>(306,254)</u>
		53,687,118	33,340,127	24,433,746
Goodwill	Indefinite	<u>191,800,971</u>	<u>119,696,673</u>	<u>63,568,031</u>
		<u>\$ 245,488,089</u>	<u>\$ 153,036,800</u>	<u>\$ 88,001,777</u>

Future intangible amortization expense for the years ending September 30 are as follows:

2024	\$ 9,547,414
2025	9,547,414
2026	9,486,581
2027	8,412,414
2028	8,412,295
Thereafter	<u>8,281,000</u>
	<u>\$ 53,687,118</u>

Intangible amortization expense was \$7,343,351 and \$5,253,619 for the years ending September 30, 2023 and 2022, respectively. Intangible amortization expense was \$306,254 for the period from September 10, 2021 to September 30, 2022, and \$17,545 for the predecessor period from October 1, 2020 through September 9, 2021.

Income Taxes

The Company is a disregarded entity for income tax purposes and is included in the consolidated tax filings of BCAT, the Parent Company of Empower. Income taxes are the responsibility of BCAT and not of the Company. As such, the Company shall record a due to or due from and a provision or credit for income taxes representing BCAT's income taxes to be paid based upon projected current and deferred taxes of the Company.

Noncontrolling Interest

As discussed further in Note 8, during 2023, the Company acquired a controlling interest in Canopy Lawn Care. The Company is entitled to 60% of the earnings (losses) of this entity. The remaining earnings (losses) of the entity that are not attributable to the Company are presented separately in the accompanying consolidated financial statements.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes (Continued)

The provision (credit) for income taxes consists of the following for the following periods:

	<u>Successor</u> For the year ending <u>September 30, 2023</u>	<u>Successor</u> For the year ending <u>September 30, 2022</u>	<u>Successor</u> September 10, 2021 to <u>September 30, 2021</u>	<u>Predecessor</u> October 1, 2020 to <u>September 9, 2021</u>
Current:				
Federal	\$ 2,591,896	\$ 762,066	\$ (245,966)	\$ -
State	376,450	207,489	-	-
	<u>2,968,346</u>	<u>969,555</u>	<u>(245,966)</u>	<u>-</u>
Deferred:				
Federal	(353,472)	536,867	213,540	-
State	(432,381)	148,789	59,183	-
	<u>(785,853)</u>	<u>685,656</u>	<u>272,723</u>	<u>-</u>
	<u>\$ 2,182,493</u>	<u>\$ 1,655,211</u>	<u>\$ 26,757</u>	<u>\$ -</u>

The provision (credit) has been recorded in the accompanying consolidated statement of operations as if the Company were the tax-paying entity. The provision for income taxes differs from statutory rates primarily because of certain tax differences arising from non-deductible items and state taxes. The accompanying consolidated balance sheet does not include income tax accounts because the Company is a “disregarded entity” and under tax sharing agreements with BCAT, income tax amounts are due from (to) the BCAT and, accordingly, are immediately satisfied via intercompany.

Under predecessor ownership, the Company elected to be taxed under the provisions of Subchapter S of the Internal Revenue Code. Under these provisions, the Company did not pay federal and state corporate income taxes on its income. Instead, the Company’s income was included in the income of its stockholders for federal and state income tax purposes.

The Company accounts for uncertainty in income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the consolidated financial statements. The Company utilizes a two-step approach for evaluating tax positions. Recognition occurs when the Company concludes that a tax position, based solely on its technical merits, is more likely than not to be sustained upon examination. Measurement is only addressed if recognition has been satisfied. Under measurement, the tax benefit is measured at the largest amount of benefit, determined on a cumulative probability basis that is more likely than not to be realized upon final settlement. The term “more likely than not” is interpreted to mean that the likelihood of occurrence is greater than 50%. The Company recognizes penalties and interest accrued related to unrecognized tax benefits in income tax expense.

The Company files income tax returns in the U.S. federal and various state tax jurisdictions. In the normal course of business, the Company is subject to examination by the federal and state taxing authorities. In general, the Company is subject to tax examinations for the successor period.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Paycheck Protection Program

In April 2020, the Company obtained a Small Business Administration (“SBA”) loan under the Paycheck Protection Program (“PPP”) totaling \$799,784. The PPP loan bore interest at 1.00% and may have required repayment under certain circumstances. Under the terms of Coronavirus Aid, Relief, and Economic Securities Act (the “Cares Act”), the Company applied with its lending institution for PPP loan proceeds used within a specified time period to be forgiven, as the proceeds are used to cover certain payroll and other expenses as defined by the Cares Act. During the predecessor period, the Company utilized all PPP funding on qualifying expenses and accordingly has recorded other income within the consolidated statement of operations for the full amount. In 2022, the Company applied for PPP forgiveness with its SBA lender and was notified in March 2022 that the SBA approved its application and the loan has been forgiven.

**NOTE 3 – ROYALTIES AND ACCOUNTS RECEIVABLE, NET**

Royalties and accounts receivable, net were comprised of the following at September 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Fencing and rail revenues	\$ 2,497,559	\$ 1,533,838	-
Franchise royalties, fees, and advertising fund contributions	3,349,189	3,294,327	1,939,808
Product sales	1,474,348	1,009,436	717,463
Residential and commercial roofing	1,020,460	-	-
Window and door installation	393,787	-	-
	<u>8,735,343</u>	<u>5,837,601</u>	<u>2,657,271</u>
Less: allowance for doubtful accounts	(318,712)	(293,057)	(215,604)
	<u>\$ 8,416,631</u>	<u>\$ 5,544,544</u>	<u>\$ 2,441,667</u>

**NOTE 4 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses were comprised of the following at September 30:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Accounts payable	\$ 3,779,901	\$ 1,915,947	\$ 904,791
Accrued payroll, bonuses, and other personnel related expenses	1,453,037	638,805	207,624
Earnout provisions	2,267,663	-	-
Other	236,739	709,777	680,783
	<u>\$ 7,737,340</u>	<u>\$ 3,264,529</u>	<u>\$ 1,793,198</u>

**NOTE 5 – NOTE PAYABLE**

In conjunction with the equity purchase of Canopy further discussed in Note 8, Canopy entered into a note payable agreement with an entity that owns a minority interest in Canopy, in the principal amount of \$525,000. The unpaid principal balance bears interest at a fixed rate of 10% compounded annually. All unpaid principal and interest is due in full on June 13, 2033, the maturity date. The note can be prepaid at any time before the maturity date with no penalty.



**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 6 – RELATED PARTY TRANSACTIONS AND GUARANTEES**

Following the acquisition of the Company by the Successor, the Company is party to management and consulting agreements with certain members of equity groups holding ownership units of Empower. Additionally, the Company's Board of Directors consists of members of management of certain of the equity groups holding ownership units in Empower. Consulting and board fees for the years ended September 30, 2023 and 2022 approximated \$568,100 and \$548,000, respectively, included within operating expenses on the accompanying consolidated statement of operations. There were no consulting or board fees for the period of September 10, 2021 to September 30, 2021.

The Company periodically lends or borrows unsecured interest-bearing amounts with Empower and affiliate companies under common ownership of Empower. Because there are no specific repayment terms relative to amounts due from Empower and affiliates, management classifies these amounts as long-term.

Loan Guarantees

The Company and various other affiliates owned by Empower have guaranteed approximately \$263,900,000 of credit facilities obtained by Empower. Total outstanding borrowings were approximately \$258,000,000 at September 30, 2023.

**NOTE 7 – RECAPITALIZATION**

As discussed in Notes 1 and 2, on September 9, 2021, the Predecessor owner of the Company sold substantially all of the assets of Outdoor Lighting Perspectives, Archadeck, OLB Supply, OLB Management and Conserva to the Successor owner at a purchase price of approximately \$90,178,000. This purchase was funded through outside financing obtained by Successor owner with a financial institution, cash proceeds and units of ownership interest in BCAT, the parent company of the Successor.

The opening consolidated balance sheet of the Company, effective on September 10, 2021 was as follows:

Cash	\$ 3,580
Royalties and accounts receivable	2,553,533
Prepays	630,030
Property and equipment	1,092,556
Intangibles	88,308,031
Other assets	28,923
Notes receivable	413,566
Total Assets	<u>\$ 93,030,219</u>
Accounts payable and accrued expenses	\$ 1,602,840
Due to affiliated company	787,426
Deferred revenue on franchise sales	461,550
Total Liabilities	<u>2,851,816</u>
Member's Equity	<u>90,178,403</u>
Total Liabilities and Member's Equity	<u>\$ 93,030,219</u>

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 8 – BUSINESS ACQUISITIONS**

Superior Fence & Rail

On December 15, 2021, the Company acquired the assets of Superior Fence & Rail, Inc., Superior Fence & Rail Franchising, LLC, and Superior Fence & Rail of North Florida, Inc. (collectively referred to as “Superior”) for the purpose of adding a fencing service brand to its portfolio.

After net working capital adjustments, the purchase price of Superior was approximately \$69,256,000 which includes a \$5,000,000 earnout provision subject to Superior maintaining certain revenue and employee retention thresholds. The acquisition was funded by capital contributions from Empower consisting of units of ownership interest in Bobcat Holdings valued at approximately \$25,000,000, debt financing of approximately, \$31,000,000 obtained by Empower, and cash.

The Company recorded tangible and intangible assets acquired and liabilities assumed in the acquisition under the purchase method of accounting. The consideration was allocated to assets and liabilities based on their fair values at the acquisition date. The \$5,000,000 earnout provision liability was allocated to Empower and paid by Empower in 2023 based on actual amounts earned.

The allocation of the purchase price was as follows:

Royalties and accounts receivable, net	\$ 1,140,463
Inventory	828,453
Prepaid expenses and other	34,706
Property and equipment, net	641,641
Intangibles, net	70,288,642
Accounts payable and accrued expenses	(546,331)
Customer deposits	(1,086,724)
Due to affiliated companies	(2,044,424)
	<u>\$ 69,256,426</u>

Wallaby Windows and Koala Insulation

On April 13, 2023, the Company acquired the assets of Wallaby, Wallaby-Melbourne, and Koala (collectively referred to as “Wallaby and Koala”) for the purpose of adding window, door, and insulation brands to the existing portfolio.

After net working capital adjustments, the purchase price of Wallaby and Koala was approximately \$93,203,000 which includes a \$233,000 earnout provision subject to Wallaby and Koala maintaining certain system wide revenue thresholds and other metrics. The acquisition was funded by capital contributions from Empower consisting of units of ownership interest in BCAT valued at approximately \$55,000,000, debt financing of approximately, \$24,500,000 obtained by Empower, and cash.

The Company is in the measurement period to determine the fair value of assets and liabilities acquired; assets and liabilities acquired have been measured at their assessed values, however, these values may change about finalization of related accounting.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 8 – BUSINESS ACQUISITIONS (Continued)**

Wallaby and Koala (Continued)

The current assessed value of the opening balance sheet at the acquisition date is as follows:

Cash	\$ 33,145
Royalties and accounts receivable, net	1,401,921
Inventory	1,220,640
Prepaid expenses and other	966,809
Property and equipment, net	631,169
Intangibles	93,505,648
Accounts payable and accrued expenses	(152,960)
Contract liability - deferred revenue on franchise sales	(1,394,476)
Due to affiliates	(3,008,785)
	<u>\$ 93,203,111</u>

Bumble-LA

On May 1, 2023, the Company acquired the assets Bumble-LA for the purpose of adding a roofing contractor brand to the existing portfolio.

After net working capital adjustments, the purchase price of Bumble-LA was approximately \$3,800,000 which includes an earnout provision of approximately \$2,268,000, an estimate based on a percentage of the new formed franchisor's, Bumble, future franchise and royalties revenues. The acquisition was funded by capital contributions from Empower consisting of units of ownership interest in Bobcat Holdings valued at approximately \$200,000 and cash.

The Company is in the measurement period to determine the fair value of assets and liabilities acquired; assets and liabilities acquired have been measured at their assessed values, however, these values may change about finalization of related accounting. The current assessed value of the opening balance sheet at the acquisition date is as follows:

Accounts receivable, net	\$ 799,823
Intangibles	5,622,018
Due from affiliates	170,336
Accounts payable and accrued expenses	(469,356)
Customer deposits	(31,850)
Earnout provision	(2,267,540)
	<u>\$ 3,823,431</u>

Canopy

On June 13, 2023, the Company entered into an equity purchase agreement with Canopy Franchise Corporation ("Canopy") to acquire 60% of Canopy's outstanding equity. In accordance with ASC 810, *Consolidation*, as the Company holds greater than 50% of the voting interest in Canopy, all of Canopy's assets, liabilities, and operations from the date of purchase through September 30, 2023 are reflected in the accompanying consolidated financial statements.

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 8 – BUSINESS ACQUISITIONS (Continued)**

Canopy

The consideration was allocated to assets and liabilities based on their fair values at the acquisition date.

Cash	\$	841
Intangibles		541,634
Accounts payable and accrued expenses		(17,275)
Note payable		(525,000)
	<u>\$</u>	<u>200</u>

JJB

On August 31, 2023, the Company formed JJB Franchisor, LLC (“JJB”) to acquire Junk, Junk, Baby! Franchising, LLC and Junk, Junk, Baby! IP, LLC. JJB’s. No tangible assets were acquired nor liabilities assumed as a result of this acquisition. The full purchase price of \$125,000 was allocated to Goodwill.

**NOTE 9 – LEASES**

The Company leases office and warehouse space under non-cancelable operating leases that mature at various dates through June 2033.

As detailed in Note 1, the Company adopted ASU 2016-02, *Leases*, on October 1, 2022 and has recorded ROU assets and liabilities which represent the present value of future lease payments using the risk free rate of return that corresponds to the lease length.

At September 30, 2023, the Company’s operating lease liabilities were comprised of the following:

Gross operating lease liabilities	\$	4,376,258
Less: present value discount		<u>(593,834)</u>
Present value of operating lease liabilities		3,782,424
Less: current portion of operating lease liabilities		(664,894)
Long-term operating lease liabilities	<u>\$</u>	<u>3,117,530</u>

At September 30, 2023, the weighted average remaining lease term for all financing leases was 6.81 years and the weighted average discount rate was 3.92%.

The schedule below summarizes the future minimum annual lease payments for all leases for the years ending September 30:

2024	\$	804,248
2025		810,438
2026		575,914
2027		305,703
2028		311,818
Thereafter		<u>1,568,137</u>
		4,376,258
Less: present value discount		<u>(593,834)</u>
	<u>\$</u>	<u>3,782,424</u>

**OUTDOOR LIVING BRANDS HOLDCO, LLC**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2023, 2022, AND 2021**

**NOTE 10 – RETIREMENT PLAN**

The Company has a salary deferral plan under Section 401(k) of the Internal Revenue Code. The plan allows eligible employees to defer a portion of their compensation ranging from 1% to 15%. Such deferrals accumulate on a tax-deferred basis until the employee withdraws the funds. The Company, at its option, may match a portion of the employees' contribution. The Company made contributions of \$251,960 and \$190,592 during the years ending September 30, 2023 and 2022, respectively. The Company made contributions of \$5,679 for the period from September 10, 2021 to September 30, 2021 and \$95,641 for the period from October 1, 2020 to September 9, 2021.

**NOTE 11 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through December 28, 2023, the date of this report, which is the date the consolidated financial statements were available to be issued.

**THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.**

## OLB Holdco, LLC

### Balance Sheet

Component	Jan 31 2024
Cash and Cash Equivalents	\$3,902,905
Accounts Receivable, net	\$13,842,294
Notes Receivable, ST	\$ 24,492
Other Current Assets	\$5,090,210
<b>Current Assets</b>	<b>\$22,859,901</b>
Property, Plant, Equipment, Net	\$2,656,698
Intangibles, Net	\$251,204,221
Other Non-Current Assets	\$523,915
<b>Non-Current Assets</b>	<b>\$254,384,833</b>
<b>Total Assets</b>	<b>\$277,244,734</b>
Accounts Payable/Accrued Expenses	\$4,409,870
Deferred Revenue	\$2,928,335
Other Current Liabilities	\$492,418
<b>Current Liabilities</b>	<b>\$7,830,623</b>
Debt	\$-
Debt Issuance Costs	\$-
Other Long Term Liabilities	\$2,204,335
<b>Long Term Liabilities</b>	<b>\$2,204,335</b>
<b>Total Liabilities</b>	<b>\$ 10,034,958</b>
APIC/Retained Earnings	\$ 261,299,029
Net Income	\$5,910,747
<b>Total Shareholder Equity</b>	<b>\$ 267,209,776</b>
<b>Total Liabilities &amp; Equity</b>	<b>\$277,244,734</b>

## OLB Holdco, LLC

### Income Statement

#### Year to Date

Oct. 1, 2023 –  
Jan. 31, 2024

<i>Royalties</i>	\$ 9,327,666
<i>Company Operations Revenue</i>	\$11,777,074
<i>National Accounts Revenue</i>	\$-
<i>Supply Chain Revenue</i>	\$ 2,499,491
<i>Franchise Sales</i>	\$ 3,251,364
<i>Marketing Fund</i>	\$ 1,275,783
<i>Other Revenue</i>	\$ 2,360,327
<i>Discounts &amp; Rebates</i>	\$ (216,464)
<b>Total Revenue</b>	<b>\$30,275,242</b>
<i>Direct Payroll</i>	\$ 2,247,680
<i>Direct Non-Payroll</i>	\$ 6,743,624
<b>Total Direct Cost</b>	<b>\$ 8,991,304</b>
<b>Gross Margin</b>	<b>\$21,283,938</b>
<i>Gross Margin %</i>	70.3%
<b>SG&amp;A Payroll</b>	<b>\$ 4,965,019</b>
<b>SG&amp;A Non-Payroll</b>	<b>\$ 6,993,501</b>
<b>Total SG&amp;A</b>	<b>\$11,958,520</b>
<b>EBITDA</b>	<b>\$ 9,325,418</b>
<i>EBITDA %</i>	30.8%
<b>Amortization &amp; Depreciation</b>	<b>\$ 2,968,130</b>
<b>Operating Income</b>	<b>\$ 6,357,288</b>
<i>Operating Income %</i>	21.0%
<b>Other Income</b>	<b>\$ 11,564</b>
<i>Income Taxes</i>	\$-
<i>Interest Expense</i>	\$ 233
<i>Loan Expense</i>	\$-
<i>Other Expense</i>	\$ 457,872
<b>Other Expense</b>	<b>\$ 458,105</b>
<b>Total Other Income/(Expense)</b>	<b>\$ (446,541)</b>
<b>Net Income</b>	<b>\$ 5,910,747</b>
<i>Net Income %</i>	19.5%




GUARANTEE OF PERFORMANCE

For value received, Outdoor Living Brands HoldCo LLC, a Delaware limited liability company (the "Guarantor"), located at 2426 Old Brick Road, Glen Allen, Virginia 23060, absolutely and unconditionally guarantees to assume the duties and obligations of Canopy Franchise Corporation located at 2426 Old Brick Road, Glen Allen, Virginia 23060 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2024 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at ALPHARETTA, GA, on the 22<sup>ND</sup> day of JANUARY, 2024.

**Guarantor:**

**OUTDOOR LIVING BRANDS HOLDCO LLC**

By:   
Name: Michael Borreca  
Title: Senior Vice President, CFO

(CFC)

**EXHIBIT B**  
**CANOPY FRANCHISE CORPORATION**  
**FRANCHISE AGREEMENT**



**CANOPY FRANCHISE CORPORATION**  
**FRANCHISE AGREEMENT**

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

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

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

Territory Number: \_\_\_\_\_

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### ATTACHMENTS:

- A. Territory
- B. Guaranty and Assumption of Franchisee’s Obligations
- C. Statement of Ownership
- D. Electronic Payment Authorization
- E. Collateral Assignment of Telephone Numbers, Telephone Listings and Internet Addresses
- F. Sample Release Agreement
- G. Successor Addendum
- H. Aggregate Reporting Addendum

## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (“**Agreement**”) is made this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ (“**Effective Date**”), by and between **CANOPY FRANCHISE CORPORATION**, a Delaware corporation, located at 2426 Old Brick Road, Glen Allen, Virginia 23060 (“**Franchisor**”) and \_\_\_\_\_, located at \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

**WHEREAS**, Franchisor and its affiliates have developed a comprehensive system for the operation of a business, which provides environmentally-responsible, subscription-based, tech-enabled lawn care services, including lawn application such as turf fertilization, and weed control and prevention.

**WHEREAS**, Lawn Care Businesses are operated under a unique business system, including valuable know-how, information, Trade Secrets, Confidential Information, methods, Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential electronic and other communications, methods of Internet usage, marketing programs, and research and development (the “System”).

**WHEREAS**, the distinguishing characteristics of the System include the trademark “**CANOPY**” and other trademarks and trade names, confidential operating procedures, confidential Manual, standards and specifications for equipment, services and products, method of Internet usage, methods of service, management and marketing programs and sales techniques and strategies. All of these distinguishing characteristics may be changed, improved, and further developed by Franchisor from time to time. They are Franchisor’s Confidential Information and Trade Secrets and are designated by and identified with the Marks described in this Agreement.

**WHEREAS**, Franchisor is the owner of certain trademarks and service marks associated with or related to the System, and which represent the System’s high standards of quality, service and customer satisfaction.

**WHEREAS**, Franchisee acknowledges the benefits to be derived from being identified with the System, and also recognizes the value of the Marks and the continued uniformity of image to Franchisee, Franchisor, and other franchisees of Franchisor.

**WHEREAS**, Franchisee acknowledges the importance to the System of Franchisor’s high and uniform standards of quality, service and customer satisfaction, and further recognizes the necessity of opening and operating a Lawn Care Business in conformity with the System, whether such Lawn Care Business is located in Franchisee’s home or an outside leased or owned location.

**WHEREAS**, Franchisee recognizes that in order to enhance the value of the System and goodwill associated with it, this Agreement places detailed obligations on Franchisee, including strict adherence to Franchisor’s reasonable present and future requirements regarding the types of products sold, services offered, advertising used, operational techniques, marketing and sales strategies and related matters.

**WHEREAS**, Franchisee is aware of the foregoing and is desirous of obtaining the right and obligation to use the System and in association therewith, the right and obligation to use the Marks, and wishes to be assisted, trained, and franchised to operate a Lawn Care Business pursuant to the provisions and within the Territory specified in this Agreement, subject to the terms and conditions contained in this Agreement.

The parties therefore agree as follows:

## DEFINITIONS

For the purposes of this Agreement, the following are hereby defined:

(a) **“Agreement”** - means this agreement, attachments, addenda and all instruments in amendment hereof.

(b) **“Affiliate”** - means any person or entity that controls, is controlled by, or is in common control with, Franchisor.

(c) **“Business”** or **“Lawn Care Business”** - means the business operations conducted or to be conducted by Franchisee consisting of a business which provides lawn care services, including lawn application such as turf fertilization, and weed control and prevention, and related products and services prescribed by Franchisor.

(d) **“Confidential Information”** - means all knowledge, know-how, standards, formulas, methods and procedures related to the establishment and operation of the Business and use of the System, and includes all records pertaining to customers, suppliers, and other service providers of, and/or related in any way to, the Business including, without limitation, all databases (whether in print, electronic or other form), all names, addresses, phone numbers, e-mail addresses, customer purchase records, mail lists, manuals, promotional and marketing materials, marketing strategies and any other data and information which Franchisor or its Affiliates designates as confidential, including without limitation all information contained in Franchisor’s Manual, which may be provided as one or more separate manuals, written instructional guides, CD Rom, electronic formats, via the Franchisor’s intranet system, or other communications from Franchisor or its affiliates, which Franchisor has the right to periodically change or supplement.

(e) **“Franchise”** - shall mean the business operations conducted or to be conducted using Franchisor’s System and in association with the Marks.

(f) **“Gross Revenues”** - means amounts derived from all products or services sold from or through your Lawn Care Business (across all Territories), including any sale of products or services made for cash or credit, or partly for cash and partly for credit. “Gross Revenues” also includes the fair market value of any services or products received by you in barter or in exchange for services and products. Gross Revenues are deemed received by the franchisee at the time the services or products are delivered or at the time the sale takes place, whatever occurs first, regardless if final payment has actually been received by the franchisee. There is no rollover credit for weeks in which the royalty amount exceeds the minimum. Gross Revenues do not include:

(i) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by you to the appropriate governmental authority; and

(ii) all customer refunds, valid discounts and coupons, and credits made by the Fencing Business (exclusions will not include any reductions for credit card user fees, financing program fees, returned checks or reserves for bad credit or doubtful accounts).

(g) **“Manual”** – has the meaning described in Section 7.3(d) below.

(h) **“Marks”** - means the trademark **“CANOPY”** together with such other trade names, trademarks, taglines, symbols, logos, distinctive names, service marks, certification marks, logo designs, insignia or otherwise which Franchisor owns or licenses and which Franchisor may designate from time to time as part of the System for use by Franchisees, and not thereafter withdrawn.

(i) **“National Accounts”** – means those customers or accounts Franchisor designates, in its sole and absolute discretion, as desiring central billing accounts, or that have at least twenty (20) locations, and such locations are located in more than one franchised or company-owned territory or market.

(j) **“Products”** - means all supplies, materials and equipment sold, prepared or otherwise dealt with in connection with the Business and associated with the Marks.

(k) **“Services”** - means all services offered or provided in connection with the Lawn Care Business including weed control and fertilization, lawn aeration, lawn seeding, top dressing, fungal protection, tree and shrub care, and related lawn care services associated with the Marks.

(l) **“Trade Secret(s)”** – means information, including a formula, pattern, compilation, program, device, method, technique or process related to the System that both derives independent economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by other persons who can obtain economic value from its disclosure or use and is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(m) **“Vehicles”** – means the vehicles that Franchisee uses for its Business that meets Franchisor’s then-current standards and specifications and that are upfitted with Franchisor’s required equipment and wrap.

## **1. COVENANTS, REPRESENTATIONS, AND WARRANTIES OF FRANCHISEE**

Franchisee covenants, represents and warrants as follows and acknowledges that Franchisor is relying upon such covenants, representations and warranties in making its decision to enter into this Agreement.

1.1 Franchisee acknowledges that it has received, has had ample time to read, and has read this Agreement and the corresponding Franchise Disclosure Document, and all related agreements with Franchisor. Franchisee acknowledges that Franchisor has advised him to obtain independent legal and accounting advice with respect to this Agreement and the transactions arising out of this Agreement. Franchisee further acknowledges that it has had an adequate opportunity to be advised by legal, accounting and other professional advisors of its own choosing regarding all pertinent aspects of the Business, Franchisor and this Agreement.

1.2 Franchisee has, or has made firm arrangements to acquire funds to commence, open and operate the Business and it is financially and otherwise able to accept the risks attendant upon entering into this Agreement.

1.3 All statements made by Franchisee in writing in connection with its application for this Franchise were, to the best of its knowledge, true when made and continue to be true as of the date of this Agreement.

1.4 There are no material financial obligations of Franchisee whether actual or contingent which are outstanding as of the date of this Agreement other than those disclosed to Franchisor by Franchisee in writing.

1.5 Franchisee is not a party to or subject to any court or administrative order or action of any governmental authority which would limit or interfere in any way with the performance by Franchisee of its obligation hereunder.

1.6 Franchisee is not a party to any litigation or legal proceedings other than those which have been disclosed to Franchisor by Franchisee in writing.

1.7 Franchisee represents that it is not a party to or subject to agreements that might conflict with the terms of this Agreement and agrees not to enter into any conflicting agreements during the Initial Term or any Interim Period.

1.8 Franchisee agrees and acknowledges that it has not been induced to enter into this Agreement in reliance upon, nor as a result of, any statements, representations, warranties, conditions, covenants, promises or inducements, whatsoever, whether oral or written, and whether directly related to the contents hereof or collateral thereto, made by Franchisor, its officers, directors, agents, employees or contractors except as provided herein. Franchisee acknowledges that the Franchise has been granted in reliance upon the information supplied to Franchisor in Franchisee's application for a Franchise.

1.9 Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent, and warrant that none of their property or interests is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws.

(a) Franchisee and its owners certify that none of them, their respective employees, or anyone associated with Franchisee is listed in the Annex to Executive Order 13224 (which can be accessed at <http://www.treasury.gov/offices/enforcement/ofac/legal/eo/13224.pdf>). Franchisee agrees not to hire (or, if already employed, retain the employment of) any individual who is listed in the Annex.

(b) Franchisee certifies that it has no knowledge or information that, if generally known, would result in Franchisee, its owners, their employees, or anyone associated with Franchisee to be listed in the Annex to Executive Order 13224.

(c) Franchisee is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that its indemnification responsibilities set forth in this Agreement pertain to its obligations under this Section 1.9.

(d) Any misrepresentation under this Section or any violation of the Anti-Terrorism Laws by Franchisee, its owners, agents, its employees shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered with Franchisor or any of Franchisor's affiliates.

(e) "**Anti-Terrorism Laws**" means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of



Treasury Office of Foreign Assets Control and any government agency outside the U.S.) addressing or in any way relating to terrorist acts and/or acts of war.

## 2. GRANT OF LICENSE

2.1 Subject to all the terms and conditions of this Agreement, Franchisor hereby grants to Franchisee, and Franchisee accepts, for the Initial Term of this Agreement the right, obligation and license (“**License**”) to:

(a) Operate a Business upon the terms and conditions of this Agreement in the territory described in **Attachment A (“Territory”)**;

(b) Use the Marks and the System; and

(c) Offer and market only Franchisor’s approved Services and Products, unless Franchisor approves in writing (such approval to be in Franchisor’s sole and absolute discretion) Franchisee’s request to offer and market complementary and non-competing services or products.

2.2 The License does not include the right to sell any products to any vendor who would in turn sell to consumers.

2.3 Franchisee recognizes that variations and additions to the System may be required from time to time in order to preserve and/or enhance the System. Therefore, Franchisor expressly reserves the right to add to, subtract from, revise, modify or change from time to time the System or any part thereof, and Franchisee agrees to promptly accept and comply with any such addition, subtraction, revision, modification or change and to make such reasonable expenditures as may be necessary to comply pursuant to Section 8.

2.4 Franchisee recognizes that the rights that are granted to Franchisee are for the specific Territory, defined in Section 4.1 and no other, and cannot be transferred to an alternate Territory, without the prior written approval of Franchisor, which approval may be granted or withheld in Franchisor’s sole discretion.

## 3. TERM OF THE AGREEMENT AND LICENSE

3.1 This Agreement and the License granted shall continue for a period of ten years (“**Initial Term**”). This Initial Term shall begin on the date this Agreement is executed by Franchisor, subject, however, to termination in accordance with the provisions of this Agreement. When the Initial Term expires Franchisee shall have the option to extend its rights to operate the Lawn Care Business for two additional terms for a period of five years each (“**Successor Term**”), provided Franchisor determines in its sole and absolute discretion that Franchisee has met all of the following requirements:

(a) Franchisee has not failed to remedy any breach of this Agreement specified by Franchisor in a written notice to Franchisee as per Sections 17.1 or 17.2;

(b) Franchisee has not committed and received notice of three or more breaches of this Agreement in the 12 months prior to the end of the current Initial Term, even if such breaches were timely remedied;

(c) Franchisee has given Franchisor a written notice of intent to extend its rights to operate the Lawn Care Business no less than two months or more than six months prior to expiration of the Initial Term;

(d) Franchisee is current in its payment obligations to Franchisor, Franchisor's Affiliates, and Franchisee's trade creditors;

(e) Franchisee has met Franchisor's then-current qualifications for new or renewing Canopy® franchisees;

(f) Franchisee executes a successor franchise agreement ("**Successor Franchise Agreement**") and all other agreements in the form then being used by Franchisor in granting new franchises, which may contain materially different terms and conditions than this Agreement, provided that Franchisee will pay Franchisor the Successor Franchise Fee (defined below) instead of the Initial Franchise Fee and the Successor Term will be no less than five years, as described above.

(g) Franchisee pays Franchisor the successor franchise fee equal to the greater of \$10,000 or 20% of the then existing Initial Franchise Fee as described in the Franchisor's then existing Franchise Agreement ("**Successor Franchise Fee**"), which is due and payable to Franchisor at the time of signing the Successor Franchise Agreement;

(h) Franchisee executes a general release of all claims Franchisee may have against Franchisor, its officers, directors, members, shareholders, agents, Affiliates, and employees, whether in their corporate and/or individual capacities. This release shall include all claims arising under any federal, state, or local law, rule, or ordinance arising out of or concerning this Agreement (to the fullest extent permitted by law) and shall be in a form satisfactory to Franchisor;

(i) Franchisee has upgraded the computer system and Vehicles used in operations of the Business to Franchisor's then-current standards;

(j) Franchisee has provided Franchisor with proof of current licenses, insurance and any necessary permits; and

(k) Franchisee has met any other conditions that Franchisor reasonably requires.

3.2 Franchisor reserves the right, but not the obligation, in Franchisor's sole discretion, to modify Franchisee's Territory at the time Franchisee executes a Successor Franchise Agreement to conform the size of Franchisee's Territory to Franchisor's then-current standards for protected territorial areas that are being granted to new Canopy® franchisees, for example, if there has been an increase or decrease in the population or number of qualified dwelling units within Franchisee's original Territory, or if Franchisor uses different standards or calculations in determining the size of protected territories that are granted to new Canopy® franchisees. If at the time Franchisee intends to execute a Successor Franchise Agreement the size of Franchisee's original Territory encompasses more than one protected territory based upon Franchisor's then-current standards for determining protected territories for new Canopy® franchisees, then Franchisor may require Franchisee to execute multiple Successor Franchise Agreements if Franchisee wishes to continue operating within the entire original Territory.

3.3 Franchisee's failure to give timely notice of Franchisee's intention to extend its rights to operate the Lawn Care Business, as described in Section 3.1(d) shall be deemed an election not to extend Franchisee's rights to operate the Lawn Care Business. IN FRANCHISOR'S SOLE DETERMINATION,

FRANCHISEE MAY BE DEEMED TO HAVE IRREVOCABLY DECLINED TO EXTEND FRANCHISEE'S RIGHTS TO OPERATE THE LAWN CARE BUSINESS (AND ITS OPTION SHALL THEREUPON TERMINATE) IF IT FAILS TO EXECUTE AND RETURN TO FRANCHISOR THE SUCCESSOR FRANCHISE AGREEMENT AND OTHER DOCUMENTS REQUIRED BY FRANCHISOR WITHIN 30 DAYS AFTER THEIR DELIVERY TO FRANCHISEE, OR FAILS TO COMPLY IN ANY OTHER WAY WITH THE PROVISIONS OF THIS SECTION 3.

3.4 If Franchisee does not sign a Successor Franchise Agreement prior to the expiration of this Agreement and continues to accept the benefits of this Agreement after the expiration of this Agreement, then at the option of Franchisor, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a license or franchise to do so and in violation of Franchisor's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all obligations of Franchisee shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

#### **4. TERRITORY**

4.1 During the Initial Term and any Interim Period and for so long as Franchisee is in compliance with all of its obligations hereunder, except as otherwise provided in this Agreement, including Franchisor's reservation of rights as set forth in Sections 4.2, 4.4 and 4.7, neither Franchisor nor any Affiliate will establish or license another person or entity to establish a Lawn Care Business using the Marks licensed to Franchisee within the Territory encompassed by the boundaries and with the population base set forth in **Attachment A**, attached hereto and incorporated herein by reference. Except as otherwise specifically provided in this Agreement, this Agreement does not restrict Franchisor or its Affiliates and does not grant rights to Franchisee to pursue any of Franchisor's or its Affiliates other business concepts other than the Lawn Care Business.

4.2 Franchisee acknowledges that the Franchise granted hereunder is non-exclusive and that Franchisor and its Affiliates retain the exclusive right, among others:

- (a) to use, and to license others to use, the Marks and System for the operation of Lawn Care Businesses at any location other than in the Territory, regardless of proximity to the Territory;
- (b) to use, license or franchise the use of trademarks or service marks other than the Marks, whether in alternative channels of distribution or at any location including the Territory, in association with operations that are the same as, similar to or different than a Lawn Care Business;
- (c) to use the Marks and the System in connection with the provision of other services and products or in alternative channels of distribution such as those described in 4.2(d), at any location including the Territory;
- (d) to offer the Services or Products, or grant others the right to offer the Services or Products, whether using the Marks or other trademarks or service marks, through alternative channels of distribution, including without limitation, wholesalers, retail outlets or other distribution outlets (other than Lawn Care Businesses), or by Internet commerce (e-commerce), mail order or otherwise, whether inside or outside the Territory;

(e) to use any websites utilizing a domain name incorporating one or more of the words “**Canopy Lawn Care**” or similar derivatives thereof. Franchisor retains the sole right to market on the Internet and use the Marks on the Internet, including all use of websites, domain names, URL’s, directory addresses, metatags, linking, advertising, and co-branding and other arrangements. Franchisee may not independently market on the Internet, or use any domain name, address, locator, link, metatag, or search technique, with words or symbols similar to the Marks or otherwise establish any presence on the Internet without Franchisor’s prior written approval. Franchisor intends that any Franchisee website be accessed only through Franchisor’s home page. Franchisee will provide Franchisor with content for Franchisor’s Internet marketing, and will sign Internet and intranet usage agreements, if any. Franchisor retains the right to approve any linking or other use of its website;

(f) to acquire businesses that are the same as or similar to the Lawn Care Business and operate such businesses regardless of where such businesses are located, including inside the Territory and to be acquired by any third party which operates businesses that are the same as or similar to the Lawn Care Business regardless of where such businesses are located, including inside the Territory; and

(g) to directly or indirectly provide services to National Accounts located inside or outside the Territory as further described in Section 4.7.

4.3 Franchisee may be granted, at Franchisor’s sole discretion, express permission to sell or service customers in an unsold territory adjacent to Franchisee’s Territory (“**Adjacent Territory**”); provided that Franchisee agrees that when the Adjacent Territory is granted to another franchisee by Franchisor, Franchisee will, upon receipt of written notice from Franchisor, cease all its sales and service efforts within the Adjacent Territory and, within 10 days of such notice: (a) return to Franchisor all lists of customers and prospects within the Adjacent Territory; (b) assign all customer contracts within the Adjacent Territory to Franchisor or its designee; and (c) pay to Franchisor any amounts (or a pro rata portion of any amounts) paid by customers within the Adjacent Territory for Services Franchisee has not yet performed. For example, if a customer pre-paid for services and Franchisee had performed half of the services, Franchisee must pay to Franchisor 50% of the amount the customer paid Franchisee. Franchisee shall report Gross Revenues from sales in an Adjacent Territory on a separate reporting form.

4.4 If Franchisor determines that Franchisee is unable or unwilling to handle a particular job, Franchisor reserves the right to assign that job to another Canopy® franchisee, complete the job itself or hire a third-party specialist to assist with the job without making any payment to Franchisee.

4.5 Once the Territory has been established, it will not be changed during the term of this Agreement regardless of any increase or decrease of the single family dwelling units in the Territory. However, Franchisor may modify the Territory at the time Franchisee executes a Successor Franchise Agreement to conform the size of the Territory to Franchisor’s then-current standards for protected territories that are being granted to new franchisees, or if Franchisor uses different standards or calculations in determining the size of protected territories

4.6 In addition to the reserved rights outlined in Section 4.2 above, Franchisor and its Affiliates have the right to sell and enter into agreements with National Accounts, both inside and outside the Territory. Franchisee must participate in any national accounts program (the “National Accounts Program”) Franchisor designates, and comply with the terms of the National Accounts Program as described in the Manual or as Franchisor otherwise describes in writing. Franchisee understands that Franchisor will establish the rules under which Franchisee will participate, and be compensated for participation, in the National Accounts Program and that Franchisor may terminate, modify or replace the

National Accounts Program at any time. Franchisee must pay Franchisor any then-current fees associated with the National Accounts Program. If a National Account contacts Franchisee directly, Franchisee must refer the National Account to Franchisor or its designee. Franchisor will negotiate all contracts with National Accounts and Franchisee will not have any right to negotiate any contract or provide services to the National Account without Franchisor’s express written consent.

**5. FEES**

5.1 Franchisee shall pay the sum described on Attachment A plus, if due and payable, all applicable federal, state or municipal taxes, as a non-recurring initial franchise fee (“Initial Franchise Fee”) to Franchisor upon the execution of this Agreement. The Initial Franchise Fee shall be paid by means of cashier’s check, money order or wire transfer. The Initial Franchise Fee shall be deemed to have been fully earned by Franchisor when paid. The Initial Franchise Fee is non-refundable once paid except as provided for in Section 5.2.

5.2 The Initial Franchise Fee will be non-refundable unless Franchisor terminates the Agreement because Franchisee failed, after diligent pursuit using all commercially reasonable efforts as determined in Franchisor’s sole discretion, to obtain the applicable permits and licenses required by the state and local government applicable to its Territory within 6 months. Franchisor shall notify Franchisee in writing that it is exercising its right to terminate the Agreement pursuant to this Section 5.2, in which case 50% of the Initial Franchise Fee shall be refunded to Franchisee within 30 days of Franchisor’s notice of termination to Franchisee.

5.3 Franchisee shall pay Franchisor continuing royalty fees (“Royalty Fees”) at such time, for such periods, and in such manner as specified herein, or as otherwise specified in writing by Franchisor. Royalty Fees shall be paid monthly in an amount equal to the greater of the required minimum royalty (“Minimum Royalty”) as set forth below, or 8% of Gross Revenues. The Minimum Royalties per Territory per month are as follows:

<b>Months After Opening</b>	<b>Minimum Royalty Per Territory</b>
7-12	\$500
13-24	\$875
25-36	\$1,250
37-48	\$1,625
49-60	\$2,500
61+	\$3,375

5.4 The Royalty Fees shall be payable to Franchisor on or before the 5th day of each month and shall be payable through the entire Initial Term of this Agreement and any Interim Period. If Franchisee signs a Successor Franchise Agreement, Franchisee will be required to pay the Royalty Fees set forth therein. Franchisor has the right to vary the Royalty Fees and how it is determined in any Successor Franchise Agreement Franchisee may sign. Franchisee shall pay the Royalty Fees monthly or in such other frequency as Franchisor may in its sole discretion require upon written notice to Franchisee by Franchisor. Franchisee shall not subordinate to any other obligation its obligation to pay the Royalty Fees or any other fee or charge hereunder. Each Royalty Fees payment will be accompanied by a report as set forth in Section 5.4(a).

(a) Each Royalty Fees payment shall be, without exception, accompanied by a statement of the previous month’s Gross Revenues on a form approved and provided to Franchisee

by Franchisor. Each failure to include a fully completed statement of the previous month's Gross Revenues with the Royalty Fees payable to Franchisor when due shall constitute a material breach of this Agreement.

(b) Franchisor reserves the right to require Franchisee to remit fees and other amounts due to Franchisor hereunder via electronic funds transfer ("EFT") or other similar means utilizing a Franchisor approved computer system or otherwise. The EFT Authorization is attached to the Franchise Agreement as Attachment D. If Franchisor notifies Franchisee to use such payment method, Franchisee agrees to comply with procedures specified by Franchisor and/or perform such acts and deliver and execute such documents, including authorization for direct debits from Franchisee's business bank operating account, as may be necessary to assist in or accomplish payment by such method. Under this procedure Franchisee shall authorize Franchisor to initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of fees and other amounts payable to Franchisor and any interest charged due thereon. Franchisee shall make funds available to Franchisor for withdrawal by electronic transfer no later than the due date for payment therefor. If there are insufficient funds in Franchisee's account to collect amounts due by a transfer of funds on the due date, or if a withdrawal is otherwise rejected for any reason, Franchisee must pay Franchisor \$50 per violation plus any fees and expenses Franchisor incurs, as well as Franchisor's then-current service charge to compensate Franchisor for its increased administrative and management costs in connection with such failed withdrawal.

If Franchisee has not timely reported the Gross Revenues to Franchisor for any reporting period, then Franchisor shall be authorized, at Franchisor's option, to debit Franchisee's account in an amount equal to the Royalty Fees and the Brand Fund Contribution.

5.5 Franchisee must pay Franchisor a technology fee equal to 2% of Gross Revenues per month, based upon the Gross Revenues for the immediately preceding calendar month (the "Technology Fee"), which provides Franchisee with access to certain proprietary and other technology systems, which systems Franchisor may modify from time to time, and for which Franchisor may use for other technology-related reasons in its sole discretion. The Technology Fee is paid at the same time and in the same manner as the Royalty Fee.

## **6. ACCOUNTING, RECORDS, AUDITS AND LATE PAYMENT CHARGES**

6.1 Franchisee shall keep such complete records of its Business as a prudent and careful businessperson would normally keep. Franchisee must use the accounting system and all forms Franchisor requires, if any. Franchisee shall keep its financial books and records as Franchisor may from time to time direct in the Manual or otherwise, including retention of all invoices, order forms, payroll records, cash register tapes, check records, bank deposit receipts, sales tax records, refunds, cash disbursements, journals and general ledgers. Franchisee shall advise Franchisor of the location of all original documents and shall not destroy any records without the written consent of Franchisor.

6.2 Franchisee shall prepare on a current basis, complete and accurate records concerning all financial, marketing and other operating aspects of the Business conducted under this Agreement. Franchisee shall maintain an accounting system which accurately reflects all operational aspects of the Business including uniform reports as may be required by Franchisor. Franchisee's records shall include tax returns, daily reports, statements of Gross Revenues, profit and loss statements, sales tax information and balance sheets. Franchisee is required to exclusively use the bookkeeping services that Franchisor designates, which may be provided by Franchisor or its affiliates. If provided by Franchisor or its affiliates, Franchisee would be required to pay the then-current bookkeeping services fee ("Bookkeeping Services Fee"), which would be paid at the same time and in the same manner as the Royalty Fees. As of the date of

this Agreement, the Bookkeeping Services Fee is \$350 per month, but Franchisor may increase it at any time upon notice to Franchisee to be up to \$500 per month. The Bookkeeping Services Fee covers up to 5 hours of bookkeeping assistance per month; however, if Franchisee requires more than 5 hours of bookkeeping assistance per month, then Franchisor will charge Franchisee \$55 per hour for additional assistance, which Franchisor may increase at any time upon notice to Franchisee to be up to \$100 per hour of additional assistance. However, if Franchisee currently operates a similarly situated franchised business that uses a bookkeeping service, Franchisee may provide Franchisor with a written request to continue using such bookkeeping service. Franchisee may be granted, in Franchisor's sole discretion, express permission to use Franchisee's current bookkeeping service for its Business.

6.3 Franchisee shall furnish to Franchisor such reports as Franchisor may require from time to time. Franchisee grants Franchisor the right to disclose all financial data submitted to Franchisor. Without limiting the generality of the foregoing, Franchisee shall furnish to Franchisor in the form Franchisor requires periodically (which will include a chart of accounts prescribed by Franchisor) and together with such detail and breakdown and copies of supporting records as Franchisor may from time to time require:

(a) within ten (10) days after the end of each month, beginning with January 1st, a balance sheet and profit and loss statement for the Business for the preceding month;

(b) within thirty (30) days after the end of each fiscal year of the Business, financial statements for the Business, including a balance sheet, profit and loss statement, a change in cash position statement and a statement of retained earnings for such period; and

(c) within thirty (30) days of April 15th of each year, a true copy of all tax returns, schedules and reports filed by Franchisee for income, corporate, sales tax, employer health tax, or workers compensation purposes.

6.4 Franchisee shall also submit to Franchisor a copy of its financial statements and other reports as Franchisor may reasonably request to evaluate or compile research and performance data on any operational aspect of the Business. Franchisee shall submit proof of its Individual Advertising Investment (as defined in Section 11.1), in the format required by Franchisor, on a monthly basis.

6.5 Franchisee shall keep the books and records of the Business separate from the records of any unrelated business activity or personal activity.

6.6 From the date Franchisee and Franchisor sign this Agreement until 3 years after the end of the Initial Term of this Agreement including any Interim Period, Franchisor or Franchisor's authorized agent shall have the right to request, receive, inspect and audit any of the records referred to above wherever they may be located. Franchisor agrees to do inspections and audits at reasonable times. Franchisee agrees to keep all records and reports for 6 years from the date such records are created. Should any inspection or audit disclose a deficiency in the payment of any Royalty Fees, Brand Fund Contribution (as defined in Section 11.4) or other amounts required to be paid under this Agreement, Franchisee shall immediately pay the deficiency to Franchisor, without prejudice to any other remedy of Franchisor under this Agreement. In addition, if the deficiency for any audit period discloses a deficiency in the amount of any Royalty Fees, Brand Fund Contribution or other amounts due by 2% or more, Franchisee will also immediately pay to Franchisor the entire cost of the inspection or audit including travel, lodging, meals, salaries and other expenses of the inspecting or auditing personnel. For the purposes of this Section 6.6, an audit period will be each fiscal year. Should the audit disclose an overpayment of any Royalty Fees, Brand Fund Contribution, or other amounts due, Franchisor shall credit the amount of the overpayment to Franchisee's payments of Royalty Fees, and Brand Fund Contribution next falling due.

6.7 To encourage prompt payment and to cover the costs and expenses involved in handling and processing late payments Franchisee shall also pay, upon demand, a late interest charge equal to the lesser of (i) 18% per month; or (ii) the highest legal rate permitted by applicable law, whichever is lower, on all payments due to Franchisor during the period of time said payments are due and unpaid. Each failure to pay Royalty Fees, Brand Fund Contribution, and other amounts payable to Franchisor when due shall constitute a material breach of this Agreement. Franchisee acknowledges that this Section 6.7 shall not constitute Franchisor's agreement to accept such payments after same are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Lawn Care Business. Further, Franchisee acknowledges that failure to pay all such amounts when due shall, notwithstanding the provisions of this Section 6.7, constitute grounds for termination of this Agreement, as provided in this Agreement.

6.8 Any report of Franchisor's auditor rendered from time to time pursuant to this Section 6, shall be final and binding upon all of the parties hereto.

6.9 Franchisee hereby authorizes Franchisor to make reasonable inquiries of Franchisee's bank, suppliers and trade creditors concerning the Business and hereby directs such persons and companies to provide to Franchisor such information and copies of documents pertaining to the Business as Franchisor may request.

6.10 Franchisee acknowledges and agrees that Franchisor owns all business records and databases, whether in print, electronic or other form, related to the Business ("**Business Records**") that include, without limitation, Customer Data (as defined below). Franchisee further acknowledges and agrees that, at all times during the term of this Agreement, Franchisor has the right to access and use the Business Records as Franchisor determines to be in the best interest of Franchisor or the System. "**Customer Data**" means lists of all former, current or prospective customers and referral sources as well as all other data, information and materials Franchisor or Franchisee collects or receive from, or which relate to, these individuals, including, without limitation, their names, addresses, telephone numbers, e-mail addresses and customer purchase records created and/or maintained by Franchisee. Franchisee may not use the Business Records for any purpose whatsoever other than in the normal conduct of the Business, and may not sell, loan or give the Business Records to anyone without Franchisor's prior written permission. Upon termination or expiration of this Agreement, Franchisee must promptly deliver to Franchisor all Business Records in Franchisee's possession, including, without limitation, all Customer Data, without retaining any copies of the Business Records, including, without limitation, any hard or electronic copies. Franchisee must maintain all Customer Data (and/or Business Records) consistent with any applicable federal, state, or local privacy laws.

6.11 If Franchisee remits the Royalty Fees or any other sums due to Franchisor under this Agreement with a check returned for non-sufficient funds more than one time in any calendar year, in addition to all other remedies which may be available, Franchisor shall have the right to require that Royalty Fees and any other sums due to Franchisor under this Agreement be made by certified or cashier's checks. If Franchisee fails to remit the Royalty Fees or any other sums due to Franchisor under this Agreement by the due date 2 times during the Initial Term or any Interim Period, in addition to all other remedies which may be available, Franchisor reserves the right to require, in its sole discretion, that Franchisee remit the Royalty Fees or any other sums due to Franchisor under this Agreement weekly.

6.12 If Franchisee fails to report or record a sale using the designated systems, then in addition to all other remedies which may be available to Franchisor, Franchisee must pay Franchisor a unreported or unrecorded sale fine equal to 2% of the unrecorded or unreported sale if Franchisee reports the unrecorded or unreported sale within 30 days of billing the customer (plus the regular Royalty Fee due on



the sale), and/or 100% of the unrecorded or unreported sale if Franchisee does not report the unrecorded or unreported sale within 30 days of billing the customer, plus any audit expenses.

6.13 Franchisee agrees that, during the Initial Term, any Interim Period, and for 3 years after the expiration and termination of this Agreement, Franchisee shall provide Franchisor with Franchisee's home (or business location, if other than Franchisee's home) address and telephone number.

## 7. GUIDANCE, COACHING AND ASSISTANCE

7.1 The Initial Franchise Fee and Royalty Fees are paid for the License, which includes the use of the Marks, the System and the use of Franchisor's Trade Secrets and Confidential Information provided pursuant to this Agreement and for certain services rendered by Franchisor.

7.2 Franchisor shall offer Franchisee initial and continuing guidance, coaching and assistance, as Franchisor deems necessary or advisable in furthering Franchisee's Business and the business of the System as a whole and in connection with protecting the Marks and goodwill of Franchisor. Failure by Franchisor to provide any particular guidance, coaching or assistance, either initial or continuing, shall not excuse Franchisee from any of its obligations under this Agreement.

7.3 Currently, initial guidance, coaching and assistance provided by Franchisor prior to Franchisee opening the Business shall include:

(a) Reviewing information that Franchisee provides to Franchisor relating to the proposed site of a flexible warehouse if Franchisee operates its Lawn Care Business from a location other than a home office. Franchisee must obtain Franchisor's prior approval before leasing or operating out of a warehouse.

(b) Designating Franchisee's Territory as stipulated in Section 4 and **Attachment A**.

(c) Furnishing Franchisee with specifications for all initial and replacement equipment, tools, Vehicles, inventory and supplies required for the operation of Franchisee's Business as stipulated in Section 9.

(d) Within 90 days of the mutual execution of this Agreement, providing Franchisee, or if Franchisee is an entity, a person designated to manage the Business ("**Designated Business Manager**") with an initial training program. The initial training program shall be in Richmond Virginia, Raleigh, North Carolina, or another location designated by Franchisor. Training may include a discussion of the System, techniques, procedures, basic agronomics and methods of operation, advertising, sales techniques, promotional ideas, marketing plans, customer relations, information technology systems, instructions on quality standards, administrative practices and procedures, safety practices, accounting practices, and practical experience in the operation of a Lawn Care Business.

(e) Loaning Franchisee during the Initial Term (including any Interim Period) one copy of or providing electronic (Internet) access to Franchisor's confidential operating manual ("**Manual**") containing mandatory and suggested specifications, standards, operating procedures and rules prescribed from time to time by Franchisor as further stipulated in this Section 7, and containing information relative to other obligations of Franchisee hereunder. Any required specifications, standards and operating procedures exist to protect Franchisor's interests in the System and the Marks and to create a uniform customer experience, and not for the purpose of establishing any control or duty to take control over those day-to-day operational matters that are

reserved to Franchisee. Franchisee shall operate the Business strictly in accordance with the required specifications and standards identified in the Manual. Failure to comply with the required standards set forth in the Manual shall constitute a material breach of this Agreement. Franchisor reserves the right to provide the Manual and updates to the Manual in electronic form or other form determined by Franchisor. Franchisor shall have the right to modify the Manual from time to time to reflect changes in authorized Products and Services, business image or the operation of the Business. Some of the revisions to the Manual may include changes with respect to: (i) sales and marketing strategies; (ii) equipment and supplies; (iii) accounting and reporting systems and forms; (iv) insurance requirements; (v) operating procedures; (vi) required technology; (vii) Services; and (viii) Products.

- (i) Franchisee covenants to accept, implement and adopt any such modifications at its own cost, except as provided in Section 8.5 of this Agreement. Franchisee shall keep its Manual with replacement pages and insertions as instructed by Franchisor.
- (ii) Franchisee hereby acknowledges that the Manual is loaned to Franchisee and shall at all times remain the sole and exclusive property of Franchisor, and upon termination of this Agreement for any reason whatsoever, Franchisee shall forthwith return the Manual together with all copies of any portion of the Manual which Franchisee may have made, to Franchisor.

(f) At Franchisor's sole discretion, Franchisor may provide pre-opening and ongoing assistance during the first season of operations of Franchisee's Business.

7.4 Currently, the guidance, coaching and assistance provided by Franchisor to Franchisee after Franchisee opens the Business shall include:

(a) Make a representative reasonably available to speak with Franchisee on the telephone during normal business hours, as Franchisor determines is necessary, to discuss Franchisee's operational issues and support needs.

(b) Holding periodic conference calls, meetings or conferences to discuss sales techniques, new Product or Service developments, field operations, bookkeeping, training, accounting, inventory control, performance standards, advertising programs, merchandising procedures and other topics. Franchisee must pay a conference fee, if any, and all its travel and living expenses to attend. These elective conferences are held at Franchisor's Richmond, Virginia, headquarters or at a location chosen by Franchisor.

(c) Franchisor may also hold a mandatory annual conference to discuss sales techniques, new Service and Product developments, operations, marketing strategies and tactics, training, bookkeeping, accounting, performance standards, advertising programs, merchandising procedures, or other topics. Franchisee must pay the conference fee, if any, which Franchisor may collect on a month basis or otherwise, and all personal travel and living expenses. These mandatory annual conferences are held at Franchisor's Richmond, Virginia, headquarters or at a location chosen by Franchisor.

(d) Informing Franchisee of mandatory specifications, standards and procedures for the operations of the Lawn Care Business.

(e) Researching new Products, Services and methods, from time to time and in Franchisor's sole discretion, and providing Franchisee with information concerning developments of this research.

(f) Maintaining the Brand Fund and using these funds to develop promotional brand awareness and advertising programs for Lawn Care Businesses.

(g) Providing access to advertising materials to Franchisee in the form of a graphics package included in the Manual and as further stipulated in Section 11.

(h) Provide Franchisee with bookkeeping services for a fee.

(i) Franchisor may require that Franchisee or Franchisee's Designated Business Manager attend all supplemental and refresher training programs that Franchisor designates. Franchisor may charge Franchisee a reasonable fee for any supplemental and refresher training programs. Franchisee must pay the then-current fee for such training programs, if any, and all personal travel and living expenses.

(j) A representative of Franchisor may, in its sole discretion, provide additional assistance as it deems necessary.

7.5 If Franchisee believes Franchisor has failed to adequately provide pre-opening guidance, coaching and assistance to Franchisee as provided in this Agreement, including Sections 7.3 and 7.4, Franchisee shall notify Franchisor in writing within 30 days following the opening of the Business. Absent the timely provision of such notice to Franchisor, Franchisee shall be deemed to conclusively acknowledge that all pre-opening and opening guidance, coaching and assistance required to be provided by Franchisor were sufficient and satisfactory in Franchisee's judgment.

7.6 Franchisor is not obligated to perform guidance, coaching and assistance set forth in this Agreement to Franchisee's particular level of satisfaction, but as a function of Franchisor's experience, knowledge and judgment. Franchisor does not represent or warrant that any other guidance, coaching and assistance will be provided to Franchisee, other than as set forth in this Agreement. To the extent any other guidance, coaching or assistance, or any specific level or quality of guidance, coaching or assistance is expected, Franchisee must obtain a commitment to provide such guidance, coaching or assistance, or level or quality of guidance, coaching or assistance in writing signed by an authorized officer of Franchisor, otherwise Franchisor shall not be obligated to provide any other guidance, coaching or assistance, or specific level or quality of guidance, coaching and assistance.

7.7 If Franchisor must undertake any refurbishing work on Franchisee's behalf, Franchisee will pay Franchisor its costs and expenses and an administrative fee of 15% for the total aggregate amount incurred by Franchisor.

7.8 If Franchisor must temporarily operate Franchisee's Lawn Care Business due to Franchisee's death, disability, etc., Franchisee will pay a management fee equal to 10% of Gross Revenues plus costs and expenses ("**Management Fee**"). The Management Fee would be paid in addition to Royalty Fees, Brand Fund Contributions, and any other fees due to Franchisor.

7.9 If Franchisor implements a quality control program, Franchisee will pay its share of the cost and expenses of the program.

## **8. FRANCHISEE'S DUTIES, OBLIGATIONS AND OPERATING STANDARDS**

8.1 Franchisee shall, consistent with the terms of this Agreement, diligently develop the Business and use its best efforts to market and promote the required Services and Products.

8.2 Subject to the terms of this Agreement, including Section 7.3, during the Initial Term and any Interim Period, Franchisee shall strictly comply with all mandatory standards, specifications, processes, procedures, requirements, and instructions of Franchisor regarding the operation of the Business and must comply with the following requirements:

(a) If Franchisee does not have adequate space and storage to operate the Lawn Care Business from a home office, then Franchisee must obtain a flexible warehouse space and/or storage space. Franchisee must obtain Franchisor's prior approval of any flexible warehouse space and lease, if applicable.

(b) If Franchisee signed this Agreement as an individual(s), Franchisee must transfer this Agreement to a wholly-owned corporation or limited liability company pursuant to Section 15.8 of this Agreement before it begins operating the Business. Franchisee 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 operations, Franchisee must: (i) deliver proof of a valid and active business checking account in its business entity name with a reputable banking institution; and (ii) obtain a valid federal employer identification number for the business entity. Franchisee must provide corporate documents and other proof of compliance with the above requirements immediately upon request.

(c) Prior to opening the Business, Franchisee or Franchisee's Designated Business Manager must attend and successfully complete all initial training programs. There is no fee for the initial training programs. Franchisee shall be responsible for travel, meals, personal expenses and living expenses incurred by itself, the Designated Business Manager, and additional persons that participate in the initial training program.

(d) Franchisee or its Designated Business Manager must attend mandatory annual conferences at such locations as Franchisor may reasonably designate, and Franchisee will pay all salary and other expenses of persons attending, including any conference fees, travel expenses, meals, living expenses and personal expenses.

(e) Subject to Section 8.5, any additional required Service or Product introduced into the System by Franchisor must be offered for sale on a continuing basis at the Business at the time and in the manner required by Franchisor. Franchisor will provide at least 30 days prior written notice of any new required Service or Product introduced into the System. All equipment, products, supplies, tools and other items necessary to add the newly required Services or Products must be acquired, installed, and utilized at the time and in the manner required by Franchisor. The marketing of new Services and Products must begin at the Business as reasonably required by Franchisor.

(f) No service or product, except approved Services or Products, may be offered for sale from the Territory, unless Franchisee receives the prior written consent of Franchisor (which may be granted or denied in Franchisor's sole discretion).

(g) Only advertising and promotional materials, services, equipment, tools, inventory, products, signage, supplies, and uniforms that meet Franchisor's standards and specifications shall be used at the Business. Advertising and promotional materials, tools, services, equipment,

inventory, products, signage, supplies and uniforms produced or approved by Franchisor for use by Franchisee may be used only in the manner and during the period specified by Franchisor.

(h) Equipment, tools, Services, Products, inventory, supplies, signage, uniforms and other items must be added, eliminated, substituted and modified at the Business as soon as possible in accordance with changes in Franchisor's specifications and requirements.

(i) The Business and everything related to the Business must be maintained in good condition and must be kept clean, neat and sanitary. All maintenance, repairs and replacements reasonably requested by Franchisor or needed in connection with the Business must be promptly made. All employees must be clean and neat in appearance.

(j) No alterations of the Business materially affecting the image of the Business may be made except at Franchisor's request or approval, and any alterations must strictly conform to specifications and requirements established or approved by Franchisor.

(k) The Business and the Services provided and Products sold by Franchisee must comply with all applicable federal, state, and local laws, ordinances, rules and regulations. Franchisee must obtain all business licenses and permits required by federal, state and local laws, ordinances, rules and regulations. If Franchisee does not qualify for those business licenses and permits required by state and local laws, ordinances, rules and regulations, before operating its Business, Franchisee must either: (i) obtain the ability to work under Franchisee's employee's or minority owner's license and/or permits; or (ii) at Franchisor's option, work under Franchisor's or its designee's license and/or permits. If Franchisee does not obtain all required permits and licenses necessary to operate its Business within 6 months after meeting the experience qualifications to obtain such permit or license, Franchisor may terminate this Franchise Agreement. During any time that Franchisee works under Franchisor's or its designee's license and/or permit, it must: (I) pay Franchisor the then-current monthly license fee; and (II) use a third party professional services organization that will be responsible for handling Franchisee's payroll and to assist Franchisee with its obligation to comply with various applicable state employment laws.

(l) The equipment, tools, supplies, inventory, products, and other items on hand at the Business, must be at all times sufficient to efficiently meet the anticipated volume of business.

(m) The payment of all debts and taxes arising in connection with the Business, except those duly contested in a bona fide dispute, must be paid when due.

(n) Franchisee will use its best efforts to ensure customer satisfaction; use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; respond to customer complaints in a courteous, prompt and professional manner; use its best efforts to promptly and fairly resolve customer disputes in a mutually agreeable manner; and take such actions as Franchisor deems necessary or appropriate to resolve customer disputes.

(o) Franchisee will provide to Franchisee's customers a warranty on all Products and Services used in Franchisee's Lawn Care Business that Franchisor requires as described in the Manual.

(p) Franchisee shall accept all major credit cards and other the forms of payment specified by Franchisor in the Manual as payment.

(q) Franchisee shall comply with all terms and pay all fees that may be due under any software license agreement for any software Franchisee is required to use in the operation of its Business as prescribed by Franchisor.

(r) Franchisee shall comply with the advertising requirements set out in Section 11.

(s) Franchisee will not use any materials that are false or misleading or communicate anything to customers or prospective customers that is false or misleading.

(t) Franchisee will ensure that all advertising, labeling, packaging and other materials associated with the Services and Products fully conform to all applicable laws and regulations.

(u) Franchisee will control the quality of the Services and Products to avoid quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

(v) Franchisee must secure and maintain in force all required licenses, permits and certificates relating to the operation of the Business and must operate the Business in full compliance with all applicable laws, ordinances and regulations including consumer protection laws, and labor and employment laws. Franchisee must comply with all laws and regulations relating to privacy and data protection, and must comply with any privacy policies or data protection and breach response policies Franchisor periodically may establish. Franchisee must notify Franchisor in writing within five (5) days of the commencement of any action, suit, proceeding or investigation, and of the issuance of any order, injunction, award of decree, by any court, agency, or other governmental instrumentality that may adversely affect the operation or financial condition of Franchisee or the Business. Franchisee must notify Franchisor immediately of any suspected data breach at or in connection with the Business. Franchisee will not conduct any business or advertising practice which injures Franchisor's business, the System or the goodwill associated with the Marks and other Canopy® businesses. Franchisee will control the quality of the Services and Products to avoid quality problems or product liability claims that could reflect adversely on Franchisee or Franchisor in the minds of consumers.

(w) Franchisee will be solely responsible to locate, interview, hire, schedule, supervise, compensate and discipline all employees of the Business and be exclusively responsible for all terms of their employment, compensation and other personnel-related matters without influence from Franchisor. Franchisee will implement a training program for Business employees and will maintain at all times a staff of trained employees sufficient to operate the Business in compliance with Franchisor's mandatory standards.

8.3 While Franchisor may prescribe standards, specifications, processes, procedures, requirements or instructions the Manuals or this Agreement, Franchisor shall not have control over the day-to-day managerial operations of the Business, or the specific manner and means by which Franchisee complies with Franchisor's mandatory standards and procedures. Franchisor may provide guidance to Franchisee regarding recommended prices to be charged for Services or Products, however, Franchisee shall be free to establish its own prices, subject to any maximum prices established by Franchisor.

8.4 Franchisor and Franchisor's representatives will have the right during business hours to inspect the Business and all other facilities used for service or storage, sale and transportation of any approved Products. Franchisor and Franchisor's representatives will have the right to observe the manner in which Franchisee is rendering its Services and conducting its operations of the Business. Franchisor and Franchisor's representatives will have the right to discuss with Franchisee, or other managerial personnel

Franchisee may designate, all matters that may pertain to compliance with this Agreement and with Franchisor's standards, specifications, requirements, instructions and procedures and Franchisor may take photographs of Franchisee's completed work as it relates to the Business. Franchisor and Franchisor's representatives have the right to require that Franchisee demonstrate that the Business employees are properly trained in a manner sufficient to provide Services in compliance with Franchisor's standards and procedures. Franchisee shall in all respects cooperate with Franchisor's rights under this Section 8.4; provided that Franchisor's exercise of these rights shall not unreasonably interfere with Franchisee's conduct of the Business.

8.5 Franchisee will not be required to offer or sell new Services or Products as set out in Section 8.2(e) if Franchisee demonstrates to Franchisor's reasonable satisfaction that:

(a) A substantial capital improvement not contemplated by this Agreement or in the Manual is required, thereby resulting in a material hardship to a majority of Canopy® franchisees; or

(b) A material reduction in a majority of Canopy® franchisees' sales or profitability would result therefrom. For the purposes of this Section 8.5(b), a 33% decrease in sales from the average sales in the prior 12 months would be considered a material reduction in sales (subject to seasonal factors that may be applicable to the Territory), and a 20% reduction in profitability from the average profitability during the previous 12 months (subject to seasonal factors that may be applicable to the Territory) would be considered a material reduction in profitability based on a forecast developed by Franchisee in good faith and approved by Franchisor in its sole discretion.

8.6 Franchisor may require Franchisee's compliance with the provisions of this Section 8 even if it does not require such compliance by all franchisees.

8.7 Franchisee must nominate a Designated Business Manager having required experience who shall have direct responsibility for all operations of the Business. If Franchisee desires to change the Designated Business Manager, Franchisee must demonstrate to Franchisor's satisfaction that any replacement Designated Business Manager is trained and qualified to be responsible for all aspects of the Business.

8.8 Franchisee shall become a member of such trade associations or organizations which in the reasonable opinion of Franchisor are useful in the operation of the Business. Franchisee shall have the option to become a member of all benefit programs which are offered from time to time by Franchisor to all of its Franchisees. The costs of participating in such trade associations and benefit programs shall be borne by Franchisee and its employees (if applicable to the employees). Nothing in this Section 8.8 limits Franchisee's freedom to join any franchise or franchisees association of its choosing.

8.9 Franchisee shall at all times have sufficient computer skills to operate Franchisee's computer, understand how to utilize any software Franchisor requires to be used in the Business, and to access email and the Internet. If Franchisor determines that Franchisee requires additional computer training, Franchisor will notify Franchisee in writing regarding the nature of the additional training required, and Franchisee will have 90 days to complete such training at a local computer training school at Franchisee's sole cost and expense. At the end of the training program, Franchisee shall present a certificate reasonably acceptable to Franchisor establishing that Franchisee passed the training course. Franchisee's failure to seek additional training or to pass the course shall constitute a default of this Agreement.

8.10 Franchisee acknowledges and understands that computer systems are vulnerable to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures,

Internet content failures, date-related problems, and attacks by hackers and other unauthorized intruders. Franchisor does not guarantee that information or communication systems supplied by Franchisor or its suppliers will not be vulnerable to these problems. Franchisee acknowledges and agrees that Franchisee is solely responsible for protecting itself from these problems, and Franchisee waives any and all claims Franchisee may have against Franchisor as the direct or indirect result of such disruptions, failures or attacks. Franchisee must also take reasonable steps to verify that Franchisee's suppliers, lenders, landlords, customers, and governmental agencies on which Franchisee relies, are reasonably protected. This may include taking reasonable steps to secure Franchisee's systems, including, but not limited to, firewalls, access code protection, anti-virus systems, and use of backup systems. If Franchisee violates the required data privacy and security obligations under this Agreement, then Franchisor has the right, in addition to all other rights and remedies available to Franchisor under this Agreement, to charge Franchisor's costs and expenses to inspect Franchisee's Lawn Care Business. In addition, Franchisee is responsible for Franchisor's costs and expenses that arise from Franchisee's non-compliance, or a security breach caused by Franchisee or its' personnel.

8.11 Franchisee shall acquire, maintain, and upgrade hardware, software, information processing and communication systems, and Internet and other network access providers, as prescribed in the Manual and as modified periodically by Franchisor. Franchisee shall comply with any separate software or other license agreements that Franchisor or its designee use in connection with the System. Franchisee shall utilize Franchisor's required software, and if established, proprietary database management and intranet system as the exclusive means for tracking and maintaining customer, vendor, and lead information, and for such other uses as prescribed by Franchisor periodically in the Manual. Monthly sales reporting may occur through mandatory software including the automatic draft via electronic transfer of Royalty Fees and Brand Fund Contributions.

8.12 Franchisee shall at all times maintain an active email account and shall check the account at least once each day. If available, Franchisee shall maintain an email account on Franchisor's proprietary database management and intranet system.

8.13 Franchisee may not open its Business until: (1) the initial training program has been completed to Franchisor's satisfaction; (2) all amounts due to Franchisor have been paid; (3) Franchisor has been furnished with copies of all insurance policies and certificates required by Section 12, or other documentation of insurance coverage and payment of premiums that Franchisor may request; (4) Franchisee notifies Franchisor that all approvals and conditions set forth in this Agreement have been met; (5) Franchisee has obtained all necessary permits and licenses as set forth in this Agreement; and (6) Franchisee has ordered, received and installed all equipment, supplies, inventory, tools, products, uniforms and computer hardware and software required by Franchisor. Franchisee will begin operating the Business immediately after Franchisor determines that the Business is ready for opening.

8.14 If Franchisee fails to operate in accordance with Franchisor's standards and specifications, then Franchisor has the right, in addition to all other rights and remedies available to Franchisor under this Agreement and applicable law, to charge Franchisee a fine of up to \$1,000 per infraction.

## **9. PURCHASE OF EQUIPMENT, INVENTORY, SUPPLIES, AND VEHICLES**

9.1 The standards and specifications for Franchisee's Products, Services, office, equipment, tools, Vehicle, uniforms, inventory, supplies, forms, advertising materials, computer hardware and software, and other items required by Franchisor in connection with Franchisee's Business ("Required Items") shall be maintained in the Manual. Franchisor reserves the right to require Franchisee to purchase any or all Required Items from Franchisor's designated or approved suppliers, if one is so designated. The term "suppliers," also includes vendors, manufacturers and distributors. Franchisor has the right to require



Franchisee to discontinue purchasing any Required Items from any supplier, and may appoint new designated or approved suppliers at any time in its sole discretion. In addition, Franchisor has the right, at any time and in its sole discretion, to designate Franchisor or one of its Affiliates as the only designated or approved supplier, or one of several designated or approved suppliers, of any of the Required Items.

9.2 Franchisee must purchase or lease a Vehicle that meets Franchisor's then-current standards and specifications. Franchisor reserves the right to require Franchisee to purchase or lease each Vehicle from Franchisor's designated supplier. Franchisee must commence operations with at least one Vehicle. Throughout the term of this Agreement, for every 300 customer accounts Franchisee must have at least one Vehicle. If Franchisee's customer to Vehicle ratio exceeds 300:1, then Franchisee must obtain an additional Vehicle within 60 days.

9.3 Notwithstanding the terms of Section 3.1 or Section 15.7 of this Agreement, any general release to be executed by Franchisee upon the extension or transfer of the Franchise shall exclude from such release any claims Franchisee may have against Franchisor or its Affiliates, including without limitation claims for indemnification or contribution, arising out of or relating to injuries to, or loss of property of, third parties solely caused by products purchased by Franchisee from Franchisor or its Affiliates and used in providing Services to customers, and not otherwise attributable to the negligence or misconduct of Franchisee.

9.4 Franchisee acknowledges and agrees that Franchisor and its Affiliates have the right to collect rebates and other consideration from third party designated and approved suppliers as a result of Franchisee's purchases of Required Items, and that Franchisor and its Affiliates shall be entitled to keep for their own use and account such rebates and consideration. Franchisee further acknowledges and agrees that Franchisor and its Affiliates may also derive revenue or other consideration from Franchisee's purchases of Required Items from Franchisor or its Affiliates.

9.5 The names and addresses of Franchisor's designated and approved suppliers shall be maintained in the Manual. Franchisor has the right to approve all Required Items used in connection with Franchisee's Business.

9.6 If Franchisor is billed by a supplier for a network-wide charge for a product or service, Franchisor will then divide the invoice among Canopy® franchisees and charge Franchisee for its share of any charges billed to Franchisor or behalf of Franchisee's Lawn Care Business.

## **10. MARKS, COPYRIGHTED WORKS AND OWNERSHIP OF IMPROVEMENTS**

10.1 Franchisee acknowledges and agrees that:

(a) Franchisor is the owner of all right, title and interest, together with all the goodwill of the Marks. Franchisee further acknowledges that the Marks designate the origin or sponsorship of the System, the Business, and the Products and Services, and that Franchisor desires to protect the goodwill of the Marks and to preserve and enhance the value of the Marks. In the event that Franchisee acquires any rights, title or interest in the Marks, Franchisee agrees to assign and hereby assigns all such rights, title or interest to Franchisor or its designee, as requested by Franchisor.

(b) All right, title and interest in and to all materials, including but not limited to, all artwork and designs, created by Franchisor, and used with the Marks or in association with the Business ("**Copyrighted Materials**") are the property of Franchisor or its Affiliate. Additionally, all Copyrighted Materials created by Franchisee or any other person or entity retained or employed by Franchisee are works made for hire within the meaning of the United States Copyright Act and

are the property of Franchisor or its Affiliate, who shall be entitled to use and license others to use the Copyrighted Materials unencumbered by moral rights. To the extent the Copyrighted Materials are not works made for hire or rights in the Copyrighted Materials do not automatically accrue to Franchisor or its Affiliate, Franchisee irrevocably assigns and agrees to assign to Franchisor and/or its Affiliates (as Franchisor directs), and their respective successors and assigns, the entire right, title, and interest in perpetuity throughout the world in and to any and all rights, including all copyrights and related rights, in such Copyrighted Materials, which Franchisee and the author of such Copyrighted Materials warrant and represent as being created by and wholly original with the author. Where applicable, Franchisee agrees to obtain any other assignments of rights in the Copyrighted Materials from another person or entity necessary to ensure Franchisor's right in the Copyrighted Materials as required in this Section 10.1(b).

(c) Franchisee will never dispute, contest, or challenge, directly or indirectly, the validity or enforceability of the Marks or Copyrighted Materials or the ownership of the Marks or Copyrighted Materials by Franchisor and its Affiliates, nor counsel, procure, or assist anyone else to do the same, nor will it take any action that is inconsistent with the ownership of the Marks or Copyrighted Materials by Franchisor and its Affiliates, nor will it represent that it has any right, title, or interest in the Marks or Copyrighted Materials other than those expressly granted by this Agreement.

(d) Franchisor or an Affiliate may decide, in its sole and absolute discretion, to apply to register or to register any trademarks or copyrights with respect to the Services, Products and any other products and services and the Copyrighted Materials. Failure of Franchisor or an Affiliate to obtain or maintain in effect any such application or registration is not a breach of this Agreement. Franchisee will not, before or after termination or expiration of the Agreement, register or apply to register any of the Marks or any trademark, service mark or logo confusingly similar thereto or any Copyrighted Materials, anywhere in the world.

(e) Upon Franchisor's request, Franchisee will cooperate fully, both before and after termination or expiration of this Agreement and at Franchisor's expense, in confirming, perfecting, preserving, and enforcing the rights of Franchisor and its Affiliates in the Marks and Copyrighted Materials, including but not limited to, executing and delivering to Franchisor such documents as Franchisor reasonably requests for any such purpose, including but not limited to, assignments, powers of attorney, and copies of commercial documents showing sale and advertising of the Services and Products and other products and services. Franchisee hereby irrevocably appoints Franchisor as its attorney-in-fact for the purpose of executing such documents.

(f) All usage of the Marks by Franchisee and any goodwill established by Franchisee's use of the Marks shall inure to the exclusive benefit of Franchisor. This Agreement does not confer any goodwill or other interests in the Marks to Franchisee upon expiration or termination of the Agreement.

**(g) FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS OR COPYRIGHTED MATERIALS.**

10.2 Franchisee acknowledges and agrees that:

(a) Franchisee's right to use the Marks and Copyrighted Materials are derived solely from this Agreement. Franchisee may only use the Marks and Copyrighted Materials in its operation of the Business and only in compliance with this Agreement and all applicable standards,

specifications, and operating procedures prescribed by Franchisor in the Manual and elsewhere from time to time during the Initial Term and any Interim Period. Franchisee will make every effort consistent to protect, maintain, and promote the Marks as identifying the System and only the System.

(b) Any unauthorized use of the Marks or Copyrighted Materials by Franchisee constitutes a breach of this Agreement and an infringement of the rights of Franchisor and in and to the Marks and Copyrighted Materials.

(c) Franchisee will not use any Marks or portion of any Marks as part of a corporate or trade name, or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. Franchisee shall obtain such fictitious or assumed name registrations as may be required by Franchisor or under applicable law.

(d) In order to preserve the validity and integrity of the Marks and Copyrighted Materials licensed herein and to assure that Franchisee is properly employing the same in the operation of its Business, Franchisor or its agents shall have the right of entry and inspection of Franchisee's Business and operating procedures pursuant to Section 8.4.

(e) Franchisee will safeguard and maintain the reputation and prestige of the Marks and Copyrighted Materials and will not do anything that would tarnish the image of or adversely affect the value, reputation or goodwill associated with the Marks. Franchisee will not do anything that would dilute, directly or indirectly, the value of the goodwill attached to the Marks, nor counsel, procure or assist anyone else to do the same.

(f) Franchisee will use the Marks and Copyrighted Materials only in lettering, logos, print styles, forms, and formats, including but not limited to, advertising and promotional materials, invoices, signage, business checks, business cards, invoices, stationery, and promotional items such as clothing, pens, mugs, etc., which have been approved by Franchisor in accordance with this Agreement, and promptly follow instructions regarding the Marks and Copyrighted Materials as provided in the Manual and otherwise given by Franchisor from time to time.

(g) Franchisee will use the following copyright notice at least once on each piece of advertising, promotional, or other material used in connection with the Products and Services:

© (year of first publication). CANOPY FRANCHISE CORPORATION, All Rights Reserved.

(h) Franchisee will use the Marks with a superscript “®”, <sup>TM</sup> or <sup>SM</sup>, as specified by Franchisor, unless and until advised by Franchisor to use a different notice.

10.3 Franchisee acknowledges and agrees that:

(a) If, in Franchisor's reasonable determination, the use of Marks or Copyrighted Materials in connection with the Services, Products, other products and services or the Business will infringe or potentially infringe upon the rights of any third party, weakens or impairs the rights of Franchisor or its Affiliates in the Marks or Copyrighted Materials, or it otherwise becomes advisable at any time in the sole discretion of Franchisor or its Affiliates for Franchisor to modify or discontinue use of the Marks or Copyrighted Materials, then upon notice from Franchisor, Franchisee will immediately terminate or modify such use in the manner prescribed by Franchisor. Franchisor may require Franchisee to use one or more additional or substitute trade names,

trademarks, service marks or other commercial symbols or copyrighted materials. Franchisor shall reimburse Franchisee for the tangible cost of compliance with this requirement (such as the cost of printing new letterhead and business cards), but Franchisee will have no rights of damages, offset, or right to terminate this Agreement as a result thereof and Franchisor and its Affiliates shall have no liability or obligation whatsoever with respect to Franchisee's modification or discontinuance of any Marks or Copyrighted Materials.

(b) Franchisee shall notify Franchisor within 3 days after receiving notice of any claim, demand or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof or the Copyrighted Materials. Upon receipt of timely notice of an action, claim or demand against Franchisee relating to the Marks or Copyrighted Materials, Franchisor and its Affiliates shall have the sole right, but not the duty, to defend any such action. Franchisor and its Affiliates shall have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks or Copyrighted Materials and shall exercise such right in the sole discretion of Franchisor and its Affiliates. Franchisor and its Affiliates shall control all actions but not be obligated to take any action. In any defense or prosecution of any litigation relating to the Marks, Copyrighted Materials or components of the System undertaken by Franchisor and its Affiliates, Franchisee shall cooperate with Franchisor and its Affiliates, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of Franchisor's counsel, to carry out such defense or prosecution. At the option of Franchisor or an Affiliate, Franchisee will join in any action, in which case Franchisor shall bear all the out-of-pocket costs of Franchisee for such participation. If Franchisee joins in an action, then the recovery, if any, from such legal action shall be first applied to the total expenses associated therewith and then split equally between Franchisor and Franchisee.

10.4 All provisions of this Agreement applicable to the Marks and Copyrighted Materials apply to any and all additional trademarks, service marks, commercial symbols and copyrighted materials authorized for use by and licensed to Franchisee by Franchisor after the date of this Agreement.

10.5 If Franchisee during the Initial Term of the Agreement or any Interim Period, conceives or develops any improvements or additions to the System, Copyrighted Materials, website or any other documents or information pertaining to or relating to the System or the Business, or any new trade names, trade and service marks, logos, or commercial symbols related to the Business or any advertising and promotional ideas or inventions related to the Business (collectively, the "**Improvements**") Franchisee shall fully disclose the Improvements to Franchisor, without disclosure of the Improvements to others, and shall obtain Franchisor's written approval prior to using such Improvements. Any such Improvement may be used by Franchisor, its Affiliates and all other franchisees without any obligation to Franchisee for royalties or other fees. Franchisee shall assign and does hereby assign to Franchisor, all right, title and interest in and to the Improvements, including the right to grant sublicenses to any such Improvement. Franchisor and its Affiliates, at Franchisor's discretion, may make application for and own copyrights, patents, trade names, trademarks and service marks relating to any such Improvement and Franchisee shall cooperate with Franchisor and its Affiliates, in securing such rights. Franchisor may also consider such Improvements as the property and Trade Secrets of Franchisor and its Affiliates. In return, Franchisor and its Affiliates shall authorize Franchisee to utilize any Improvement that may be developed by other franchisees and is authorized generally for use by other franchisees.

## **11. ADVERTISING AND PROMOTION**

11.1 Franchisee acknowledges that local marketing, promotion and advertising are required to advise the public of the Business. During the first twelve (12) months of operations, Franchisee is required to spend a minimum of \$50,000 on local advertising and marketing in accordance with an expenditure

schedule set by Franchisor (“**Individual Advertising Investment**”) for the first Territory, plus \$25,000 for the second Territory, plus an additional \$10,000 for each additional contiguous Territory. Franchisee must spend the Individual Advertising Investment on marketing, advertising, and promotional goods and services Franchisor approves. Franchisor reserves the right to require Franchisee to show evidence of how the Individual Advertising Investment was spent. Franchisor reserves the right to, or designate others to, create the plan and direct the spending for Franchisee’s marketing efforts. After the first year of operations, Franchisee is required to spend the greater of \$30,000 for the first Territory plus an additional \$10,000 for each additional contiguous Territory, or 10% of Gross Revenues for the prior year. Brand Fund Contributions that the Franchisee makes in a given year will count towards the required amount that Franchisee must spend on local marketing in that same year.

11.2 During the Initial Term and any Interim Period, Franchisee shall furnish each month, and upon Franchisor’s request, to Franchisor an accounting of Franchisee’s previous month’s expenditures for advertising and promotion on a form approved by Franchisor. Franchisor has the right, but not the obligation, once Franchisee commences operations, to collect up to the minimum required Individual Advertising Investment from Franchisee and administer it on marketing and advertising investments in Franchisee’s Territory on Franchisee’s behalf.

11.3 Franchisor will make available to Franchisee all advertising and promotion materials for the Business which are used by Franchisor and other Canopy® franchisees. Franchisee may not develop advertising materials for use in the Business without Franchisor’s approval. If Franchisor approves the advertising materials prepared by Franchisee, Franchisor may make available to other franchisees such advertising and promotion materials. Franchisee must pay duplication costs of any advertising or promotion material provided by Franchisor.

11.4 Franchisor has established a production and marketing fund (the “**Brand Fund**”) to promote Canopy® businesses in the System and conduct other promotional and marketing activities. Franchisor currently requires that you contribute 1% of your Gross Revenues to the Brand Fund (“**Brand Fund Contribution**”). Franchisee must pay the Brand Fund Contribution at the same time as the Royalty Fees. Franchisor reserves the right to increase the Brand Fund Contribution upon at least 30 days’ notice to Franchisee, provided that the Brand Fund Contribution will not exceed 2% of Gross Revenues.

11.5 Advertising materials and services will be provided to Franchisee through the Brand Fund. Franchisor may occasionally provide for placement of advertising on behalf of the entire System, including franchisees, or on behalf of a particular region, that may not include Franchisee, through the Brand Fund. Franchisor reserves the right to use the Brand Fund Contribution from the Brand Fund to place advertising in national media or regional media (including broadcast, print, Internet or other media) in the future. Franchisee acknowledges that the Brand Fund is intended to maximize the general brand recognition of the System. Franchisor is not obligated to expend Brand Fund Contributions on Franchisee’s behalf or benefit or expend Brand Fund Contributions equivalent or proportionate to Franchisee’s Brand Fund Contribution on Franchisee’s behalf or benefit.

11.6 National advertising, public relations, and promotions will be started and continued by Franchisor, when, in Franchisor’s sole discretion, Franchisor deems that it has accumulated sufficient moneys for that purpose. The Brand Fund will be used to promote the System, Services and/or Products sold by the franchisees and will not be used to sell additional franchises. Franchisor’s accounting and marketing personnel or a representative designated by Franchisor will administer the Brand Fund. The Brand Fund will collect Brand Fund Contributions from all franchisees. All payments to the Brand Fund must be spent on advertising, public relations, market research, promotion, marketing of goods and services provided by Franchisor, outside vendors, including but not limited to marketing agencies, and administration of the Brand Fund, including but not limited to, salaries, overhead, administrative,

accounting, collection and legal costs and expenses. The Brand Fund Contributions will be maintained by Franchisor in a separate account. An annual un-audited financial statement of the Brand Fund, at the expense of the Brand Fund, will be available 120 days after Franchisor's fiscal year end to Franchisee for review once a year upon request.

11.7 The Brand Fund Contributions collected by the Brand Fund are non-refundable. The Brand Fund may be terminated at any time by Franchisor, in its sole discretion. In the event that the Brand Fund is terminated, any remaining balance in the Brand Fund will be expended as provided for in Section 11.6 or returned to Franchisee on a pro-rata basis.

11.8 Franchisee shall fully participate in all such promotional campaigns, prize contests, special offers, and other programs, national, regional, or local in nature (including the introduction of new Services, Products, new franchises or other marketing programs directed or approved by Franchisor), which are prescribed from time to time by Franchisor. Franchisee shall be responsible for the costs of such participation. In addition, Franchisee shall honor any coupons, gift certificates or other authorized promotional offers of Franchisor at Franchisee's sole cost unless otherwise specified in writing by Franchisor. Franchisee will maintain an adequate supply of marketing brochures, pamphlets and promotional materials as may be required by Franchisor from time to time. The cost for such participation will be applied to Franchisee's Individual Advertising Investment obligations set forth in Section 11.1.

11.9 Franchisor (and any designee of Franchisor) will have no direct or indirect liability or obligation to Franchisee or the Brand Fund or otherwise with respect to the management, maintenance, direction, administration or otherwise of the Brand Fund. Franchisee and Franchisor agree that their rights and obligations with respect to the Brand Fund and all related matters are governed solely by this Agreement and neither this Agreement or the Brand Fund creates a trust, fiduciary relationship, or similar arrangement.

## **12. INSURANCE AND INDEMNITY**

12.1 Franchisee must comply with the following insurance requirements:

(a) Franchisee shall, upon commencement of the Initial Term, purchase and at all times maintain in full force and effect during the Initial Term and any Interim Period, insurance policies, in such amounts and on such terms as prescribed below or in the Manual, issued by one or more insurance companies acceptable to Franchisor.

(b) All insurance policies shall name Franchisor and its parent, Empower Brands, LLC, their affiliates and such other parties as Franchisor may designate, as additional insureds. Coverage for the additional insureds shall not be limited to claims of vicarious liability. In addition, the Franchisee's insurers shall endorse or otherwise amend the policies such that their policies: (a) are primary and non-contributory; (b) waive any right of subrogation as respects the additional insureds; and (c) provide the additional insureds 30 days' advance written notice of cancellation or other material change in coverage.

(c) Franchisee shall provide Franchisor with original or duplicate copies of all insurance policies, including endorsements, or other proof of insurance acceptable to Franchisor evidencing coverage required by this Section, together with proof of payment within 10 days of issuance thereof. Franchisee shall also furnish Franchisor with all proof of insurance coverage required by this Section, including endorsements, within 10 days after any of the following events: (a) all policy renewals, but not less often than annually, and (b) all instances of any change to, addition to, or replacement of any insurance. The policies and endorsements for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. All

proof of insurance is subject to approval by Franchisor. Franchisor reserves the right to require complete, certified copies of all required insurance policies at any time in Franchisor's sole discretion.

(d) In the event Franchisee fails to obtain the required insurance and to keep the same in full force and effect, Franchisor may, but shall not be obligated to, purchase insurance on Franchisee's behalf from an insurance carrier of Franchisor's choice, and Franchisee shall reimburse Franchisor for the full cost of such insurance, along with a reasonable service charge to compensate Franchisor for the time and effort expended to secure such insurance, within 5 days after the date Franchisor delivers an invoice detailing such costs and expenses to Franchisee. Notwithstanding the foregoing, failure of Franchisee to obtain insurance constitutes a material breach of this Agreement entitling Franchisor to terminate this Agreement or exercise any or a combination of the other default remedies set forth in Section 17 of this Agreement.

(e) Franchisee's obligation to obtain and maintain insurance coverage in the amounts required by Franchisor shall not be limited in any way by reason of any insurance that Franchisor may maintain, nor does Franchisee's procurement of required insurance relieve Franchisee of liability under the indemnity obligations described in Section 12.2. Franchisee's insurance procurement obligations under this Section are separate and independent of Franchisee's indemnity obligations.

(f) Franchisor does not represent or warrant that any insurance that Franchisee is required to purchase will provide adequate coverage or protection for Franchisee. The requirements of insurance specified in this Agreement or the Manual are strictly for Franchisor's protection. Franchisee should consult with its own insurance agents, brokers, attorneys and other insurance professionals to determine the level of insurance protection it needs and desires, in addition to the coverage and limits required by Franchisor.

(g) Franchisor reserves the right to modify minimum insurance requirements at any time in its sole discretion by updating the Manual.

12.2 Franchisee shall, during the Initial Term and any Interim Period and after the termination or expiration of this Agreement for any reason, indemnify and defend Franchisor, its Affiliates and their respective officers, directors and employees (the "Indemnified Parties"), and hold the Indemnified Parties harmless against, and to reimburse the Indemnified Parties for, all claims, demands, losses, damages (including punitive damages), actions, costs, suits, judgments, penalties, expenses (including reasonable attorneys' fees and amounts paid in settlement or compromise) and liabilities of any kind, whether or not ultimately determined to be meritorious, (the "**Damages**"), arising out of or relating to Franchisee's operation of the Business or breach of this Agreement or any other agreement between Franchisee and the Indemnified Parties, including without limitation those Damages related to (a) Franchisee's office, warehouse, or other premises; (b) Franchisee's taxes or other Business expenses; and (c) Franchisee's or its employees' acts or omissions; unless the Damages are solely due to Franchisor's or Franchisor's Affiliates' gross negligence or willful misconduct relating to products purchased by Franchisee from Franchisor or its Affiliates and used in providing Services. Franchisee must provide Franchisor with prompt written notice of any event(s) that could be a basis for a claim for Damages or a basis for indemnification by the Indemnified Parties.

Notwithstanding the foregoing, in the event of an indemnified claim, at Franchisor's option and at Franchisee's risk and expense, Franchisor or any of the Indemnified Parties have the right to elect to assume the defense or settlement of any claim or action for Damages, provided that Franchisor will keep Franchisee informed respecting the defense or settlement of the claim or action. Franchisor's undertaking of defense

or settlement will not diminish Franchisee's obligation to indemnify the Indemnified Parties and to hold the Indemnified Parties harmless. Franchisor and the other Indemnified Parties will have the right, at any time, to offer, consent or agree to settlements or take any other remedial or corrective actions respecting any claim for Damages if, in Franchisor's sole judgment, there are reasonable grounds to do so.

### **13. RELATIONSHIP**

13.1 Franchisee acknowledges that it is an independent contractor and is not an agent, partner, joint venturer or employee of Franchisor and no training or supervision given by, or assistance from, Franchisor shall be deemed to negate such independence. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. Franchisor and Franchisee agree that no partnership, fiduciary relationship, joint venture or employment relationship exists between them. Franchisee shall conspicuously identify itself in all dealings with the public as a sole operator that is an entity separate from Franchisor and state that Franchisor has no liability for the Business being conducted from the Business location. It is expressly agreed that the parties intend by this Agreement to establish between Franchisor and Franchisee the relationship of franchisor and franchisee. It is further agreed that Franchisee has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Franchisee agrees that it will not hold itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Franchisee shall be the employees of Franchisee and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor's supervision or control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof.

13.2 Neither party hereto shall make any agreements, representations or warranties (except by Franchisor in advertising as provided herein) in the name of, or on behalf of, the other party; neither party hereto shall be obligated by, nor have any liability for, any agreements, representations or warranties made by the other (except by Franchisor in advertising as provided herein) nor shall Franchisor be liable for any damages to any person or property, directly or indirectly, arising out of the operation of Franchisee's Business, whether caused by Franchisee's negligent or willful action or failure to act.

13.3 Franchisor shall have no liability for Franchisee's obligations to pay any third parties, including without limitation, Franchisee's employees, any product vendors, or any value added, sales, use, service, occupation, excise, Gross Revenues, income, property or other tax levied upon Franchisee, Franchisee's property, the Business or upon Franchisor in connection with the sales made or business conducted by Franchisee (except any taxes Franchisor is required by law to collect from Franchisee with respect to purchases from Franchisor).

### **14. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS**

14.1 Confidential Information. Franchisee acknowledges and agrees that:

(a) Franchisee's entire knowledge of the operation of the Business, the System, and the concepts and methods of promotion licensed hereunder that it has now or obtains in the future is derived from Franchisor's Confidential Information and Trade Secrets. Franchisee further acknowledges and agrees that all of the Confidential Information and Trade Secrets are the sole property of Franchisor, represent valuable assets of Franchisor and that Franchisor has the right to use the Confidential Information and Trade Secrets in any manner it wishes at any time.



(b) During the Initial Term and any Interim Period, Franchisee, and Franchisees' owners, Designated Business Managers, and employees who have access to the Confidential Information and Trade Secrets agree that they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information and Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring employees, Designated Business Managers, training class attendees, and Franchisee owners who have access to the Confidential Information and Trade Secrets to execute such nondisclosure and noncompetition agreements as Franchisor may require periodically, and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be designated as a third party beneficiary on such nondisclosure and noncompetition agreements.

(c) After the Agreement expires or is terminated, Franchisee, and Franchisees' owners, guarantors, Designated Business Managers and employees who have access to the Confidential Information and Trade Secrets agree that for a period of 2 years after the termination or expiration of the Agreement (unless such information is a Trade Secret in which case the requirements in this Section 14.1(c) will remain in place for as long as such information constitutes a Trade Secret) they: (1) will not use the Confidential Information or Trade Secrets in any other business or capacity or for their own benefit; (2) will maintain the absolute confidentiality of the Confidential Information and Trade Secrets; (3) will not make unauthorized copies of any portion of the Confidential Information or Trade Secrets; and (4) will adopt and implement all reasonable procedures Franchisor periodically requires to prevent unauthorized use or disclosure of the Confidential Information and Trade Secrets including requiring written non-disclosure and noncompetition agreements for those individuals as Franchisor may require and provide Franchisor, at Franchisor's request, with signed copies of each of those agreements. Franchisor will be designated as a third party beneficiary on such nondisclosure and noncompetition agreements.

(d) Notwithstanding the foregoing, the restrictions on the disclosure and use of the Confidential Information will not apply to the following: (a) Confidential Information in the public domain after it was communicated to Franchisee through no fault of Franchisee, its owners, Designated Business Managers or employees; (b) Confidential Information in Franchisee's possession free of any obligation of confidence at the time it was communicated to Franchisee; or (c) the disclosure of the Confidential Information in judicial or administrative proceedings to the extent that Franchisee is legally compelled to disclose the information, if Franchisee has notified Franchisor before disclosure and used Franchisee's best efforts, and afforded Franchisor the opportunity, to obtain an appropriate protective order or other assurance satisfactory to Franchisor of confidential treatment for the information required to be so disclosed.

(e) Notwithstanding any other provision of this Agreement, there may be certain, limited circumstances where applicable law allows for the disclosure of certain Trade Secrets, as specified in the Manual.

#### 14.2 Restrictive Covenants. Franchisee covenants and agrees that:

(a) During the Initial Term of this Agreement and any Interim Period thereof, Franchisee, its owners, guarantors and Designated Business Managers shall not, without the prior written consent of Franchisor, either individually or in a partnership, corporation, limited liability company, joint venture or other business entity or jointly or in conjunction with any person, firm, association, syndicate or corporation, as principal, agent, shareholder, member, partner, employee

or in any manner whatsoever, carry on or be engaged in or be concerned with or interested in or advise, lend money to, guarantee the debts or obligations of or permit its name or any part thereof to be used or employed in any business operating in competition with a lawn care business or any Business as carried on during the Initial Term of this Agreement, including any Interim Period thereof.

(b) Upon termination or expiration of the Initial Term or any Interim Period, regardless of the cause, or the transfer, sale or assignment of this Agreement by Franchisee, neither Franchisee, any guarantors, the Designated Business Manager nor Franchisee's owners will have any direct or indirect interest (i.e., through a relative) as a disclosed or beneficial owner, investor, partner, director, officer, employee, consultant, representative or agent, for two (2) years; in any Business: (1) in the Territory or any other franchisee's territory; (2) within 10 miles of the Territory or any other franchisee's territory; or (3) within 10 miles of any Franchisor or Affiliate owned Lawn Care Business.

14.3 If any person restricted by this Section 14 refuses to voluntarily comply with the foregoing obligations, the 2 year period will commence upon the entry of any order of a court or arbitrator enforcing this Section 14.

14.4 The parties have attempted in Section 14.2 to limit Franchisee's right to compete only to the extent necessary to protect Franchisor from unfair competition. The parties hereby expressly agree that if the scope or enforceability of the provision of Section 14.2 is disputed at any time by Franchisee, a court or arbitrator, as the case may be, may modify Section 14.2 to the extent that it deems necessary to make such provision enforceable under applicable law. In addition, Franchisor reserves the right to reduce the scope of said provision without Franchisee's consent, at any time or times, effective immediately upon notice to Franchisee. **THE FRANCHISEE EXPRESSLY ACKNOWLEDGES THAT IT POSSESSES SKILLS AND ABILITIES OF A GENERAL NATURE AND HAS OTHER OPPORTUNITIES TO EXPLOIT SUCH SKILLS. CONSEQUENTLY, ENFORCEMENT OF THE COVENANTS SET FORTH ABOVE WILL NOT DEPRIVE THE FRANCHISEE OF THE ABILITY TO EARN A LIVING.**

14.5 Nothing in this Section 14 shall prevent any active officer of Franchisee or member of Franchisee's family either individually or collectively, from owning not more than a total of 5% of the stock of any company, which is subject to the reporting requirements of the U.S. Securities and Exchange Act of 1934, provided that Franchisee is otherwise not actively involved in the management or operation of that business and does not serve that business in any capacity other than as a shareholder.

14.6 Franchisor must be protected against the potential for unfair competition by Franchisee's use of Franchisor's training, assistance, Confidential Information and Trade Secrets in direct competition with Franchisor. Franchisee further acknowledges that Franchisor would not have entered into this Agreement or shared the Confidential Information, Trade Secrets and other information with Franchisee absent Franchisee's agreement to strictly comply with the provisions of this Section 14. Franchisee acknowledges that as a Franchisee of Franchisor, it will have access to Franchisor's Trade Secrets and Confidential Information and therefore be in a unique position to use the special knowledge gained as a franchisee. Franchisee acknowledges that a breach of the covenants contained in this Section 14 will be deemed to threaten immediate and substantial irreparable injury to Franchisor. Accordingly, Franchisee agrees that Franchisor will have the right to obtain immediate injunctive relief without limiting any other rights or remedies and without posting a bond.

14.7 This Section 14 will also apply to the officers, directors, stockholders, partners, members, trustees, beneficiaries and/or principals of Franchisee, Franchisee, and any persons controlled by, controlling or under common control with Franchisee. In the event that Franchisee is an individual for a

period of time as permitted under this Agreement, this Section 14 will also apply to Franchisee's spouse and immediate family members.

## 15. ASSIGNMENT

15.1 Franchisee acknowledges that Franchisor's obligations under this Agreement are not personal. Franchisor shall have the absolute right, in its sole discretion, to unconditionally transfer or assign this Agreement or any of its rights or obligation under this Agreement to any person, corporation or other party.

15.2 Franchisor reserves the right to assign the System to anyone including the operator of a competing business, licensed system or franchise system. Franchisee acknowledges and agrees that Franchisor may sell its assets, the Marks or the System to any third party of Franchisor's choice; may offer its securities privately or publicly; may merge with or acquire other corporations or be acquired by another corporation; may undertake a refinancing, recapitalization, leverage buyout, or other economic or financial restructuring; or may terminate or cease to exist or dissolve, in any such case without Franchisee's consent and, provided the transferee expressly assumes and undertakes to perform Franchisor's obligations in all material respects, free of any responsibility or liability whatsoever to Franchisee after the transaction occurs.

15.3 With regard to any of the above sales, assignment and dispositions, Franchisee expressly and specifically waives any claims, demands, or damages against Franchisor arising from or related to the transfer of the Marks, assets or the System from Franchisor to any other party.

15.4 Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee. Accordingly, this Agreement, Franchisee's rights and interests hereunder, the property and assets owned and used by Franchisee in connection with the Business and any shares, stock, membership or interest in any corporation, limited liability company, or other entity having an interest in the Business, shall not be voluntarily or involuntarily, directly or indirectly sold, pledged, assigned, transferred, shared, subdivided, sub-franchised, encumbered or transferred in any way (including, without limitation, in the event of the death of Franchisee if Franchisee is an individual), in whole or in part, in any manner whatsoever without the prior written approval of Franchisor and compliance with all terms of this Section 15. Any unauthorized sale, assignment, transfer or other conveyance, by operation of law or otherwise, or any attempt to do so, shall be deemed void and grounds for termination of this Agreement by Franchisor.

15.5 With and after each valid assignment of this Agreement pursuant to this Section 15, the assignee or assignees of Franchisee shall be deemed to be Franchisee under this Agreement and will be bound by and liable for all of Franchisee's existing and future obligations. No stockholder in any corporation, member in any limited liability company or partner in any partnership which becomes Franchisee shall have any rights under this Agreement by reason of his, her or its stock ownership, membership interest or partnership interest.

15.6 If Franchisee shall at any time determine to sell, in whole or in part, the Business, Franchisee shall obtain a bona fide, executed, written offer ("**Purchase Offer**") for the Business together with all real or personal property, leasehold improvements and other assets used by Franchisee in its Business from a responsible, arms' length, and fully disclosed purchaser and shall submit an exact copy of such Purchase Offer to Franchisor. Franchisor will have a right of first refusal to purchase the Business as provided in Section 16.

15.7 No transfer or assignment of this Agreement will be approved by Franchisor or be effective unless and until all the following conditions are satisfied:

(a) Franchisee being then in full compliance herewith and paying to Franchisor all outstanding debts or amounts owing to Franchisor;

(b) the transferee executing Franchisor's then current franchise agreement (which shall have terms equal to the remainder of Franchisee's Initial Term, but which may contain provisions substantially different from those contained herein, including a higher royalty and greater expenditures for advertising and promotion than are provided hereunder, and such other documents then customarily used by Franchisor to grant franchises), and all other documents as may be reasonably requested by Franchisor;

(c) Franchisee's paying to Franchisor a transfer fee equal to: (i) the greater of \$10,000 or 20% of the then-current initial franchise fee if Franchisee arranges the buyer; or (ii) the greater of \$15,000 or 30% of the then-current initial franchise fee if Franchisor arranges the buyer;

(d) Franchisee's execution of a general release of Franchisor, including its current and former officers, directors, agents and employees and Affiliates from such parties' obligations under the Agreement;

(e) the transferee purchasing all of Franchisee's assets used in the Business in accordance with all applicable bulk sales legislation and assuming all of the liabilities of the Business, including the liability for future warranty claims, unless such liabilities have been paid prior to the closing of the transaction of purchase and sale or unless the sale is a sale of shares in the capital stock or membership interest of Franchisee;

(f) the transferee shall be a corporation, limited liability company, partnership or other business entity having adequate financial resources who shall meet all criteria established by Franchisor for franchisees. The transferee shall also complete Franchisor's then current training program established by Franchisor for franchisees unless: (i) the transferee is a current franchisee in good standing in the System; or (ii) the transferee is or has been a Designated Business Manager for a period of 1 year or more of a Business in good standing;

(g) the parties to the proposed transaction will have entered a binding agreement subject only to the rights of Franchisor set out in Section 16. Franchisor shall be furnished a copy of this binding agreement, and such agreement shall be subject to Franchisor's approval in writing. Franchisee must advise each prospective transferee of this provision and the other terms of this Agreement;

(h) the proposed transferee or the stockholders, partners, members or owners of a beneficial interest in a proposed corporation, partnership, limited liability company or other entity transferee, providing jointly and severally such personal guarantees which Franchisor may request, guaranteeing the proposed transferee's performance of its obligations under the agreements to be entered into; and

(i) the proposed transferee shall have demonstrated to Franchisor's satisfaction that it, he or she will meet in all respects Franchisor's standards applicable to new franchisees regarding experience, personal and financial reputation and stability, required financial wherewithal, willingness and ability to devote its, his or her full time and best efforts to the operation of the Business, and any other conditions as Franchisor may reasonably apply in evaluating new

franchisees. Franchisor must be provided all information about the proposed transferee as Franchisor may reasonably require. Because of the confidential information and trade secrets available to a franchisee, no assignment to a competitor of Franchisor will be permitted; and

(j) the transferee paying all costs of: (i) Franchisor with respect to the granting of its approval, as hereinbefore contemplated, including but not limited to all of its legal costs with respect to the preparation and execution of the above noted Franchise Agreement, and all other documents then customarily used by Franchisor to grant franchises; and (ii) the transfer, including but not limited to all professional fees (attorney's fees, broker fees, and the like), leasing expenses, document preparation costs and due diligence. Franchisee agrees and acknowledges that Franchisee shall be solely responsible for paying any broker fees and/or commissions involved with the sale or transfer of the Business regardless of whether Franchisee directly engages such broker or if, at Franchisee's request, Franchisor engages such broker to assist with the sale or transfer of the Business.

Franchisor may expand upon, and provide more details related to, the conditions for transfer and Franchisor's consent as described in this Section 15.7, and may do so in the Manual or otherwise in writing.

15.8 Notwithstanding anything to the contrary herein contained, Franchisor shall, upon Franchisee's compliance with such requirements as may from time to time be prescribed by Franchisor (including the obtaining of all necessary approvals to the assignment of leases, if any, of any warehouse or storage), consent to an assignment of Franchisee's right, title and interest in and to this Agreement, and the property and assets owned and used by Franchisee in connection therewith and any other agreement then in effect between Franchisee and Franchisor to a corporation, limited liability company or other business entity which is wholly owned and controlled by Franchisee, subject to the following (provided that such assignment shall in no way release Franchisee from any liability under this Agreement):

(a) Contemporaneously with such assignment and thereafter upon the appointment or election of any person as director, officer, partner or manager of such corporation, limited liability company or other business entity, such corporation, limited liability company, partnership or other business entity shall cause each shareholder, partner, member, manager, director(s) and officer(s) of the corporation, limited liability company, partnership or other business entity to execute a written agreement with Franchisor under seal, personally guaranteeing full payment and performance of Franchisee's obligations to Franchisor and individually undertaking to be bound, jointly and severally, by all the terms of this Agreement or any new current form of Franchise Agreement and jointly and severally liable;

(b) No shares or interest in the capital of such corporation, limited liability company, partnership or other business entity shall be issued nor shall Franchisee directly or indirectly, voluntarily or involuntarily, by operation of law or otherwise, sell, assign, transfer, convey, donate, pledge, mortgage or otherwise encumber any such shares or interest or offer or attempt to do so or permit the same to be done without Franchisor's prior written consent;

(c) The corporation shall maintain stop transfer instructions against the transfer of shares on its records subject to the restrictions of this Section and shall have all outstanding shares endorsed with the following legend printed conspicuously upon the face of each certificate:

*"The transfer of this certificate is subject to the terms and conditions of a certain Franchise Agreement with CANOPY FRANCHISE CORPORATION. Reference is made to said Franchise Agreement and to the restrictive provisions of the articles of this corporation."*

(d) The articles of incorporation, articles of organization, operating agreement, partnership agreement, shareholder agreement, and by-laws of the corporation, limited liability company, partnership or other business entity shall provide that its objectives or business is confined exclusively to the operation of the Business as provided for in this Agreement, and recite that the issuance and transfer of any shares, membership interest, partnership interest or other interest is restricted by the terms of this Agreement, and copies thereof shall be furnished to Franchisor upon request;

(e) Franchisor's consent to a transfer of any interest subject to the restrictions of this Section shall not constitute a waiver of any claim it may have against the assignor, nor shall it be deemed a waiver of Franchisor's right to demand exact compliance with any of the terms of this Agreement by the assignee;

(f) The corporation, partnership, limited liability company or other business entity shall advise Franchisor and keep Franchisor current as to the names and addresses of the directors, officers, members, partners and shareholder of and those persons financially involved in the corporation, partnership, limited liability company or other business entity; and

(g) Franchisee agrees to devote its full time and best efforts to manage the day-to-day operations of the Business unless it has an operational partner or Designated Business Manager approved by Franchisor.

15.9 Upon the death of Franchisee, shareholder, partner, or member the rights granted by this Agreement may pass to the next of kin or legatees, provided that Franchisee's legal representatives shall within 120 calendar days of Franchisee's death apply in writing to Franchisor for the right to transfer to the next of kin or legatee Franchisee's rights under this Agreement. Franchisor shall not unreasonably withhold its permission so long as the proposed transferees meet each of the requirements set forth in this Section 15 within 30 days of the receipt of a conditional permission for the transfer.

15.10 Any attempt by Franchisee to transfer any of its rights or interest under this Agreement or the License, without having received Franchisor's prior written consent, will constitute a material breach of this Agreement. However, if Franchisee dies and its personal representative does not desire to sell the Business, and if under controlling local law Franchisee's interest in the Business, the License and Agreement are distributable to heirs or legatees who are members of his or her immediate family and who otherwise would qualify as assignees, then such attempted assignment by operation of law will not be deemed in violation of this Agreement, provided that such heirs or legatees accept the conditions imposed on otherwise permitted assignees.

15.11 Franchisee shall not have the right to grant a sublicense or subfranchise.

## **16. OPTION TO PURCHASE — RIGHT OF FIRST REFUSAL**

16.1 Unless otherwise explicitly provided by this Agreement, Franchisor shall be entitled to exercise the rights provided in this Section immediately upon:

(a) The expiration without the extension of Franchisee's rights to operate the Lawn Care Business or the termination for any reason of the License or this Agreement; or

(b) The receipt by Franchisor of a copy of a Purchase Offer.

16.2 Upon any event described in this Section 16.2, Franchisor shall have the option to purchase all of Franchisee's rights, title and interest in the Business, and all its improvements, furniture, fixtures, equipment and products, and all of Franchisee's accounts, contract rights, customer and vendor lists, work in progress and other business assets.

16.3 The purchase price for assets itemized in Section 16.2 will be, subject to Section 16.4: (i) the current fair market value if Section 16.1(a) is applicable; or (ii) the price specified in the Purchase Offer received by Franchisee if Section 16.1(b) is applicable. If Franchisee and Franchisor cannot agree on fair market value within a reasonable time, an independent appraiser will be designated by each of Franchisee and Franchisor and an average of the 2 appraised values will be binding. Appraised values will exclude any and all consideration for goodwill or going concern value created by the Marks and business system licensed to Franchisee.

16.4 If Franchisor elects to exercise any option to purchase provided in this Section 16 Franchisor will have the right to set off all amounts due from Franchisee under this Agreement or any other agreements between the parties, any commissions or fees payable to any broker, agent or other intermediary and the cost of the appraisal, if any, against any payment. Franchisee shall also have the right to substitute cash for any other form of consideration specified in the Purchase Offer and to pay in full the entire purchase price at the time of closing.

16.5 Franchisor will notify Franchisee of its intention to exercise or not exercise its rights to purchase ("**Notice of Intent**") within 60 days following an event described in Section 16.1(a) or within 15 days following an event described in Section 16.1(b). The Notice of Intent will specify the assets to be purchased, and the current fair market value as determined by Franchisor if Section 16.1(a) is applicable. In the event Franchisor is purchasing the assets pursuant to Section 16.1(a), Franchisee will have 14 days following receipt of Franchisor's Notice of Intent to object to any of the prices specified therein, and any disputes over pricing shall be resolved through appraisal as specified by Section 16.3. If Franchisor declines to exercise its rights under this Section within the 15 or 60 day period described above, as applicable, Franchisee may thereafter, sell or dispose of the Business to any third party in the event of a sale under Section 16.1(a) or to the third party identified in the Purchase Offer in the event of a sale under Section 16.1(b), but not at a lower price nor on more favorable terms than set forth in the Purchase Offer, if any, or the Notice of Intent and subject to the prior written permission of Franchisor and satisfaction of the other conditions to assignment set forth in Section 15. If the sale to such third party purchaser is not completed within 90 days after Franchisor delivers the Notice of Intent to Franchisee, Franchisor shall again have the right of first refusal herein provided.

16.6 If Franchisor provides Franchisee with its Notice of Intent to exercise its rights under this Section 16, the purchase and sale contemplated in this Section shall be consummated as soon as possible. In the event Franchisor is purchasing the assets pursuant to Sections 16.1(a), following the delivery of a Notice of Intent as specified in Section 16.5, Franchisor or Franchisor's designee shall have the immediate right to take possession of the Business and to carry on and develop the Business for the exclusive benefit of Franchisor or its designee.

## **17. DEFAULT AND TERMINATION**

17.1 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its guidance, coaching, assistance and any services to Franchisee during the time period Franchisee is in default of this Agreement; or (ii) terminate this Agreement and all rights granted Franchisee hereunder, (subject to the provisions of applicable state law), effective upon receipt of notice by Franchisee, addressed as provided in Section 19, upon the occurrence of any of the following events:

(a) Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of Franchisor's Manual, Confidential Information or Trade Secrets of Franchisor;

(b) Franchisee voluntarily abandons the Business for a period of 5 consecutive days, or any shorter period that indicates an intent by Franchisee to discontinue operation of the Business, during the prime season of the Business, unless such abandonment is due to fire, flood, earthquake or other similar causes beyond Franchisee's control and not related to the availability of funds to Franchisee. For purposes of this Section 17.1(b), Franchisor has the right to determine what constitutes the prime season of the Business, although it shall at a minimum include the months of February through November each year;

(c) Franchisee becomes insolvent or is adjudicated bankrupt; or any action is taken by Franchisee, or by others against Franchisee under any insolvency, bankruptcy or reorganization act, or if Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed for Franchisee;

(d) Any material judgment (or several judgments which in the aggregate are material) is obtained against Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against Franchisee's Business or any of the property used in the operation of the Business and is not discharged within 10 days; or if the real or personal property of Franchisee's Business shall be sold after levy thereupon by any sheriff, marshal or constable;

(e) Franchisee or any owner of greater than 20% of Franchisee entity or operator is charged or convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of Franchisor, to materially and unfavorably affect the System, Marks, goodwill or reputation thereof;

(f) Franchisee fails to pay any amounts due Franchisor or Affiliates within 10 days after receiving notice that such fees or amounts are overdue;

(g) Franchisee misuses or fails to follow Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from Franchisor;

(h) Franchisee has received 3 notices of default with respect to Franchisee's obligations hereunder from Franchisor within a 12 month period, regardless of whether the defaults were cured by Franchisee;

(i) Franchisee sells, transfers or otherwise assigns the Business, an interest in the Business or Franchisee entity, this Agreement, the Business or a substantial portion of the assets of the Business owned by Franchisee without complying with the provisions of Section 15;

(j) Franchisee submits on 2 or more occasions during the Initial Term or any Interim Period a report, financial statement, tax return, schedule or other information or supporting record which understates its Gross Revenue by more than 3%, unless Franchisee demonstrates that such understatement resulted from inadvertent error;



(k) Franchisee fails, or refuses, to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submits such reports more than 15 days late on 2 or more occasions during the Initial Term or any Interim Period unless due to circumstances beyond the control of Franchisee;

(l) Franchisee sells or offers for sale any unauthorized merchandise, product or service, engages in any unauthorized business or practice or sells any unauthorized product or service under the Marks or under a name or mark which is confusingly similar to the Marks;

(m) Franchisee contests in any court or proceeding the validity of, or Franchisor's ownership of the Marks or copyrighted materials;

(n) Franchisee is a corporation, limited liability company, partnership or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without Franchisor's prior written consent;

(o) Franchisee or its Designated Business Manager fails to successfully complete Franchisor's training or retraining course(s);

(p) Franchisee receives from Franchisor during the Initial Term and any Interim Period 4 or more notices of default regardless whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by Franchisee;

(q) Any misrepresentation under Section 1.9 or any violation of Anti-Terrorism Laws by Franchisee, Designated Business Manager, its owners, agents or employees;

(r) Franchisee fails to obtain and maintain all required permits and licenses, as described in Section 8.2(i); or

(s) Franchisee fails to open the Business by the Operational Start Date.

17.2 Franchisor shall have the right, at its option, to (i) suspend performance of certain or all of its guidance, coaching, assistance and services to Franchisee during the time period Franchisee is in default of this Agreement, including referral of any National Accounts to Franchisee; or (ii) terminate this Agreement (subject to any applicable state laws to the contrary, where state law shall prevail), effective upon 30 days written notice to Franchisee, if Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30 day period. In that event, this Agreement will terminate without further notice to Franchisee, effective upon expiration of the 30 day period. Defaults shall include, but not be limited to, the following:

(a) Franchisee fails to maintain the then-current operating procedures and standards established by Franchisor as set forth herein or in the Manual or otherwise communicated to Franchisee;

(b) Franchisee fails, refuses or neglects to obtain Franchisor's prior written approval or consent as required by this Agreement;

(c) Franchisee fails or refuses to comply with the then-current requirements of the Manual;

(d) Franchisee, or any partnership, joint venture, limited liability company, corporation or other business entity in which Franchisee has a controlling equity interest, defaults under any term of the lease of any premises used by Franchisee for operations or storage, any other license agreement or franchise agreement with Franchisor or any other agreement material to the Business and such default is not cured within the time specified in such lease, other license agreement, franchise agreement or other agreement;

(e) Franchisee fails, refuses or neglects to submit a statement of monthly revenues accompanying the Royalty Fees or any other report required under the Agreement when due;

(f) Franchisee fails, refuses or neglects to accurately report Gross Revenues, sales information or other information required by Franchisor to be reported;

(g) Franchisee fails to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by Franchisor and does not correct such failure within 10 days (or 30 days if this is the first non-compliance or breach) after written notice from Franchisor (which shall describe the action that Franchisee must take) is delivered to Franchisee; or

17.3 Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and Franchisee has commenced and is continuing to make good faith efforts to cure the breach during such 30 day period, Franchisee shall be given an additional reasonable period of time to cure the same, but in no event longer than 30 additional days.

17.4 A termination of this Agreement by Franchisee shall be deemed to be a termination without cause and a breach hereof, by Franchisee. Franchisee agrees that it shall not, on grounds of an alleged nonperformance by Franchisor of any of its obligations or any other reason, withhold payment of any amount due to Franchisor whatsoever or set off amounts owed to Franchisor under this Agreement, against any monies owed to Franchisee, which right of set off is hereby expressly waived by Franchisee.

17.5 No endorsement or statement on any check or payment of any sum less than the full sum due to Franchisor shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and Franchisor may accept and cash such check or payment without prejudice to its right to recover the balance due or pursue any other remedy provided herein or by law. Franchisor may apply any payments made by Franchisee against any past due indebtedness of Franchisee as Franchisor may see fit. Franchisor may set off against any payment due to Franchisee hereunder any outstanding debts of Franchisee to Franchisor, and may, at Franchisor's option, pay Franchisee's trade creditors out of any sum otherwise due to Franchisee.

17.6 Franchisee agrees to pay within 5 days of the effective date of termination or expiration of the Franchise all amounts owed to Franchisor, the landlord of any premises used in the Business (if applicable) and Franchisee's trade and other creditors which are then unpaid.

17.7 All Royalty Fees and advertising contributions, all amounts due for goods purchased by Franchisee from time to time from Franchisor or its Affiliates and any other amounts owed to Franchisor or its Affiliates by Franchisee pursuant to this Agreement or any other agreement shall bear interest after the due date at the rate of 18% per annum or the highest rate permitted by law, whichever is lower, both before and after default, with interest on overdue interest at the aforesaid rate. The acceptance of any interest payment shall not be construed as a waiver by Franchisor of its rights in respect of the default giving rise to such payment and shall be without prejudice to Franchisor's right to terminate this Agreement in respect of such default.

17.8 Upon termination of this Agreement prior to its natural expiration date in accordance with its terms, Franchisee shall pay to Franchisor within thirty (30) days of the date of the termination, as an early termination fee for the premature termination of this Agreement and not as a penalty, an amount equal to twenty-four (24) times the average monthly continuing royalty fees payable to Franchisor over (a) the last twelve (12) months of the Business's active operations, or (b) the entire period the Business has been open for business, whichever is the shorter period. Franchisee acknowledges and agrees that such early termination fee is a reasonable approximation of the damages Franchisor will incur resulting from the premature termination of the Franchise Agreement as a result of breach by Franchisee, is appropriate because actual damages incurred by Franchisor will be difficult or impossible to ascertain, is not a penalty, and shall not affect Franchisor's right to, and is not in lieu of, any other payment or remedy, damages or relief to Franchisor.

17.9 Should Franchisee, or any partnership or joint venture or corporation in which Franchisee has a controlling equity interest, be a franchisee pursuant to another Canopy® franchise agreement with Franchisor, respecting another franchised Business using the Marks, a default under this Agreement shall constitute a default under such other Canopy® franchise agreement and vice versa, with like remedies available to Franchisor. Should such other Canopy® franchise agreement cease to be valid, binding and in full force and effect for any reason then Franchisor may, at its option terminate this Agreement and this Agreement shall be forthwith surrendered by Franchisee and terminated, and likewise should this Agreement cease to be valid binding and in full force and effect for any, reason, Franchisor may at its option terminate the other Canopy® franchise agreement and the other Canopy® franchise agreement shall be forthwith surrendered and terminated. In the event that there is more than one Franchisee, or if Franchisee should consist of more than one legal entity, Franchisee's liability hereunder shall be both joint and several. A breach hereof by one such entity or Franchisee shall be deemed to be a breach by both or all.

17.10 Franchisee agrees that upon termination or expiration of this Agreement, it shall take the following action:

(a) Immediately discontinue the use of all Marks, signs, structures, forms of advertising, telephone listings, facsimile numbers, e-mail addresses, the Manual, and all materials, Products and Services of any kind which are identified or associated with the System and return all these materials and Products to Franchisor;

(b) Immediately turn over to Franchisor all materials, including the Manual, customer lists, records, files, instructions, brochures, advertising materials, agreements, Confidential Information, Trade Secrets and any and all other materials provided by Franchisor to Franchisee or created by a third party for Franchisee relating to the operation of the Business (all of which are acknowledged to be Franchisor's property). Under no circumstances shall Franchisee retain any printed or electronic copies of the Manual, Confidential Information or Trade Secrets or portions thereof upon expiration or termination of this Agreement;

(c) Franchisee hereby acknowledges that all telephone numbers, facsimile numbers and Internet addresses used in the operation of the Business constitute assets of the Business; and upon termination or expiration of this Agreement, Franchisee shall take such action within 5 days to cancel or assign to Franchisor or its designee as determined by Franchisor, all Franchisee's right, title and interest in and to Franchisee's telephone numbers, facsimile numbers and Internet addresses and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and Internet and e-mail addresses, and any regular, classified or other telephone directory listing associated with the Marks and to authorize a transfer of same to or at the direction of Franchisor. Franchisee acknowledges as between Franchisor and Franchisee, Franchisor has the sole rights to, and interest in, all telephone

numbers, facsimile numbers, directory listings and Internet addresses used by Franchisee to promote the Business and/or associated with the Marks. Franchisee hereby irrevocably appoints Franchisor, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest, to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. Attachment E evidences such appointment;

(d) Make no representation nor state that Franchisee is in any way approved, endorsed or licensed by Franchisor or associated or identified with Franchisor or the System in any manner;

(e) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Marks so as to delete the Marks and all references to anything associated with the System;

(f) Provide Franchisor the option to purchase as set in Section 16;

(g) Comply with the provisions of Sections 10.1(c) and 10.1(d) and Section 14; and

(h) Assign all of Franchisee's customer contracts to Franchisor and pay to Franchisor any amounts (or a pro rata portion of any amounts) paid by Franchisee's customers for Services Franchisee has not yet performed. For example, if a customer pre-paid for services and Franchisee had performed only 50% of the contracted services, Franchisee must pay to Franchisor 50% of the amount the customer paid to the Franchisee.

17.11 If, within 30 days after termination or expiration of this Agreement by Franchisor, Franchisee fails to remove all displays of the Marks from the Business, which are identified or associated with the System, Franchisor may enter the Business to effect removal. In this event, Franchisor will not be charged with trespass nor be accountable or required to pay for any displays or materials.

17.12 If, within 30 days after termination or expiration of this Agreement Franchisee has not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Marks, Franchisee hereby irrevocably appoints Franchisor as Franchisee's true and lawful attorney for Franchisee, and in Franchisee's name, place and stead and on Franchisee's behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable Franchisor to protect the System.

17.13 Termination or expiration of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which Franchisor may have against Franchisee, whether such claims or rights arise before or after termination or expiration.

17.14 All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Articles 10, 12, 14 and 16, hereof shall survive termination or expiration of this Agreement.

17.15 In the event that this Agreement expires or is terminated for any reason whatsoever and Franchisor is the lender under any loan agreement ("**Loan**") or the holder of any promissory note ("**Note**") or the holder of any personal property, security interest, chattel mortgage, debenture or mortgage of any nature whatsoever ("**Security Interest**") from Franchisee concerning assets used at any time by Franchisee in the Business or which are situated on the Business premises, such Loan, Note or Security Interest shall, upon the effective date of termination or expiration, immediately become fully due and payable as to all principal and interest so loaned and secured.

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

**17.17 THE PARTIES WAIVE, TO THE EXTENT PERMITTED BY LAW, ANY CLAIM AGAINST THE OTHER FOR PUNITIVE OR EXEMPLARY DAMAGES; EXCEPT FOR SUCH PUNITIVE OR EXEMPLARY DAMAGES FOR VIOLATION OF THE LANHAM ACT, TRADEMARK INFRINGEMENT OR DILUTION, UNAUTHORIZED DISSEMINATION OF CONFIDENTIAL INFORMATION OR TRADE SECRETS OR ARISING UNDER THE INDEMNIFICATION SET FORTH IN SECTION 12.**

17.18 The rights of the parties hereto are cumulative and no exercise or enforcement by a party of any right or remedy hereunder shall preclude the exercise or enforcement by that party of any other right or remedy herein contained, or to which it is entitled by law.

17.19 Franchisee hereby acknowledges and agrees that in the event of any breach or threatened breach of this Agreement, Franchisor shall be authorized and entitled to seek, from any court of competent jurisdiction, preliminary and permanent injunctive relief in addition to any other rights or remedies to which Franchisor may be entitled. Franchisee agrees that Franchisor may obtain injunctive relief without posting a bond. Franchisee's sole remedy, in the event of the entry of injunctive relief, shall be dissolution of the injunction, if warranted, upon a hearing duly had; provided, however, that all claims for damages by reason of the wrongful issuance of any injunction are hereby expressly waived by Franchisee. In any proceeding concerning the entry of any requested injunction against Franchisee, Franchisee, for value, voluntarily waives any defenses Franchisee might otherwise have relating to any claimed "prior breach" on the part of Franchisor; it being specifically understood and agreed between the parties that no action or lack of action on the part of Franchisor shall be a defense to Franchisor's claim for injunctive relief.

**17.20 THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW SHALL GOVERN THE FRANCHISEE'S RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.**

17.21 Franchisee acknowledges and agrees that in addition to, and not in lieu of, all other remedies or rights that Franchisor might otherwise have by virtue of Franchisee's breach of this Agreement, Franchisee must reimburse Franchisor for all attorneys' fees, costs, and expenses (and interest on such fees, costs and expenses) Franchisor incurs to enforce the terms of this Agreement or any obligation owed to Franchisor by Franchisee, including but not limited to amounts incurred in connection with preparation of default notices and related correspondence, or to defend any claim that Franchisee brings against Franchisor.

17.22 Franchisee's default under this Agreement is a default under any other agreement between Franchisee and Franchisor of any of Franchisee's owners and Franchisor (the "**Other Agreements**"). Franchisee's default under any Other Agreements is a default under this Agreement. An election not to enforce any such default is not a waiver by Franchisor of any rights or remedies available under law or equity or by contract.

## 18. SECURITY INTEREST

18.1 Franchisee hereby grants to Franchisor a security interest (“**Security Interest**”) in all Vehicles, accounts, credit card receivables, cash, equipment, and franchise rights of the Lawn Care Business, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Lawn Care Business. All items in which a security interest is granted are referred to as the “**Collateral.**” Franchisor’s Security Interest may be subordinated to any financing related to Franchisee’s operation of the Lawn Care Business, including, but not limited to, a real property mortgage and Vehicle leases.

18.2 The Security Interest in the Collateral is to secure payment of the following (the “**Indebtedness**”):

(a) All amounts due to Franchisor and its affiliates under this Agreement or otherwise by Franchisee;

(b) All sums which Franchisor may, at its option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

(c) All expenses, including reasonable attorneys’ fees, which Franchisor incurs in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting Franchisor’s rights under the Security Interest and this Agreement; and

(d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and the indebtedness of Franchisee to Franchisor or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not Franchisee executes any extension agreement or renewal instruments.

18.3 Franchisee will from time to time as required by Franchisor join with Franchisor in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to Franchisor.

18.4 Upon default and termination of Franchisee’s rights under this Agreement, Franchisor shall have the immediate right to possession and use of the Collateral, subject to any prior security interests in the same.

18.5 Franchisee agrees that, upon the occurrence of any default set forth above, the full amount remaining unpaid for the Indebtedness secured shall, at Franchisor’s option and without notice, become due and payable immediately, and Franchisor shall then have the rights, options, duties, and remedies of a secured party under, and Franchisee shall have the rights and duties of a debtor, under the Uniform Commercial Code of Virginia (or other applicable law), including, without limitation, Franchisor’s right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by Franchisor in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to Franchisee pursuant to the notice provisions set forth below.

18.6 This Agreement shall be deemed a Security Agreement and Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any

part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of kind and character defined in the subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

**19. NOTICES**

Any notice of default and all notices or other communications required or permitted to be given or made pursuant to any of the provisions of this Agreement shall be deemed to have been duly given or made for all purposes if made in writing and (a) hand delivered, (b) sent by a nationally recognized overnight courier or (c) sent by electronic mail, as follows:

**To Franchisor:**

CANOPY FRANCHISE CORPORATION  
2426 Old Brick Road  
Glen Allen, Virginia 23060  
Attention: General Counsel  
Email: [Legal@EmpowerFranchising.com](mailto:Legal@EmpowerFranchising.com)

with a copy to:

Lathrop GPM, LLP  
80 South Eighth Street, Suite 3100  
Minneapolis, Minnesota 55402  
Attention: Michael Gray  
Email: [Michael.Gray@Lathropgpm.com](mailto:Michael.Gray@Lathropgpm.com)

**To Franchisee:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

with a copy to:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Attention: \_\_\_\_\_

Any such notice or other document delivered personally, by electronic mail, or by facsimile transmission shall be deemed to have been received by and given to the addressee on the day of delivery and any such other notice or other document mailed as aforesaid, shall be deemed to have been received by and given to the addressee on the 3<sup>rd</sup> business day following the date of mailing. Any party may at any time give notice in writing to any other party of any change of address.

## 20. MEDIATION & ARBITRATION

20.1 Except as otherwise provided in this Section 20, any controversy or dispute arising out of, or relating to the franchise or this Agreement including, but not limited to, any claim by Franchisee or any person in privity with or claiming through, on behalf of or in the right of Franchisee, concerning the entry into, performance under, or termination of, this Agreement or any other agreement entered into by Franchisor, or its subsidiaries or Affiliates, and Franchisee, any claim against a past or present employee, officer, director, member, shareholder or agent of Franchisor; any claim of breach of this Agreement; and any claims arising under State or Federal laws (“**Dispute**”), shall be submitted to nonbinding mediation before an arbitration proceeding may be filed. “**Person in privity**” with or claiming through, on behalf of or in the right of Franchisee includes but is not limited to, spouses and other family members, heirs, executors, representatives, successors and assigns. The mediation must be for a minimum of four hours before the American Arbitration Association in the city where our corporate headquarters is located (currently Richmond, Virginia). Mediation is a compromise negotiation for the purposes of the federal and state rules of evidence, and the entire process is confidential. Before 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.

20.2 Except as otherwise provided in this Section 20 (including Section 20.1 and 20.3), any Dispute must be submitted to final and binding arbitration as the sole and exclusive remedy for any such controversy or dispute. Subject to this Section 20, the right and duty of the parties to this Agreement to resolve any disputes by arbitration shall be governed exclusively by the Federal Arbitration Act and the Federal Rules of Evidence, as amended, and arbitration shall take place according to the Commercial Arbitration Rules of the American Arbitration Association in effect as of the date the demand for arbitration is filed. The arbitration shall be held in city where our corporate headquarters is located (currently Richmond, Virginia). A single arbitrator shall be selected from a panel of neutral arbitrators provided by the American Arbitration Association and shall be chosen by the striking and ranking method. The arbitrator must have at least five years’ experience in franchise law. The arbitrator’s fees shall be divided equally between the parties. The arbitrator shall have no authority to amend or modify the terms of this Agreement. The award or decision by the arbitrator shall be final and binding on the parties and may be enforced by judgment or order of a court having subject matter jurisdiction in the state where the arbitration took place. The parties consent to the exercise of personal jurisdiction over them by such courts and to the propriety of venue of such courts for the purpose of carrying out this provision; and they waive any objections that they would otherwise have concerning venue and personal jurisdiction.

20.3 Neither mediation nor arbitration will be required for any Dispute which involves amounts due from Franchisee to Franchisor, Franchisee’s post termination or expiration use of any of the Marks, System, Confidential Information or Trade Secrets, or Franchisor’s right to seek injunctive relief as provided in Section 17.19.

20.4 **Class Action Waiver.** Any proceeding (whether mediation, 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. The parties agree that any mediation, arbitration or civil action arising out of a Dispute is only a matter between Franchisor and Franchisee and no other franchisees. Franchisee agrees not to join or attempt to join other franchisees or licensees or persons in privity with or claiming through, or on behalf of, Franchisee in any class or collective action.



## 21. MISCELLANEOUS

21.1 Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et seq.), the Federal Arbitration Act, or other applicable federal law, this Agreement shall be interpreted under the laws of the Commonwealth of Virginia, and any dispute between the parties shall be governed by and determined in accordance with the procedural and substantive laws of the Commonwealth of Virginia, which laws shall prevail in the event of any conflict of law. The parties agree that the Virginia Retail Franchising Act, or any other state law or regulation applicable to the offer or sale of franchises or the franchise relationship, will not apply unless the jurisdictional provisions are independently met. Franchisee waives, to the fullest extent permitted by law, the rights and protections provided by the Virginia Retail Franchising Act. Franchisee and Franchisor have negotiated regarding a forum in which to resolve any disputes which may arise between them and have agreed to select a forum in order to promote stability in their relationship. Therefore, if a claim is asserted in any legal proceeding involving Franchisee, its officers or directors and Franchisor, its officers, directors, shareholders, members, employees or Affiliates both parties agree that the venue for disputes between them shall be in the Commonwealth of Virginia and each waive any objection either may have to the personal jurisdiction of or venue in the Commonwealth of Virginia. However, Franchisor reserves the right to file any claims it may have against Franchisee in the federal or state court where the Business is located.

21.2 All provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein; all partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

21.3 If either party institutes a legal proceeding, including court proceedings or arbitration, and prevails in any action at law or in equity against the other party based entirely or in part on the terms of this Agreement, the prevailing party shall be entitled to recover from the losing party, in addition to any judgment, reasonable attorneys' fees, court costs and all of the prevailing party's expenses (and interest on such fees, costs and expenses) in connection with any action at law, and interest on such expenses.

21.4 No failure, forbearance, neglect or delay of any kind on the part of Franchisor in connection with the enforcement or exercise of any rights under this Agreement shall affect or diminish Franchisor's right to strictly enforce and take full benefit of each provision of this Agreement at any time, whether at law for damages, in equity for injunctive relief or specific performance, or otherwise. No custom, usage or practice with regard to this Agreement by Franchisee or Franchisor's other Franchisees shall preclude the strict enforcement of this Agreement in accordance with its literal terms. No waiver by Franchisor of performance of any provision of this Agreement shall constitute or be implied as a waiver of Franchisor's right to enforce that provision at any future time. Subsequent acceptance by Franchisor of any payments due to it hereunder shall not be deemed to be a waiver by Franchisor of any preceding or succeeding breach by Franchisee of any terms, provisions, covenants, or conditions of this Agreement. No interpretation, change, termination or waiver of any provision of this Agreement, and no consent or approval under this Agreement, shall be binding upon Franchisee or Franchisor or effective unless in writing signed by Franchisee and Franchisor's Chief Executive Officer, President or Vice President, except that a waiver need be signed only by the party waiving.

21.5 This Agreement, together with any written related agreements, all Exhibits, Attachments, addenda, and that certain Acknowledgement Addendum signed contemporaneously with this Agreement, constitutes the entire understanding and agreement between Franchisee and Franchisor and supersedes all prior understandings, whether oral or written, pertaining to this Agreement, License, System or Business. Nothing in the Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor furnished to Franchisee.

21.6 The headings of the sections hereof are for convenience only and do not define, limit or construe the contents of the sections of such Sections or other Sections. The term “**Franchisee**” as used herein is applicable to one or more persons, a corporation, limited liability company, a partnership or other business entity, as the case may be, and the singular usage (where applicable) includes the plural and the masculine and neuter usages (where applicable) include the other and the feminine, and the terms “include” and “including” also include the meaning “including without limitation.” The term lease shall include a sublease, and a renewal or extension of a lease or sublease. Time shall be of the essence of this Agreement and of every part thereof.

21.7 When calculating the date upon which or the time within which any act is to be done pursuant to this Agreement, the date which is the reference date in calculating such period shall be excluded; if the last day of such period is a non-business day, the period in question shall end on the next business day. Time shall be of the essence of this Agreement and of every part thereof.

21.8 Neither party hereto shall be liable for any loss or damage due to any delay in the due performance of the terms hereof (except for the payment of money) by reason of strikes, lockouts and other labor relations, fires, riots, wars, embargoes and civil commotion, or acts of God (“**Force Majeure Event**”). Any such delay shall extend performance only so long as such event is in progress except such Force Majeure Event will not affect or change Franchisee’s obligation to pay Royalty Fees and Brand Fund Contributions when due. Notwithstanding the foregoing, if there is a Force Majeure Event, Franchisor, may in its sole discretion, elect to waive the Royalty Fees and Brand Fund Contributions during the period of delay caused by the Force Majeure Event or such shorter period.

21.9 Franchisee shall execute and deliver such further instruments, contracts, forms and other documents, and shall perform such further acts, as may be necessary or desirable, to carry out, complete and perform all terms, covenants and obligations herein contained. Franchisee hereby irrevocably appoints Franchisor as his attorney, and hereby empowers him to execute such instruments regarding the Marks for and in Franchisee’s name in order to give full effect to Sections 10, 12, 15, and 17 of this Agreement. Franchisee hereby declares that the powers of attorney herein granted may be exercised during any subsequent legal incapacity on its part.

21.10 This Agreement shall be binding upon, and subject to Section 15 hereof, shall inure to the benefit of, Franchisee’s successors and permitted assigns.

21.11 This Agreement may only be modified or amended by a written document executed by Franchisee and Franchisor. Franchisee acknowledges that Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Manual unilaterally under any conditions and to the extent in which Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the Marks, and the quality of the System, but under no circumstances will such modifications be made arbitrarily without such determination. Notwithstanding anything herein to the contrary, Franchisor shall have the right unilaterally to reduce the scope of any covenants of Franchisee contained in this Agreement upon notice to Franchisee, whereupon Franchisee shall comply therewith as so modified.

21.12 From time to time, Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties hereunder to third parties, whether the same are agents of Franchisor or independent contractors which Franchisor has contracted with to provide such services. Franchisee agrees in advance to any such delegation by Franchisor of any portion or all of its obligations and duties hereunder.

## **22. ACKNOWLEDGEMENT**

BEFORE SIGNING THIS AGREEMENT, THE FRANCHISEE SHOULD READ IT CAREFULLY WITH THE ASSISTANCE OF LEGAL COUNSEL.

THE FRANCHISEE ACKNOWLEDGES THAT:

1. NO STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION, EXCEPT AS SET FORTH IN THIS DOCUMENT, AND IN ANY DISCLOSURE DOCUMENT SUPPLIED TO THE FRANCHISEE, IS BINDING ON THE FRANCHISOR IN CONNECTION WITH THE SUBJECT MATTER OF THIS AGREEMENT.

2. FRANCHISEE HAD A COMPLETE COPY OF THIS AGREEMENT, WITH ALL BLANKS FILLED IN, IN ITS POSSESSION FOR A PERIOD OF TIME NOT LESS THAN 7 FULL CALENDAR DAYS, DURING WHICH TIME THE FRANCHISEE HAD THE OPPORTUNITY TO SUBMIT SAME FOR PROFESSIONAL REVIEW AND ADVICE OF THE FRANCHISEE'S CHOOSING PRIOR TO FREELY EXECUTING THIS AGREEMENT. FRANCHISEE ACKNOWLEDGES THAT IT HAS HAD AMPLE TIME AND OPPORTUNITY TO INVESTIGATE THE FRANCHISOR'S BUSINESS AND TO CONSULT WITH LEGAL AND FINANCIAL ADVISORS OF ITS CHOICE.

3. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT AND ITS SUCCESS INVOLVES SUBSTANTIAL BUSINESS RISK AND WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESSPERSON AND ITS ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE BUSINESS. FRANCHISEE HEREBY ASSUMES THE RESPONSIBILITY FOR ITS SUCCESS OR FAILURE OF THE BUSINESS VENTURE.

4. EXCEPT AS OTHERWISE INCLUDED IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT, FRANCHISOR HAS NOT PROVIDED ANY STATEMENT, REPRESENTATION OR OTHER ACT, EVENT OR COMMUNICATION OF ACTUAL, AVERAGE, PROJECTED, FORECASTED OR POTENTIAL PURCHASES, SALE, COST, EARNINGS, INCOME OR PROFITS TO FRANCHISEE.

5. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY ASSURANCE, WARRANTY OR GUARANTEE, EXPRESSED OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS, EARNINGS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

This entire Agreement, including corrections, changes, and all attachments and addenda, will only be binding upon Franchisor when executed or initialed by Franchisor's authorized representative.

**IN WITNESS WHEREOF**, the parties have executed this Agreement as of the date first above set forth.

**CANOPY FRANCHISE CORPORATION**

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

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

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

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

**FRANCHISEE:**

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

\_\_\_\_\_

Individually

OR:

(if a corporation or partnership)

\_\_\_\_\_  
Company Name

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

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

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

**ATTACHMENT A**  
**TO FRANCHISE AGREEMENT**

**1. Territory.**

The Territory set forth in Section 4.1 of the Agreement shall be: \_\_\_\_\_  
\_\_\_\_\_.

**2. Initial Franchise Fee.** Franchisee shall pay to Franchisor an initial franchise fee of \$\_\_\_\_\_, due and payable at the time of execution of the Agreement.

**3. Operational Start Date:** The parties agree that the “Operational Start Date” for the Business shall be the earlier of: (a) the date that Franchisee begins operation of its Business; (b) six (6) months from the Effective Date of this Agreement; or (c) \_\_\_\_\_, 20\_\_\_\_. Franchisee’s obligations to make the Royalty Fees shall commence on the Operational Start Date, even if Franchisee has not yet begun operating its Business.

**4. Abatement Period (if any):** The Royalty Fees shall be abated during the following seasonal periods, if any: \_\_\_\_\_.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

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

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

**ATTACHMENT B  
TO FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS**

In consideration of, and as an inducement to, the execution of the Franchise Agreement executed between \_\_\_\_\_ and CANOPY FRANCHISE CORPORATION, (“**Franchisor**”) on \_\_\_\_\_, 20\_\_\_\_ (“**Agreement**”) each of the undersigned hereby personally and unconditionally:

1. Guarantees to Franchisor and its successors and assigns, for the Initial Term, including any Interim Period thereof, that \_\_\_\_\_ (“**Franchisee**”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and
2. Agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including but not limited to the terms of Section 14.

**Each of the undersigned waives the following:**

1. Acceptance and notice of acceptance by Franchisor of the foregoing undertaking;
2. Notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
3. Protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
4. Any right he or she may have to require that any action be brought against Franchisee or any other person as a condition of liability; and
5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

**Each of the undersigned consents and agrees that:**

6. His or her direct and immediate liability under this guaranty shall be joint and several;
7. He or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so;
8. Such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and
9. Such liability shall 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 without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the Initial Term, including any Interim Period thereof.

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

**WITNESS**

**GUARANTOR(S)**

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

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

**ACKNOWLEDGMENT**

Franchisee, and its shareholders and partners, as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby.

**IN WITNESS WHEREOF**, the parties hereto have caused this Agreement to be executed as of the first date set forth above.

ACCEPTED on this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**FRANCHISOR:**

**CANOPY FRANCHISE CORPORATION**

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

**FRANCHISEE:**

\_\_\_\_\_

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

Its \_\_\_\_\_

\_\_\_\_\_ an Individual

\_\_\_\_\_ an Individual

**ATTACHMENT C  
TO FRANCHISE AGREEMENT  
STATEMENT OF OWNERSHIP**

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

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

**Trade Name** (if different from above): \_\_\_\_\_

**Form of Ownership  
(Check One)**

**Individual**    **Partnership**    **Corporation**    **Limited Liability Company**

If a **Partnership**, provide name and address of each partner showing percentage owned, whether active in management, and indicate the state in which the partnership was formed.

If a **Corporation**, give the state and date of incorporation, the names and addresses of each officer and director, and list the names and addresses of every shareholder showing what percentage of stock is owned by each.

If a **Limited Liability Company**, give the state and date of formation, the name and address of the manager(s), and list the names and addresses of every member and the percentage of membership interest held by each member.

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

Franchisee acknowledges that this Statement of Ownership applies to the Lawn Care Business authorized under the Franchise Agreement.

Use additional sheets if necessary. Any and all changes to the above information must be reported to Franchisor in writing.

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

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



**ATTACHMENT D  
TO FRANCHISE AGREEMENT**

**BY AND BETWEEN CANOPY FRANCHISE CORPORATION  
AND  
\_\_\_\_\_ (“FRANCHISEE”)  
AUTHORIZATION AGREEMENT FOR PREARRANGED PAYMENTS  
(DIRECT DEBITS)**

The undersigned depositor (“**Depositor**”) hereby authorizes CANOPY FRANCHISE CORPORATION (“**Company**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account(s) indicated below and the depository designated below (“**Depository**”) to debit such account pursuant to Company’s instructions.

\_\_\_\_\_  
Depositor’s Business Name

\_\_\_\_\_  
Bank Name

\_\_\_\_\_  
Depositor’s Business Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Bank Transit/ABA Number

\_\_\_\_\_  
Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity on which to act. If an erroneous debit entry is initiated to Depositor’s account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within fifteen (15) calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) forty-five (45) days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

\_\_\_\_\_  
**Depositor – Franchisee**

\_\_\_\_\_  
**Depository – Franchisor**

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

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

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

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

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

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

**ATTACHMENT E  
TO FRANCHISE AGREEMENT**

**COLLATERAL ASSIGNMENT OF TELEPHONE NUMBERS AND  
TELEPHONE LISTINGS AND INTERNET ADDRESSES**

THIS ASSIGNMENT is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_, in accordance with the terms of the Canopy® Franchise Agreement (“**Franchise Agreement**”) between \_\_\_\_\_ (“**Franchisee**”) and CANOPY FRANCHISE CORPORATION, (“**Franchisor**”), executed concurrently with this Assignment, under which Franchisor granted Franchisee the right to own and operate a Lawn Care Business located at \_\_\_\_\_

FOR VALUE RECEIVED, Franchisee hereby assigns to Franchisor (1) those certain telephone numbers and regular, classified or other telephone directory listings (collectively, the “**Telephone Numbers and Listings**”) and (2) those certain Internet website addresses (“**URLs**”) associated with Franchisor’s trade and service marks and used from time to time in connection with the operation of the Lawn Care Business, as defined in the Franchise Agreement, at the address provided above. This Assignment is for collateral purposes only and, except as specified herein, Franchisor shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless Franchisor shall notify the telephone company and/or the listing agencies with which Franchisee has placed telephone directory listings (all such entities are collectively referred to herein as “**Telephone Company**”) and/or Franchisee’s internet service provider (“**ISP**”) to effectuate the assignment pursuant to the terms hereof.

Upon termination or expiration of the Franchise Agreement (without the extension of Franchisee’s rights to operate the Lawn Care Business), Franchisor shall have the right and is hereby empowered to effectuate the assignment of the Telephone Numbers and Listings and the URLs, and, in such event, Franchisee shall have no further right, title or interest in the Telephone Numbers and Listings and URLs, and shall remain liable to the Telephone Company and the ISP for all past due fees owing to the Telephone Company and the ISP on or before the effective date of the assignment hereunder.

Franchisee agrees and acknowledges that as between Franchisor and Franchisee, upon termination or expiration of the Franchise Agreement, Franchisor shall have the sole right to and interest in the Telephone Numbers and Listings and URLs, and Franchisee irrevocably appoints Franchisor as Franchisee’s true and lawful attorney-in-fact, which appointment is coupled with an interest, to direct the Telephone Company and the ISP to assign same to Franchisor, and execute such documents and take such actions as may be necessary to effectuate the assignment. Upon such event, Franchisee shall immediately notify the Telephone Company and the ISP to assign the Telephone Numbers and Listings and URLs to Franchisor. If Franchisee fails to promptly direct the Telephone Company and the ISP to assign the Telephone Numbers and Listings and URLs to Franchisor, Franchisor shall direct the Telephone Company and the ISP to effectuate the assignment contemplated hereunder to Franchisor. The parties agree that the Telephone Company and the ISP may accept Franchisor’s written direction, the Franchise Agreement or this Assignment as conclusive proof of Franchisor’s exclusive rights in and to the Telephone Numbers and Listings and URLs upon such termination or expiration and that such assignment shall be made automatically and effective immediately upon Telephone Company’s and ISP’s receipt of such notice from Franchisor or Franchisee. The parties further agree that if the Telephone Company or the ISP requires that the parties execute the Telephone Company’s or the ISP’s assignment forms or other documentation at the time of termination or expiration of the Franchise Agreement, Franchisor’s execution of such forms or documentation on behalf of Franchisee shall effectuate Franchisee’s consent and agreement to the assignment. The parties agree that at any time after the date hereof they will perform such acts and execute

and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement.

**ASSIGNEE:**

**CANOPY FRANCHISE CORPORATION**

**ASSIGNOR:**

\_\_\_\_\_

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

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

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

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

Its: \_\_\_\_\_

**ATTACHMENT F  
TO FRANCHISE AGREEMENT**

**SAMPLE RELEASE AGREEMENT**

*[This is a sample release form that generally will be used with or incorporated into a separate agreement. This form is subject to change over time.]*

This Agreement (“Agreement”) is entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_ (the “Effective Date”) between CANOPY FRANCHISE CORPORATION (“Franchisor”), \_\_\_\_\_ (“Franchisee”), and \_\_\_\_\_ (“Guarantors”).

**BACKGROUND**

A. Franchisor and Franchisee entered into a franchise agreement dated \_\_\_\_\_ (the “Franchise Agreement”).

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

**AGREEMENT**

1. [Note terms and details of the Agreement]

2. **Release.**

a. Franchisee and Guarantors, each on behalf of themselves and their present and former, direct and indirect, parents, subsidiaries, affiliates, employees, officers, directors, shareholders, owners, heirs, successors, and assigns (collectively, “Franchisee Parties”) hereby release, waive, and forever discharge Franchisor, and its present and former, direct and indirect, parents, predecessors, subsidiaries, affiliates, employees, officers, directors, shareholders, members, owners, agents, representatives, successors, and assigns (collectively, “Franchisor Parties”) of and from any and all actions, causes of action, suits, losses, liabilities, rights, debts, dues, sums of money, accounts, reckonings, obligations, costs, expenses, liens, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands, of every kind and nature whatsoever, whether now known or unknown, foreseen or unforeseen, matured or unmatured, suspected or unsuspected, in law, or equity (collectively, “Claims”), which any of such Franchisee Parties ever had, now have, or hereafter can, shall, or may have against any of such Franchisor Parties for, upon, or by reason of any matter, cause, or thing whatsoever from the beginning of time through the Effective Date, including, without limitation, those arising out of or relating to the Franchise Agreement, the Franchised Business, the offer and sale of the Franchised Business, or the franchise relationship between any of the Franchisee Parties and any of the Franchisor Parties. Franchisee and Guarantors, on behalf of the Franchisee Parties, understand that they may later discover Claims or facts that may be different from, or in addition to, those that it or any other Franchisee Party now knows or believes to exist regarding the subject matter of the release contained in this Section 2, and which, if known at the time of signing this Agreement, may have materially affected this Agreement and its decision to enter into it and grant the release contained in this Section 2. Nevertheless, Franchisee and Guarantors, on behalf of themselves and the other Franchisee Parties, intend to fully, finally and forever settle and release all Claims that now exist, may exist, or previously existed, as set out in the release contained in this Section 2, whether known or unknown, foreseen or unforeseen, or suspected or unsuspected, and the release given herein is and will remain in effect as a complete release, notwithstanding the discovery or existence of such additional or

different facts. The Franchisee Parties hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts.

b. Franchisee and Guarantors represent and warrant as follows: (i) none of them are aware of any Claim that is not covered by the release contained in this Section 2, (ii) none of them have assigned or transferred any of the Claims released herein to any person or entity and no person or entity has subrogated to or has any interest or rights in any Claims, and (iii) each of them has the full right, power, and authority to enter into this Agreement, to grant on behalf of itself and the other Franchisee Parties the releases contained herein, and to perform its obligations hereunder.

**[California-specific language:** Franchisee and Guarantors, on behalf of the Franchisee Parties, waive all rights and protections that they have or may have under Section 1542 of the California Civil Code. Section 1542 provides as follows:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Franchisee and Guarantors, on behalf of the Franchisee Parties, acknowledge and agree that the foregoing waiver of Section 1542 is an essential, integral and material term of this release and that they have had adequate opportunity to gather all information necessary to enter into this Amendment and to grant the releases contained herein, and need no further information or knowledge of any kind that would otherwise influence the decision to enter into this Amendment.]

*[The following language is to be included if the Washington Franchise Investment Protection Act, RCW 19.100, applies:* The general release granted under this Agreement does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules thereunder.]

**3. General.** 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 \_\_\_\_\_ without regard to conflicts of laws principles. 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. This Agreement contains the entire agreement and understanding of the parties concerning the subject matter of this Agreement. [NOTE: Detail other miscellaneous provisions.]

**IN WITNESS WHEREOF,** the parties have executed this Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

**FRANCHISOR:**  
**CANOPY FRANCHISE CORPORATION**

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

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

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

**GUARANTORS:**  
\_\_\_\_\_  
\_\_\_\_\_, Individually

**ATTACHMENT G  
TO FRANCHISE AGREEMENT**

**CANOPY FRANCHISE CORPORATION  
SUCCESSOR ADDENDUM TO SUCCESSOR FRANCHISE AGREEMENT**

This Successor Addendum (“**Successor Addendum**”) to the Successor Franchise Agreement is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between CANOPY FRANCHISE CORPORATION (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

**BACKGROUND**

1. Franchisor and Franchisee entered into a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (“**Franchise Agreement**”) pursuant to which Franchisee operates a Canopy® Lawn Care Business located in \_\_\_\_\_. (“**Franchised Business**”).
2. The Franchise Agreement will expire by its own terms on \_\_\_\_\_, 20\_\_\_\_.
3. Franchisor and Franchisee intend to enter into a successor franchise agreement (“**Successor Franchise Agreement**”) and desire to amend its terms by incorporating the terms of this Successor Addendum into the Successor Franchise Agreement.

**AGREEMENT**

1. **NO ADDITIONAL SUCCESSOR TERMS.** Franchisor and Franchisee acknowledge and agree that, notwithstanding Section 3 of the Successor Franchise Agreement, Franchisee has no rights to any additional successor terms upon the expiration or termination of the Successor Franchise Agreement. Franchisor, however, reserves the right to offer Franchisee additional successor terms.
3. **FRANCHISE FEE.** Section 5 is amended as follows:
  - A. **Section 5.1** is deleted in its entirety and replaced with the following:

“5.1 The Franchisee shall pay the sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_) plus, if due and payable, all applicable federal, state or municipal taxes, as a non-recurring and non-refundable (subject to Section 5.2) successor franchise fee (“**Successor Franchise Fee**”) per Territory to the Franchisor upon the execution of this Agreement. The Successor Franchise Fee shall be paid by means of certified funds on a bank check. The Successor Franchise Fee shall be deemed to have been fully earned by the Franchisor when paid.”
4. **GUIDANCE AND COACHING AND ASSISTANCE.** Sections 7.3(c), 7.3(f) and 7.5 are deleted in their entirety.
5. **FRANCHISEE’S DUTIES, OBLIGATIONS AND OPERATING STANDARDS.** Section 8.2(a) is deleted in its entirety.
6. **ATTACHMENT A.**

In **Section 2 of Attachment A**, the phrase “Initial Franchise Fee” is replaced with “Successor Franchise Fee” in both the heading and in the first sentence of this section.

7. **RELEASE OF CLAIMS.** As of the date of this Successor Addendum, in consideration for Franchisor entering into the Successor Franchise Agreement, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, and affiliates (collectively, the “**Franchisee Releasing Parties**”), Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, and Affiliates (collectively, the “**Franchisor Released Parties**”), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with Franchisee’s Lawn Care Business or the Franchise Agreement or any other contractual relation between Franchisee and Franchisor and/or any Franchisor Released Parties, which Franchisee Releasing Parties may have had or may now have directly or indirectly against any or all of Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys’ fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof.

*[The following language is included in the event the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder apply: “The release of claims does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.”]*

8. **MISCELLANEOUS.** This Successor Addendum will be binding upon and inure to the benefit of each party and to each party’s respective successors and assigns. Any terms not defined in this Successor Addendum have the meaning given to the terms in the Successor Franchise Agreement.

9. **NO FURTHER CHANGES.** Except as specifically provided in this Successor Addendum, all of the terms, conditions and provisions of the Successor Franchise Agreement will remain in full force and effect as originally written and signed.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Successor Addendum as of the date first above written.

**FRANCHISEE:**

\_\_\_\_\_

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

**FRANCHISOR:**

**CANOPY FRANCHISE CORPORATION**

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

**ATTACHMENT H  
TO FRANCHISE AGREEMENT**

**CANOPY FRANCHISE CORPORATION  
AGGREGATE REPORTING ADDENDUM TO FRANCHISE AGREEMENT**

This Aggregate Reporting Addendum (“**Aggregate Reporting Addendum**”) to the Franchise Agreement is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_, by and between CANOPY FRANCHISE CORPORATION (“**Franchisor**”) and \_\_\_\_\_ (“**Franchisee**”).

**BACKGROUND**

1. Franchisor and Franchisee are parties to the Franchise Agreements listed in Exhibit A to this Aggregate Reporting Addendum (the “**Franchise Agreements**”) pursuant to which Franchisee operates a Canopy® franchise at the locations listed in Exhibit A (the “**Franchised Businesses**”) in the territories described in the Franchise Agreements (the “**Territories**”).

2. Franchisor and Franchisee now desire to modify the provisions of the Franchise Agreements as a result of Franchisee owning multiple Franchised Businesses.

**AGREEMENT**

1. **SINGLE BUSINESS LOCATION.** Franchisor and Franchisee acknowledge and agree that Franchisee will operate the Franchised Businesses from a single business location.

2. **ROYALTY FEES AND BRAND FUND CONTRIBUTION.** Provided that Franchisee is in full compliance with the terms of the Franchise Agreements, Franchisor and Franchisee acknowledge and agree that for purposes of determining the Year-to-Date Gross Revenue and Royalty Fees, Franchisee may aggregate the Gross Revenues of each of the Franchised Businesses operating under the Franchise Agreements.

3. **ROYALTY REPORTS.** Franchisor and Franchisee acknowledge and agree that Franchisee’s statement of the previous month’s Gross Revenues may include the Gross Revenues of all of the Franchised Businesses operating under the Franchise Agreements and that it may submit one royalty report for its Franchised Businesses operating from a single business location.

4. **TECHNOLOGY FEES.** Franchisor and Franchisee acknowledge and agree that Franchisee will utilize the same technology package for all of its Franchised Businesses, and Franchisor will only require Franchisee to pay the applicable technology fees as if Franchisee was only operating one Franchised Business.

5. **INDIVIDUAL ADVERTISING INVESTMENT.** During the first twelve (12) months of operations, Franchisee is required to spend a minimum of \$50,000 on local advertising and marketing in accordance with an expenditure schedule set by Franchisor (“**Individual Advertising Investment**”) for the first Territory, plus \$25,000 for the second Territory, plus an additional \$10,000 for each additional contiguous Territory. After the first year of operations, Franchisee is required to spend the greater of \$30,000 for the first Territory plus an additional \$10,000 for each additional contiguous Territory, or 10% of Gross Revenues for the prior year. Notwithstanding the foregoing, provided that Franchisee is in full compliance with the terms of the Franchise Agreement, Franchisee will only be required to reach the Individual Advertising Investment minimum amounts described in the Franchisee’s longest-standing Franchise Agreement with Franchisor.



6. **RELEASE OF CLAIMS.** As of the date of, and in consideration for Franchisor entering into this Aggregate Reporting Addendum, Franchisee does hereby compromise, settle, and absolutely, unconditionally, and fully release, discharge, and hold harmless for itself and each of its respective heirs, executors, administrators, representatives, successors, assigns, officers, members, managers, directors, shareholders, employees, partners, and affiliates (collectively, the “**Franchisee Releasing Parties**”), Franchisor and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns, members, managers, and Affiliates (collectively, the “**Franchisor Released Parties**”), for all purposes, of and from any and all claims, debts, demands, damages, costs, expenses, actions, causes of action, or suits of any kind whatsoever, at common law, statutory or otherwise, whether now known or not, whether contingent or matured, including, without limitation, any claim, demand, or cause of action arising out of or in connection with Franchisee’s Lawn Care Businesses or the Franchise Agreements or any other contractual relationship between Franchisee and Franchisor and/or any Franchisor Released Parties, which Franchisee Releasing Parties may have had or may now have directly or indirectly against any or all of Franchisor Released Parties based upon or arising out of any event, act, or omission that has occurred prior to the date hereof. Franchisee Releasing Parties further covenant and agree to never institute, prosecute or assist others to institute or prosecute, or in any way aid any claim, suit, action at law or in equity, or otherwise assert any claim against any or all of Franchisor Released Parties for any damages (actual, consequential, punitive or otherwise), injunctive relief, or other loss or injury either to person or property, cost, expense, attorneys’ fees, amounts paid on account of recovery or settlement, or any other damage or harm whatsoever, based upon or arising out of any event, act, or omission that has occurred prior to the date hereof.

*[The following language is included in the event the Washington Franchise Investment Protection Act, RCW 19.100 and the rules adopted thereunder apply: “The release of claims does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.”]*

7. **MISCELLANEOUS.** This Aggregate Reporting Addendum will be binding upon and inure to the benefit of each party and to each party’s respective successors and assigns. Any terms not defined in this Aggregate Reporting Addendum have the meaning given to the terms in the Franchise Agreements.

8. **NO FURTHER CHANGES.** Except as specifically provided in this Aggregate Reporting Addendum, all of the terms, conditions and provisions of the Franchise Agreements will remain in full force and effect as originally written and signed.

IN WITNESS WHEREOF, Franchisor and Franchisee have duly executed this Aggregate Reporting Addendum as of the date first above written.

**FRANCHISEE:**

\_\_\_\_\_

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

**FRANCHISOR:**

**CANOPY FRANCHISE CORPORATION**

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

**Exhibit A**

<b>Date of Franchise Agreement</b>	<b>Franchised Business Location</b>

**EXHIBIT C**

**CANOPY FRANCHISE CORPORATION**

**LIST OF CURRENT FRANCHISEES AND  
FRANCHISEES WHO HAVE LEFT THE SYSTEM**

**LIST OF CURRENT FRANCHISEES**

As of September 30, 2023

None.

**FRANCHISEES THAT HAVE LEFT THE SYSTEM**

The following franchisees left the system during the year ended September 30, 2023:

None.

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

**EXHIBIT D**

**CANOPY FRANCHISE CORPORATION**

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

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

<b>STATE</b>	<b>STATE ADMINISTRATOR/AGENT</b>	<b>ADDRESS</b>
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 <sup>st</sup> Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner (Agent) North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

**EXHIBIT E**  
**CANOPY FRANCHISE CORPORATION**  
**STATE-SPECIFIC ADDENDA**

## CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV). THE FRANCHISOR'S WEBSITE ADDRESS IS [WWW.CANOPYLAWNCARE.COM](http://WWW.CANOPYLAWNCARE.COM)

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

### Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

### Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

### Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of the Commonwealth of Virginia. This provision may not be enforceable under California law.



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

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement requires binding arbitration. The arbitration will occur in Richmond, Virginia with the cost being borne equally by the parties. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

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

## CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires application of the laws of the Commonwealth of Virginia. This provision may not be enforceable under California law.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

The Franchise Agreement requires binding arbitration. The arbitration will occur in Richmond, Virginia with the cost being borne equally by the parties. Prospective franchisees are encouraged to consult with private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

Section 22 of the Franchise Agreement is deleted in its entirety.

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

franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

## ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

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

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

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

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

Exhibit G, Additional Disclosure:

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

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Illinois Franchise Disclosure Act, Ill. Comp. Stat. §§705/1 – 705/44 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

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

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

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

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

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

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 5, Additional Disclosure:

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

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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

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

This addendum applies to residents of the State of Maryland and franchises to be located in the State of Maryland and franchises to be operated in the State of Maryland.

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

Exhibit G, Additional Disclosure:

Exhibit G (Acknowledgment Addendum) to the FDD is deleted in its entirety.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

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

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

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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

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

2. Section 22 of the Franchise Agreement, titled “Acknowledgement,” is deleted.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**  
**CANOPY FRANCHISE CORPORATION**

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

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

MARYLAND ADDENDUM TO AGGREGATE REPORTING ADDENDUM  
TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Aggregate Reporting Addendum to the Franchise Agreement, to the extent that the Aggregate Reporting Addendum contains provisions that are inconsistent with the following, such provisions are hereby amended:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of sale shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

Section 1.1 and 1.8 (Covenants) of the Franchise Agreement are deleted.

Section 1.2 (Covenants) of the Franchise Agreement is deleted and replaced with, “Franchisee has, or has made firm arrangements to acquire funds to commence, open and operate the Business.”

This Addendum is being entered into in connection with the Aggregate Reporting Addendum to the Franchise Agreement. In the event of any conflict between this Addendum and the Aggregate Reporting Addendum to the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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



## MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

### State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

### Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

### Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

### Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subs. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 5.

Exhibit G, Additional Disclosure:

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

## MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

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

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

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

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

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

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

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

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

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

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

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

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

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

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

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

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

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

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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



## NORTH DAKOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

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

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

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

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

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

Its: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

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

RHODE ISLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure. The following statement is added to Item 17:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

RHODE ISLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Rhode Island Franchise Investment Act, R.I. Gen. Law ch. 395 §§19-28.1-1 – 19-28.1-34 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that: “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

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

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

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

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

Its: \_\_\_\_\_

Its: \_\_\_\_\_

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

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

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According to Section 13.1 – 564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

Exhibit G, Additional Disclosure:

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

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

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

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_  
Date: \_\_\_\_\_

## WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

### Item 17, Additional Disclosure:

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Exhibit G, Additional Disclosure:

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



WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT, ACKNOWLEDGMENT  
AND RELATED DOCUMENTS

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

The franchisor [uses/may use] the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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

Section 21.1 of the Franchise Agreement is deleted.

Section 21.4 of the Franchise Agreement is deleted.

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

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

**FRANCHISOR:**

**FRANCHISEE:**

**CANOPY FRANCHISE CORPORATION**

\_\_\_\_\_

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

Its: \_\_\_\_\_

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

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

Its: \_\_\_\_\_

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

**EXHIBIT F**

**CANOPY FRANCHISE CORPORATION  
OPERATING MANUAL TABLE OF CONTENTS**

<b>OPERATIONS MANUAL TABLE OF CONTENTS</b>	
<b>Section</b>	<b>Page</b>
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Responsibilities	20
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Vehicles, Equipment, and Uniforms	51
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**EXHIBIT G**

**CANOPY FRANCHISE CORPORATION  
ACKNOWLEDGMENT ADDENDUM**

**ACKNOWLEDGMENT ADDENDUM TO  
CANOPY® FRANCHISE AGREEMENT\***

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

**This Questionnaire does not apply to franchisees who intend to operate the franchised business in the State of California. Do not complete this Questionnaire or respond to any of the questions contained in the Questionnaire if you intend to operate the franchised business in the State of California.**

**Acknowledgments and Representations.**

1. Did you receive a copy of our disclosure document (and all exhibits and attachments) at least 14 calendar days prior to signing the Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
2. Have you studied and reviewed carefully our disclosure document and Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
3. If we materially altered the provisions of the Franchise Agreement (except as a result of negotiations you initiated), did you receive a copy of the Franchise Agreement at least 7 calendar days before signing it.? Check one:  No  Yes. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
4. Did you understand all the information contained in both the disclosure document and Franchise Agreement? Check one  Yes  No. If no, please comment: \_\_\_\_\_  
\_\_\_\_\_
5. Was any oral, written or visual claim or representation made to you which contradicted the disclosures in the disclosure document? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_
6. Did any employee or other person speaking on our behalf make any oral, written or visual claim, statement, promise or representation to you that stated, suggested, predicted or projected sales, revenues, expenses, earnings, income or profit levels at any CANOPY® business location or business, or the likelihood of success at your franchised business? Check one:  No  Yes. If yes, please state in detail the oral, written or visual claim or representation: \_\_\_\_\_  
\_\_\_\_\_

7. Did any employee or other person speaking on our behalf make any statement or promise regarding the costs involved in operating a franchise that is not contained in the disclosure document or that is contrary to, or different from, the information contained in the disclosure document? Check one:  Yes  No. If yes, please comment: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_
  
8. Do you understand that the franchise granted under the Franchise Agreement is for the right to operate a business at the authorized location only and includes no area protection other than as provided in Sections 2 and 4 of the Franchise Agreement, and that we and our affiliates have the right to issue franchises outside your territory and, sell competitive products and services and operate competing businesses for or at locations, as we determine, both within and outside your territory, consistent with the terms of Sections 2 and 4 of the Franchise Agreement? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
 \_\_\_\_\_
  
9. Do you understand that the Franchise Agreement contains the entire agreement between you and us concerning the franchise for the franchised business, meaning that any prior oral or written statements not set out in the Franchise Agreement will not be binding? Check one:  Yes  No. If no, please comment: \_\_\_\_\_  
 \_\_\_\_\_
  
10. Do you understand that the success or failure of your business will depend in large part upon your skills and experience, your business acumen, the hours you work, your location, the local market for products and services under the CANOPY® service mark and other trademarks, service marks and trade names we license to you, interest rates, the economy, inflation, the number of employees you hire and their compensation, competition, lease terms and other economic and business factors? Further, do you understand that the economic and business factors that exist at the time you open your business may change? Check one  Yes  No. If no, please comment: \_\_\_\_\_  
 \_\_\_\_\_
  
11. Do you understand that this franchise business may be impacted by other risks, including those outside your or our control such as economic, political or social disruption? Check one  Yes  No. If no, please comment: \_\_\_\_\_  
 \_\_\_\_\_

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS ADDENDUM, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS. IF MORE SPACE IS NEEDED FOR ANY ANSWER, CONTINUE ON A SEPARATE SHEET AND ATTACH.

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

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

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

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

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

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

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

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

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

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

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

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

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

**APPROVED ON BEHALF OF CANOPY FRANCHISE CORPORATION**

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

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

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

\*This statement is not intended to disclaim any representations we made in the franchise disclosure document we provided to you.

Do not sign this Questionnaire if you are a Maryland resident, or the franchise is to be located in Maryland.

**EXHIBIT H**

**CANOPY FRANCHISE CORPORATION  
VEHICLE LEASE**



## MASTER EQUITY LEASE AGREEMENT

This Master Equity Lease Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between Enterprise FM Trust, a Delaware statutory trust ("Lessor"), and the lessee whose name and address is set forth on the signature page below ("Lessee").

**1. LEASE OF VEHICLES:** Lessor hereby leases to Lessee and Lessee hereby leases from Lessor the vehicles (individually, a "Vehicle" and collectively, the "Vehicles") described in the schedules from time to time delivered by Lessor to Lessee as set forth below ("Schedule(s)") for the rentals and on the terms and conditions set forth in this Agreement and in the applicable Schedule. References to this "Agreement" shall include this Master Equity Lease Agreement and the various Schedules and addenda to this Master Equity Lease Agreement, each of which are incorporated herein as part of a single, unitary Agreement. Lessor will, on or about the date of delivery of each Vehicle to Lessee, send Lessee a Schedule covering the Vehicle, which will include, among other things, a description of the Vehicle, the lease term and the monthly rental and other payments due with respect to the Vehicle. The terms contained in each such Schedule will be binding on Lessee unless Lessee objects in writing to such Schedule within ten (10) days after the date of delivery of the Vehicle covered by such Schedule. Lessor is the sole legal owner of each Vehicle. This Agreement is a lease only and Lessee will have no right, title or interest in or to the Vehicles except for the use of the Vehicles as described in this Agreement. This Agreement shall be treated as a true lease for federal and applicable state income tax purposes with Lessor having all benefits of ownership of the Vehicles. It is understood and agreed that Enterprise Fleet Management, Inc. or an affiliate thereof (together with any subservicer, agent, successor or assign as servicer on behalf of Lessor, "Servicer") may administer this Agreement on behalf of Lessor and may perform the service functions herein provided to be performed by Lessor.

**2. TERM:** The term of this Agreement ("Term") for each Vehicle begins on the date such Vehicle is delivered to Lessee (the "Delivery Date") and, unless terminated earlier in accordance with the terms of this Agreement, continues for the "Lease Term" as described in the applicable Schedule.

### 3. RENT AND OTHER CHARGES:

(a) Lessee agrees to pay Lessor monthly rental and other payments according to the Schedules, Open-End (Equity) Lease Rate Quotes, and this Agreement. The monthly payments will be in the amount listed as the "Total Monthly Rental Including Additional Services" on the applicable Schedule (with any portion of such amount identified as a charge for maintenance services under Section 4 of the applicable Schedule being payable to Lessor as agent for Enterprise Fleet Management, Inc.) and will be due and payable in advance on the first day of each month. Lessee agrees to pay Lessor interest charges, in connection with the acquisition of a Vehicle, for the period between the date Lessor issues payment to acquire such Vehicle and the date the Vehicle is delivered to Lessee. Such interest charges shall be included in each Schedule. If a Vehicle is delivered to Lessee on any day other than the first day of a month, monthly rental payments will begin on the first day of the next month. In addition to the monthly rental payments, Lessee agrees to pay Lessor a pro-rated rental charge for the number of days that the Delivery Date precedes the first monthly rental payment date. A portion of each monthly rental payment, being the amount designated as "Depreciation Reserve" on the applicable Schedule, will be considered as a reserve for depreciation and will be credited against the Delivered Price of the Vehicle for purposes of computing the Book Value of the Vehicle under Section 3(c). Lessee agrees to pay Lessor the "Total Initial Charges" set forth in each Schedule on the due date of the first monthly rental payment under such Schedule. Lessee agrees to pay Lessor the "Service Charge Due at Lease Termination" set forth in each Schedule at the end of the applicable Term (whether by reason of expiration, early termination or otherwise).

(b) In the event the Term for any Vehicle ends prior to the last day of the scheduled Term, whether as a result of a default by Lessee, a Casualty Occurrence or any other reason, the rentals and management fees paid by Lessee will be recalculated in accordance with the rule of 78's and the adjusted amount will be payable by Lessee to Lessor on the termination date.

(c) Lessee agrees to pay Lessor within thirty (30) days after the end of the Term for each Vehicle, additional rent equal to the excess, if any, of the Book Value of such Vehicle over the greater of (i) the wholesale value of such Vehicle as determined by Lessor in good faith or (ii) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable Schedule. If the Book Value of such Vehicle is less than the greater of (i) the wholesale value of such Vehicle as determined by Lessor in good faith or (ii) except as provided below, twenty percent (20%) of the Delivered Price of such Vehicle as set forth in the applicable Schedule, Lessor agrees to pay such deficiency to Lessee as a terminal rental adjustment after the end of the applicable Term (subject to Lessor's right to recoup any amounts Lessor would owe to Lessee under this Section 3(c) against any obligations of Lessee to Lessor under this Agreement). Notwithstanding the foregoing, if (i) the Term for a Vehicle is greater than forty-eight (48) months (including any extension of the Term for such Vehicle), (ii) the mileage on a Vehicle at the end of the Term is greater than 15,000 miles per year on average (prorated on a daily basis) (i.e., if the mileage on a Vehicle with a Term of thirty-six (36) months is greater than 45,000 miles) or (iii) in the sole judgment of Lessor, a Vehicle has been subject to damage or any abnormal or excessive wear and tear, the calculations described in the two immediately preceding sentences shall be made without giving effect to clause (ii) in each such sentence. The "Book Value" of a Vehicle means the sum of (i) the "Delivered Price" of the Vehicle as set forth in the applicable Schedule minus (ii) the total Depreciation Reserve paid by Lessee to Lessor with respect to such Vehicle plus (iii) all accrued and unpaid rent and/or other amounts owed by Lessee with respect to such Vehicle.

(d) Any security deposit of Lessee will be returned to Lessee at the end of the applicable Term, except that the deposit will first be applied to and recouped against any losses and/or damages suffered by Lessor as a result of Lessee's breach of or default under this Agreement and/or to any other amounts then owed by Lessee to Lessor.

(e) Any rental payment or other amount owed by Lessee to Lessor which is not paid within twenty (20) days after its due date will accrue interest, payable on demand of Lessor, from the date due until paid in full at a rate per annum equal to the lesser of (i) Eighteen Percent (18%) per annum or (ii) the highest rate permitted by applicable law (the "Default Rate").

(f) If Lessee fails to pay any amount due under this Agreement or to comply with any of the covenants contained in this Agreement, Lessor, Servicer or any other agent of Lessor may, at its option, pay such amounts or perform such covenants and all sums paid or incurred by Lessor in connection therewith will be repayable by Lessee to Lessor upon demand together with interest thereon at the Default Rate.

(g) Lessee's obligations to make all payments of rent and other amounts under this Agreement are absolute and unconditional and such payments shall be made in immediately available funds without setoff, counterclaim or deduction of any kind. Lessee acknowledges and agrees that neither any Casualty Occurrence to any Vehicle nor any defect, unfitness or lack of governmental approval in, of, or with respect to, any Vehicle regardless of the cause or consequence nor any breach by Enterprise Fleet Management, Inc. of any maintenance agreement between Enterprise Fleet Management, Inc. and Lessee covering any Vehicle regardless of the cause or consequence will relieve Lessee from the performance of any of its obligations under this Agreement, including, without limitation, the payment of rent and other amounts under this Agreement.

(h) In the event Lessor, Servicer or any other agent of Lessor arranges for rental vehicle(s) with a subsidiary or affiliate of Enterprise Holdings, Inc., Lessee shall be fully responsible for all obligations under any applicable rental agreement.

**4. USE AND SURRENDER OF VEHICLES:** Lessee agrees to allow only duly authorized, licensed and insured drivers to use and operate the Vehicles. Lessee agrees to comply with, and cause its drivers to comply with, all laws, statutes, rules, regulations and ordinances (including without limitation such federal, state and local laws, statutes, rules, regulations and ordinances governing autonomous vehicles and automated driving systems and any parts, components and products related thereto) and the provisions of all insurance policies affecting or covering the Vehicles or their use or operation. In connection with autonomous vehicles and automated driving systems and the parts, components and products related thereto, Lessee agrees to comply with all applicable guidance and professional standards issued, released or published by governmental and quasi-governmental agencies, including without limitation the federal guidance for automated vehicles published by the Department of Transportation and the Federal Automated Vehicle Policy issued by the U.S. Department of Transportation and the National Highway Traffic Safety Administration. Lessee agrees to keep the Vehicles free of all liens, charges and encumbrances. Lessee agrees that in no event will any Vehicle be used or operated for transporting hazardous substances or persons for hire, for any illegal purpose or to pull trailers that exceed the manufacturer's trailer towing recommendations. Lessee agrees that no Vehicle is intended to be or will be utilized as a "school bus" as defined in the Code of Federal Regulations or any applicable state or municipal statute or regulation. Lessee agrees not to remove any Vehicle from the continental United States without first obtaining Lessor's written consent. At the expiration or earlier termination of this Agreement with respect to each Vehicle, or upon demand by Lessor made pursuant to Section 14, Lessee at its risk and expense agrees to return such Vehicle to Lessor at such place and by such reasonable means as may be designated by Lessor. If for any reason Lessee fails to return any Vehicle to Lessor as and when required in accordance with this Section, Lessee agrees to pay Lessor additional rent for such Vehicle at twice the normal pro-rated daily rent. Acceptance of such additional rent by Lessor will in no way limit Lessor's remedies with respect to Lessee's failure to return any Vehicle as required hereunder.

**5. COSTS, EXPENSES, FEES AND CHARGES:** Lessee agrees to pay all costs, expenses, fees, charges, fines, tickets, penalties and taxes (other than federal and state income taxes on the income of Lessor) incurred in connection with the titling, licensing, registration, delivery, purchase, sale, rental, and Lessee's use or operation of the Vehicles. If Lessor, Servicer or any other agent of Lessor incurs any such costs or expenses, Lessee agrees to promptly reimburse Lessor for the same.

**6. LICENSE AND CHARGES:** Each Vehicle will be titled, registered and licensed in the name designated by Lessor at Lessee's expense. Certain other charges relating to the acquisition of each Vehicle and paid or satisfied by Lessor have been capitalized in determining the monthly rental, treated as an initial charge or otherwise charged to Lessee. Such charges have been determined without reduction for trade-in, exchange allowance or other credit attributable to any Lessor-owned vehicle.

**7. REGISTRATION PLATES, ETC.:** Lessee agrees, at its expense, to obtain in the name designated by Lessor, all registration plates and other plates, permits, inspections and/or licenses required in connection with the Vehicles, except for the initial registration plates which Lessor will obtain at Lessee's expense. The parties agree to cooperate and to furnish any and all information or documentation, which may be reasonably necessary for compliance with the provisions of this Section or any federal, state or local law, rule, regulation or ordinance. Lessee agrees that it will not permit any Vehicle to be located in a state other than the state in which such Vehicle is then titled for any continuous period of time that would require such Vehicle to become subject to the titling, licensing and/or registration laws of such other state.

**8. MAINTENANCE OF AND IMPROVEMENTS TO VEHICLES:**

(a) Lessee agrees, at its expense, to (i) maintain the Vehicles in good condition, repair, maintenance and running order and in accordance with all manufacturer's instructions and warranty requirements and all legal requirements and (ii) furnish all labor, materials, parts and other essentials required for the proper operation and maintenance of the Vehicles. Lessee will not make (or cause to be made) any alterations, upgrades, upfitting, additions or improvements (collectively, "Alterations") to any Vehicle which (i) could impact or impair the "motor vehicle safety" (as defined the Motor Vehicle Safety Act) of the Vehicle, or (ii) could impact, impair, void or render unenforceable the manufacturer's warranty. Without the prior written consent of Lessor, Lessee will not make (or cause to be made) any Alterations to any Vehicle which (i) detracts, impairs, damages or alters the Vehicle's nature, purpose, economic value, remaining useful life, functionality, utility, software or controls, or (ii) subjects the Vehicle or any part or component of such Vehicle to any lien, charge or encumbrance. Any Alterations of any nature to a Vehicle are made at Lessee's sole cost, risk and liability, including without limitation, any such Alterations approved by, or made with the assistance or at the direction of, Lessor. Any replacement parts added to any Vehicle shall be in at least as good an operating condition as the prior part before the replacement (assuming such part was, at the time of the replacement, in the condition required by the terms of this Agreement). Any Alterations to a Vehicle will become and remain the property of Lessor and will be returned with such Vehicle upon such Vehicle's return pursuant to Section 4 and shall be free of any liens, charges or encumbrances; provided, however, Lessor shall have the right at any time to require Lessee to remove any such Alteration at Lessee's sole cost, expense and liability. In no event or instance shall the value of any Alterations be regarded as rent. Lessee and Lessor acknowledges and agrees that Lessor will not be required to make any repairs, replacements or Alterations of any nature or description with respect to any Vehicle, to maintain or repair any Vehicle or to make any expenditure whatsoever in connection with any such Vehicle(s) or this Agreement.

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(b) Lessor and Lessee acknowledge and agree that if Section 4 of a Schedule includes a charge for maintenance, (i) the Vehicle(s) covered by such Schedule are subject to a separate maintenance agreement between Enterprise Fleet Management, Inc. and Lessee and (ii) Lessor shall have no liability or responsibility for any failure of Enterprise Fleet Management, Inc. to perform any of its obligations thereunder or to pay or reimburse Lessee for its payment of any costs and expenses incurred in connection with the maintenance or repair of any such Vehicle(s).

#### 9. SELECTION OF VEHICLES AND DISCLAIMER OF WARRANTIES:

(a) LESSEE ACCEPTANCE OF DELIVERY AND USE OF EACH VEHICLE WILL CONCLUSIVELY ESTABLISH THAT SUCH VEHICLE IS OF A SIZE, DESIGN, CAPACITY, TYPE AND MANUFACTURE SELECTED BY LESSEE AND THAT SUCH VEHICLE IS IN GOOD CONDITION AND REPAIR AND IS SATISFACTORY IN ALL RESPECTS AND IS SUITABLE FOR LESSEE'S PURPOSE. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OF ANY VEHICLE OR AN AGENT OF A MANUFACTURER OF ANY VEHICLE.

(b) LESSOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, WITH RESPECT TO ANY VEHICLE, INCLUDING, WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY AS TO CONDITION, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. THE VEHICLES ARE LEASED "AS IS," "WITH ALL FAULTS." All warranties made by any supplier, vendor and/or manufacturer of a Vehicle are hereby assigned by Lessor to Lessee for the applicable Term and Lessee's only remedy, if any, is against the supplier, vendor or manufacturer of the Vehicle.

(c) None of Lessor, Servicer or any other agent of Lessor will be liable to Lessee for any liability, claim, loss, damage (direct, incidental or consequential) or expense of any kind or nature, caused directly or indirectly, by any Vehicle or any inadequacy of any Vehicle for any purpose or any defect (latent or patent) in any Vehicle or the use or maintenance of any Vehicle or any repair, servicing or adjustment of or to any Vehicle, or any delay in providing or failure to provide any Vehicle, or any interruption or loss of service or use of any Vehicle, or any loss of business or any damage whatsoever and however caused. In addition, none of Lessor, Servicer or any other agent of Lessor will have any liability to Lessee under this Agreement or under any order authorization form executed by Lessee if Lessor is unable to locate or purchase a Vehicle ordered by Lessee or for any delay in delivery of any Vehicle ordered by Lessee.

(d) In no event shall Lessor, Servicer or any other agent of Lessor or their respective affiliates be liable for consequential, indirect, incidental, special, exemplary, punitive or enhanced damages, lost profits or revenues or diminution in value, arising out of or relating to this Agreement, including, without limitation, any breach or performance of this Agreement, regardless of (i) whether such damages were foreseeable, (ii) whether or not Lessor, Servicer or any other agent of Lessor or their respective affiliates were advised of the possibility of such damages and/or (iii) the legal or equitable theory (contract, tort or otherwise) upon which a claim, action, cause of action, demand, lawsuit, arbitration, inquiry, proceeding or litigation is based, and notwithstanding the failure of any agreed or other remedy of its essential purpose.

**10. RISK OF LOSS:** Lessee assumes and agrees to bear the entire risk of loss of, theft of, damage to or destruction of any Vehicle from any cause whatsoever ("Casualty Occurrence"). In the event of a Casualty Occurrence to a Vehicle, Lessee shall give Lessor prompt notice of the Casualty Occurrence and thereafter will place the applicable Vehicle in good repair, condition and working order; provided, however, that if the applicable Vehicle is determined by Lessor to be lost, stolen, destroyed or damaged beyond repair (a "Totaled Vehicle"), Lessee agrees to pay Lessor no later than the date thirty (30) days after the date of the Casualty Occurrence the amounts owed under Sections 3(b) and 3(c) with respect to such Totaled Vehicle. Upon such payment, this Agreement will terminate with respect to such Totaled Vehicle.

#### 11. INSURANCE:

(a) Lessee agrees to purchase and maintain in force during the Term, insurance policies in at least the amounts listed below covering each Vehicle, to be written by an insurance company or companies satisfactory to Lessor, insuring Lessee, Lessor and any other person or entity designated by Lessor against any damage, claim, suit, action or liability, and that Lessor will suffer immediate and irreparable harm if Lessee fails to comply with such obligations:

(i) Commercial Automobile Liability Insurance (including Uninsured/Underinsured Motorist Coverage and No-Fault Protection where required by law) for the limits listed below (Note - \$2,000,000 Combined Single Limit Bodily Injury and Property Damage per accident with No Deductible is required for each Vehicle capable of transporting more than 8 passengers):

<u>State of Vehicle Registration</u>	<u>Coverage</u>
Connecticut, Massachusetts, Maine, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont	\$1,000,000 Combined Single Limit Bodily Injury and Property Damage per accident - No Deductible
Florida	\$500,000 Combined Single Limit Bodily Injury and Property Damage Per Accident or \$100,000 Bodily Injury Per Person Per Accident, \$300,000 Per Accident and \$50,000 Property Damage Per Accident (100/300/50) - No Deductible
All Other States	\$300,000 Combined Single Limit Bodily Injury and Property Damage Per Accident or \$100,000 Bodily Injury Per Person Per Accident, \$300,000 Per Accident and \$50,000 Property Damage Per Accident (100/300/50) - No Deductible

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(ii) Physical Damage Insurance (Collision & Comprehensive): Actual cash value of the applicable Vehicle. Maximum deductible of \$1,000 per accident - Collision and \$1,000 per accident - Comprehensive).

If the requirements of any governmental or regulatory agency exceed the minimums stated in this Agreement, Lessee must obtain and maintain the higher insurance requirements. Lessee agrees that each required policy of insurance will by appropriate endorsement or otherwise name Lessor and any other person or entity designated by Lessor as additional insureds and loss payees, as their respective interests may appear. Further, each such insurance policy must provide the following: (i) that the same may not be cancelled, changed or modified until after the insurer has given to Lessor, Servicer and any other person or entity designated by Lessor at least thirty (30) days prior written notice of such proposed cancellation, change or modification, (ii) that no act or default of Lessee or any other person or entity shall affect the right of Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns to recover under such policy or policies of insurance in the event of any loss of or damage to any Vehicle and (iii) that the coverage is "primary coverage" for the protection of Lessee, Lessor, Servicer, any other agent of Lessor and their respective successors and assigns notwithstanding any other coverage carried by Lessee, Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns protecting against similar risks. Original certificates evidencing such coverage and naming Lessor, Servicer, any other agent of Lessor and any other person or entity designated by Lessor as additional insureds and loss payees shall be furnished to Lessor prior to the Delivery Date, and annually thereafter and/or as reasonably requested by Lessor from time to time. In the event of default, Lessee hereby appoints Lessor, Servicer and any other agent of Lessor as Lessee's attorney-in-fact to receive payment of, to endorse all checks and other documents and to take any other actions necessary to pursue insurance claims and recover payments if Lessee fails to do so. Any expense of Lessor, Servicer or any other agent of Lessor in adjusting or collecting insurance shall be borne by Lessee.

Lessee, its drivers, servants and agents agree to cooperate fully with Lessor, Servicer, any other agent of Lessor and any insurance carriers in the investigation, defense and prosecution of all claims or suits arising from the use or operation of any Vehicle. If any claim is made or action commenced for death, personal injury or property damage resulting from the ownership, maintenance, use or operation of any Vehicle, Lessee will promptly notify Lessor of such action or claim and forward to Lessor a copy of every demand, notice, summons or other process received in connection with such claim or action.

(b) Notwithstanding the provisions of Section 11(a) above: (i) if Section 4 of a Schedule includes a charge for physical damage waiver, Lessor agrees that (A) Lessee will not be required to obtain or maintain the minimum physical damage insurance (collision and comprehensive) required under Section 11(a) for the Vehicle(s) covered by such Schedule and (B) Lessor will assume the risk of physical damage (collision and comprehensive) to the Vehicle(s) covered by such Schedule; provided, however, that such physical damage waiver shall not apply to, and Lessee shall be and remain liable and responsible for, damage to a covered Vehicle caused by wear and tear or mechanical breakdown or failure, damage to or loss of any parts, accessories or components added to a covered Vehicle by Lessee without the prior written consent of Lessor and/or damage to or loss of any property and/or personal effects contained in a covered Vehicle. In the event of a Casualty Occurrence to a covered Vehicle, Lessor may, at its option, replace, rather than repair, the damaged Vehicle with an equivalent vehicle, which replacement vehicle will then constitute the "Vehicle" for purposes of this Agreement; and (ii) if Section 4 of a Schedule includes a charge for commercial automobile liability enrollment, Lessor agrees that it will, at its expense, obtain for and on behalf of Lessee, by adding Lessee as an additional insured under a commercial automobile liability insurance policy issued by an insurance company selected by Lessor, commercial automobile liability insurance satisfying the minimum commercial automobile liability insurance required under Section 11(a) for the Vehicle(s) covered by such Schedule. Lessor may at any time during the applicable Term terminate said obligation to provide physical damage waiver and/or commercial automobile liability enrollment and cancel such physical damage waiver and/or commercial automobile liability enrollment upon giving Lessee at least ten (10) days prior written notice. Upon such cancellation, insurance in the minimum amounts as set forth in 11(a) shall be obtained and maintained by Lessee at Lessee's expense. An adjustment will be made in monthly rental charges payable by Lessee to reflect any such change and Lessee agrees to furnish Lessor with satisfactory proof of insurance coverage within ten (10) days after mailing of the notice. In addition, Lessor may change the rates charged by Lessor under this Section 11(b) for physical damage waiver and/or commercial automobile liability enrollment upon giving Lessee at least thirty (30) days prior written notice.

**12. INDEMNITY:** Lessee agrees to defend and indemnify Lessor, Servicer, any other agent of Lessor and their respective successors and assigns from and against any and all losses, damages, liabilities, suits, claims, demands, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) which Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns may incur by reason of Lessee's breach or violation of, or failure to observe or perform, any term, provision or covenant of this Agreement, or as a result of any loss, damage, theft or destruction of any Vehicle or related to or arising out of or in connection with the use, operation or condition of any Vehicle. The provisions of this Section 12 shall survive any expiration or termination of this Agreement.

**13. INSPECTION OF VEHICLES; ODOMETER DISCLOSURE; FINANCIAL STATEMENTS:** Lessee agrees to accomplish, at its expense, all inspections of the Vehicles required by any governmental authority during the Term. Lessor, Servicer, any other agent of Lessor and any of their respective successors or assigns will have the right to inspect any Vehicle at any reasonable time(s) during the Term and for this purpose to enter into or upon any building or place where any Vehicle is located. Lessee agrees to comply with all odometer disclosure laws, rules and regulations and to provide such written and signed disclosure information on such forms and in such manner as directed by Lessor. Providing false information or failure to complete the odometer disclosure form as required by law may result in fines and/or imprisonment. Lessee hereby agrees to promptly deliver to Lessor such financial statements and other financial information regarding Lessee as Lessor may from time to time reasonably request.

**14. DEFAULT; REMEDIES:** The following shall constitute events of default ("Events of Default") by Lessee under this Agreement: (a) if Lessee fails to pay when due any rent or other amount due under this Agreement and any such failure shall remain unremedied for ten (10) days; (b) if Lessee fails to perform, keep or observe any term, provision or covenant contained in Section 11 of this Agreement; (c) if Lessee fails to perform, keep or observe any other term, provision or covenant contained in this Agreement and any such failure shall remain unremedied for thirty (30) days after written notice thereof is given by Lessor, Servicer or any other agent of Lessor to Lessee; (d) any seizure or confiscation of any Vehicle or any other act (other than a Casualty Occurrence) otherwise rendering any Vehicle unsuitable for use (as determined by Lessor); (e) if any present or future guaranty in favor of Lessor of all or any portion of the obligations of Lessee under this Agreement shall at any time for any reason cease to be in full force and effect or shall be declared to be null and void by a court of competent jurisdiction, or if the validity or enforceability of any such guaranty shall be contested or denied by any guarantor, or if any guarantor shall deny that it, he or she has any further liability or obligation under any such guaranty or if any guarantor shall fail to comply with or observe any of the terms, provisions or conditions contained in any such guaranty; (f) the occurrence of a

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material adverse change in the financial condition, a going concern audit comment of Lessee or any guarantor, or if Lessee admits that it cannot pay its debts as they become due, makes an assignment for the benefit of creditors, is the subject of a voluntary or involuntary petition for bankruptcy, is adjudged insolvent or bankrupt, or a receiver or trustee is appointed for any portion of Lessee's assets or property; (g) if more than one (1) payment by Lessee to Lessor is returned by Lessee's bank for any reason within a twelve (12) month period; or (h) if Lessee or any guarantor is in default under or fails to comply with any other present or future agreement with or in favor of Lessor, Servicer of Lessor, or any direct or indirect subsidiary of Servicer of Lessor, Enterprise Holdings, Inc. or a subsidiary or affiliate of Enterprise Holdings, Inc. For purposes of this Section 14, the term "guarantor" shall mean any present or future guarantor of all or any portion of the obligations of Lessee under this Agreement.

Upon the occurrence of any Event of Default, Lessor, without notice to Lessee, will have the right to exercise concurrently or separately (and without any election of remedies being deemed made), the following remedies: (a) Lessor may demand and receive immediate possession of any or all of the Vehicles from Lessee, without releasing Lessee from its obligations under this Agreement; if Lessee fails to surrender possession of the Vehicles to Lessor on default (or termination or expiration of the Term), Lessor, Servicer, any other agent of Lessor and any of Lessor's independent contractors shall have the right to enter upon any premises where the Vehicles may be located and to remove and repossess the Vehicles; (b) Lessor may enforce performance by Lessee of its obligations under this Agreement; (c) Lessor may recover damages and expenses sustained by Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns by reason of Lessee's default including, to the extent permitted by applicable law, all costs and expenses, including court costs and reasonable attorneys' fees and expenses, incurred by Lessor, Servicer, any other agent of Lessor or any of their respective successors or assigns in attempting or effecting enforcement of Lessor's rights under this Agreement (whether or not litigation is commenced) and/or in connection with bankruptcy or insolvency proceedings; (d) upon written notice to Lessee, Lessor may terminate Lessee's rights under this Agreement; (e) with respect to each Vehicle, Lessor may recover from Lessee all amounts owed by Lessee under Sections 3(b) and 3(c) of this Agreement (and, if Lessor does not recover possession of a Vehicle, (i) the estimated wholesale value of such Vehicle for purposes of Section 3(c) shall be deemed to be \$0.00 and (ii) the calculations described in the first two sentences of Section 3(c) shall be made without giving effect to clause (ii) in each such sentence); and/or (f) Lessor may exercise any other right or remedy which may be available to Lessor under the Uniform Commercial Code, any other applicable law or in equity. Lessor has an absolute right to recoup any obligations Lessor would owe to Lessee under this Agreement against any obligations of Lessee to Lessor under this Agreement including, without limitation, under Sections 3, 5, 8, 10 and 12 of this Agreement. A termination of this Agreement shall occur only upon written notice by Lessor to Lessee. Any termination shall not affect Lessee's obligation to pay all amounts due for periods prior to the effective date of such termination or Lessee's obligation to pay any indemnities under this Agreement. All remedies of Lessor under this Agreement or at law or in equity are cumulative.

**15. ASSIGNMENTS:** Lessor may from time to time assign, pledge or transfer this Agreement and/or any or all of its rights and obligations under this Agreement to any person or entity. Lessee agrees, upon notice of any such assignment, pledge or transfer of any amounts due or to become due to Lessor under this Agreement to pay all such amounts to such assignee, pledgee or transferee. Any such assignee, pledgee or transferee of any rights or obligations of Lessor under this Agreement will have all of the rights and obligations that have been assigned to it. Lessee's rights and interest in and to the Vehicles are and will continue at all times to be subject and subordinate in all respects to any assignment, pledge or transfer now or hereafter executed by Lessor with or in favor of any such assignee, pledgee or transferee, provided that Lessee shall have the right of quiet enjoyment of the Vehicles so long as no Event of Default under this Agreement has occurred and is continuing. Lessee acknowledges and agrees that the rights of any assignee, pledgee or transferee in and to any amounts payable by the Lessee under any provisions of this Agreement shall be absolute and unconditional and shall not be subject to any abatement whatsoever, or to any defense, setoff, counterclaim or recoupment whatsoever, whether by reason of any damage to or loss or destruction of any Vehicle or by reason of any defect in or failure of title of the Lessor or interruption from whatsoever cause in the use, operation or possession of any Vehicle, or by reason of any indebtedness or liability howsoever and whenever arising of the Lessor or any of its affiliates to the Lessee or to any other person or entity, or for any other reason.

Without the prior written consent of Lessor, Lessee may not assign, sublease, transfer or pledge this Agreement, any Vehicle, or any interest in this Agreement or in and to any Vehicle, or permit its rights under this Agreement or any Vehicle to be subject to any lien, charge or encumbrance. Lessee's interest in this Agreement is not assignable and cannot be assigned or transferred by operation of law. Lessee will not transfer or relinquish possession of any Vehicle (except for the sole purpose of repair or service of such Vehicle) without the prior written consent of Lessor.

**16. MISCELLANEOUS:** This Agreement contains the entire understanding of the parties. This Agreement may only be amended or modified by an instrument in writing executed by both parties. Lessor shall not by any act, delay, omission or otherwise be deemed to have waived any of its rights or remedies under this Agreement and no waiver whatsoever shall be valid unless in writing and signed by Lessor and then only to the extent therein set forth. A waiver by Lessor of any right or remedy under this Agreement on any one occasion shall not be construed as a bar to any right or remedy, which Lessor would otherwise have on any future occasion. If any term or provision of this Agreement or any application of any such term or provision is invalid or unenforceable, the remainder of this Agreement and any other application of such term or provision will not be affected thereby. Without Lessor's prior written consent, Lessee shall not use or include Lessor's, Servicer's, any other agent of Lessor's names or trademarks orally or in writing in any media, customer lists or marketing materials. Giving of all notices under this Agreement will be sufficient if mailed by certified mail to a party at its address set forth below or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address will be effective one (1) day after deposit in the United States mail, duly addressed, with certified mail, postage prepaid. Lessee will promptly notify Lessor of any change in Lessee's address. This Agreement may be executed in multiple counterparts (including facsimile and pdf counterparts), but the counterpart marked "ORIGINAL" by Lessor will be the original lease for purposes of applicable law. All of the representations, warranties, covenants, agreements and obligations of each Lessee under this Agreement (if more than one) are joint and several.

**17. SUCCESSORS AND ASSIGNS; GOVERNING LAW:** Subject to the provisions of Section 15, this Agreement will be binding upon Lessee and its heirs, executors, personal representatives, successors and assigns, and will inure to the benefit of Lessor, Servicer, any other agent of Lessor and their respective successors and assigns. This Agreement will be governed by and construed in accordance with the substantive laws of the State of Missouri (determined without reference to conflict of law principles).

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**18. NON-PETITION:** Each party hereto hereby covenants and agrees that, prior to the date which is one year and one day after payment in full of all indebtedness of Lessor, it shall not institute against, or join any other person in instituting against, Lessor any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings or other similar proceeding under the laws of the United States or any state of the United States. The provisions of this Section 18 shall survive termination of this Master Equity Lease Agreement.

IN WITNESS WHEREOF, Lessor and Lessee have duly executed this Master Equity Lease Agreement as of the day and year first above written.

LESSEE: _____	LESSOR: Enterprise FM Trust
Signature: _____	By: Enterprise Fleet Management, Inc. its attorney in fact
By: _____	Signature: _____
Title: _____	By: _____
Address: _____	Title: _____
_____	Address: _____
_____	_____
Date Signed: _____, _____	Date Signed: _____, _____

Initials: EFM \_\_\_\_\_ Customer \_\_\_\_\_

**EXHIBIT I**

**CANOPY FRANCHISE CORPORATION  
PROMISSORY NOTE**

\$ \_\_\_\_\_

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

FOR VALUE RECEIVED, the undersigned maker of this Note promises to pay to the order of **Canopy Franchise Corporation** at 2426 Old Brick Road, Glen Allen, Virginia 23060 the principal sum of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_) in the currency of the United States of America together with interest from the date of this Note at the rate of \_\_\_\_\_ percent (\_\_\_\_\_% ) per annum.

1. On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, and on the \_\_\_\_\_ day of each and every month thereafter, the sum of \$ \_\_\_\_\_ will be due and payable in full.

2. On the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, the then entire outstanding principal and interest balances owing under this Note, if not sooner paid, will be due and payable in full.

3. Any payment is late if not received by holder within 10 days after it is due. If a payment is late, holder may, in its sole discretion elect to;

A. Declare the entire unpaid principal and interest balances immediately due and payable; or

B. Accept the late payment along with a late charge in the amount of 10% of the amount of the late payment. The late charge will be for the purpose of compensating holder for additional expenses which it is recognized that holder will incur as a result of the late payment.

4. All payments, as of the date they are received, will first be credited to any late charges due; the balance, if any, will then be credited to the outstanding interest balance; and the balance, if any, will then be credited to the outstanding principal balance.

5. In the event holder elects under 3A above to demand payment in full of the entire unpaid balance, holder will first provide maker with written notice of its election, demanding payment in full within 10 days. In the event a default exists after the 10 day notice period has expired, maker promises and agrees:

A. That the entire outstanding principal and interest balances, including late charges, will bear interest from the original due date of the delinquent payment at the rate of 18% (default rate) per year (or if this rate exceeds the maximum permitted by law, then the interest rate will be the highest rate permitted by law); and

B. To pay holders actual attorneys' fees and costs incurred in collection efforts as a result of the default.

6. In the event a default exists after the 10 day notice period as provided above in paragraph 5, Canopy Franchise Corporation may in addition elect to terminate and cancel the Franchise Agreement between Canopy Franchise Corporation and maker described in paragraph 7 below in accordance with the provisions of that Agreement.

7. This Note constitutes part performance of a certain written Franchise Agreement between maker and Canopy Franchise Corporation dated the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_\_, and as such, will be read and interpreted in a manner consistent with the terms of said agreement. Default under the terms of this Note will be sufficient grounds for termination or cancellation of that Franchise Agreement in accordance with the terms of the Franchise Agreement.

8. The makers and endorsers of this Note waive and excuse presentment for acceptance and payment, notice of dishonor, and protest of dishonor, and agree to any extension of time of payment and partial payments before, at or after maturity.

9. In the event of any sale, transfer assignment, encumbrance or other conveyance of the rights, duties or obligations of maker under the terms of the Franchise Agreement between maker and Canopy Franchise Corporation, the entire unpaid principal and interest balances of this Note as of the date of such sale, transfer, assignment, encumbrance or other conveyance will immediately become due and payable in full without any further notice or demand.

\_\_\_\_\_  
**Witness**

\_\_\_\_\_  
**Maker**

\_\_\_\_\_  
**Maker**

Names of Maker(s): \_\_\_\_\_

Address of Maker(s): \_\_\_\_\_

Telephone Number(s) of Maker: \_\_\_\_\_



**EXHIBIT J**

**CANOPY FRANCHISE CORPORATION  
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:

<b>State</b>	<b>Effective Date</b>
California	February 22, 2024, as amended _____, 2024
Illinois	January 25, 2024, as amended _____, 2024
Indiana	January 26, 2024, as amended _____, 2024
Maryland	February 9, 2024, as amended _____, 2024
Michigan	January 25, 2024, as amended March 15, 2024
Minnesota	February 12, 2024, as amended _____, 2024
New York	February 21, 2024, as amended _____, 2024
North Dakota	February 27, 2024, as amended _____, 2024
Rhode Island	January 26, 2024, as amended _____, 2024
South Dakota	February 8, 2024, as amended March 15, 2024
Virginia	January 31, 2024, as amended _____, 2024
Washington	Pending
Wisconsin	January 25, 2024, as amended March 15, 2024

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K**  
**CANOPY FRANCHISE CORPORATION**  
**RECEIPTS**

**RECEIPT**  
**(Retain This Copy)**

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 Canopy Franchise Corporation (“**Canopy**”) 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, Canopy or an affiliate in connection with the proposed franchise sale. Iowa and New York require that Canopy gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Canopy gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Canopy 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, and the appropriate state agency identified on Exhibit E.

The franchisor is Canopy Franchise Corporation located at 2426 Old Brick Road, Suite 101, Glen Allen, Virginia 23060. Its telephone number is (800) 722-4668.

Issuance Date: January 25, 2024, as amended March 15, 2024

Canopy’s franchise sellers involved in offering and selling the franchise to you are: Hunt Davis, Corey Schroeder, R. Scott Sutton, Thomas Welter, Ben Wright, and Scott Zide each located at 2426 Old Brick Road, Glen Allen, Virginia 23060, (804) 353-6999; or Thomas Kissane located at 14301 FNB Pkwy, Suite 312, Omaha, Nebraska 68154; Candace Milton located at 16934 Frances Street, Suite 105, Omaha, Nebraska 68130; and/or as listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: \_\_\_\_\_

Canopy authorizes the respective state agencies identified on Exhibit E to receive service of process for us in the particular state.

I have received a disclosure document dated January 25, 2024, as amended March 15, 2024, that included the following Exhibits:

- |  |                                      |
|--|--------------------------------------|
| A Financial Statements   | F Operating Manual Table of Contents |
| B Franchise Agreement  | G Acknowledgement Addendum           |
| C List of Franchisees and Franchisees Who Have Left the System | H Vehicle Lease                      |
| D List of State Agencies and Agents for Service                | I Promissory Note                    |
| E State-Specific Addendum                                      | J State Effective Dates              |
|  | K Receipts                           |

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

**RECEIPT**  
**(Our Copy)**

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 Canopy Franchise Corporation (“**Canopy**”) 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, Canopy or an affiliate in connection with the proposed franchise sale. Iowa and New York require that Canopy gives you this disclosure document at the earlier of the first personal meeting or 10 business days (or 14 calendar days in Iowa) before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that Canopy gives you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Canopy 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, and the appropriate state agency identified on Exhibit E.

The franchisor is Canopy Franchise Corporation located at 2426 Old Brick Road, Suite 101, Glen Allen, Virginia 23060. Its telephone number is (800) 722-4668.

Issuance Date: January 25, 2024, as amended March 15, 2024

Canopy’s franchise sellers involved in offering and selling the franchise to you are: Hunt Davis, Corey Schroeder, R. Scott Sutton, Thomas Welter, Ben Wright, and Scott Zide each located at 2426 Old Brick Road, Glen Allen, Virginia 23060, (804) 353-6999; or Thomas Kissane located at 14301 FNB Pkwy, Suite 312, Omaha, Nebraska 68154; Candace Milton located at 16934 Frances Street, Suite 105, Omaha, Nebraska 68130; and/or as listed below (with address and telephone number), or will be provided to you separately before you sign a franchise agreement: \_\_\_\_\_

Canopy authorizes the respective state agencies identified on Exhibit E to receive service of process for us in the particular state.

I have received a disclosure document dated January 25, 2024, as amended March 15, 2024, that included the following Exhibits:

- |  |                                      |
|--|--------------------------------------|
| A Financial Statements   | F Operating Manual Table of Contents |
| B Franchise Agreement  | G Acknowledgement Addendum           |
| C List of Franchisees and Franchisees Who Have Left the System | H Vehicle Lease                      |
| D List of State Agencies and Agents for Service                | I Promissory Note                    |
| E State-Specific Addendum                                      | J State Effective Dates              |
|  | K Receipts                           |

\_\_\_\_\_  
Date Signature Printed Name

\_\_\_\_\_  
Date Signature Printed Name

Please sign this copy of the receipt, date your signature, and return it to Scott Sutton by email to [Scott.Sutton@EmpowerFranchising.com](mailto:Scott.Sutton@EmpowerFranchising.com).