

## FRANCHISE DISCLOSURE DOCUMENT

CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS LLC

A Michigan Limited Liability Company

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The franchisee will operate a business that provides commercial, industrial, and institutional cleaning and maintenance services and related services and products under the “Corporate Cleaning Group” trademarks.

The total investment necessary to begin operation of a Corporate Cleaning Group franchise ranges from \$77,740 - \$114,700. This includes \$62,700 that must be paid to the franchisor. The total investment necessary to begin the operation of a Multi-Unit Development Area is \$122,740 to \$199,700. This includes \$107,700 to \$147,700 that must be paid to us.

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 the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

The terms of your contract 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 accountant.

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

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

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## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit C includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Corporate Cleaning Group 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 Corporate Cleaning Group franchisee?</b>	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-state dispute resolution.** The franchise agreement requires you to resolve disputes with us by mediation, arbitration, and/or litigation only in Michigan. Out-of-state mediation, arbitration, and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Michigan than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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 THE STATE OF MICHIGAN

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:
  - (i) The term of the franchise is less than 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.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

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

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations. (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

**CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS LLC**  
**Franchise Disclosure Document**

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Corporate Cleaning Group® Franchise Systems LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Corporate Cleaning Group franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors.

We were formed as a limited liability company in the State of Michigan on April 17, 2007. Our principal business address is 39201 Schoolcraft Road, Suite B12, Livonia, Michigan 48150 and our telephone number is (734) 522 – 1144. We do business under our company name, “Corporate Cleaning Group” and its associated design (the “Marks”). We do not own or operate any businesses of the type you will be operating. We have not offered franchises in any other line of business. We only offer franchises which operate under the “Corporate Cleaning Group” Marks. We began offering franchises as of June of 2007.

The principal business addresses of our agents for service of process are shown on Exhibit A.

### **Our Parents, Predecessors and Affiliates**

We have no parent or predecessor company.

We have an affiliated company, One Source Cleaning, Inc (“OSCI”), a corporation formed in the State of Michigan on March 17, 1995. OSCI’s notice address is 39201 Schoolcraft Road, Suite B12, Livonia, Michigan 48150. OSCI operates a commercial cleaning business in two territories similar to the type you will operate, located in Livonia, Michigan and Lansing, Michigan. OSCI began operating the Livonia, Michigan location in March of 1995.

We have a second affiliate company, Corporate Cleaning Group Inc. (“CCGI”), a Kansas corporation formed on March 13, 2003, with its principal business address at 9822 Pflumm Road, Lenexa, Kansas 66215. Since its formation in 2003, CCGI, has operated a commercial cleaning business of the type you will operate in Lenexa, Kansas and its surrounding areas.

### **The Franchise Offered:**

We offer franchises for the right to operate a business providing commercial, industrial, and institutional cleaning and maintenance services under Corporate Cleaning Group Marks and using our distinctive operating procedures and standards in a designated area (the “Franchised Business”). The distinguishing characteristics of the Franchised Business include, but are not limited to, our distinctive and uniform trade dress standards, operations procedures, service methods, and methods for management, training, and marketing, all of which may be changed, improved or further developed by us at any time (the “System”).

### **Market and Competition:**

The market for your Franchised Business consists of commercial customers. The market for our services is not seasonal, but may be affected by economic conditions in your designated territory.

You will compete with other commercial, industrial, and institutional cleaning and maintenance services including national, regional and local companies, offering services similar to those offered by your Franchised Business. There are other commercial, industrial, and institutional cleaning and maintenance services



franchises, as well as independent businesses and individual providers that may offer similar services and products.

**Industry Specific Regulations:**

Some states may have licensing, certification, or registration requirements applicable to some or all of the services you will be providing through your Franchised Business. You may be required to pay a fee to the state agency or association responsible for enforcing these requirements. Some states may require a minimum level of education or related work experience to obtain licenses.

You must comply with all local, state and federal laws and regulations that apply to the operation of your Franchised Business, including, among others, business operations, insurance, discrimination, and employment laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here. You will be responsible for investigating and complying with any such laws in your designated territory. You should consider both their effect on your business and the cost of compliance. You should thoroughly investigate all of these laws and requirements before purchasing a Corporate Cleaning Group franchise.

**ITEM 2: BUSINESS EXPERIENCE**

**Chief Executive Officer: Devin Dollar**

Mr. Dollar has been Chief Executive Officer of CCGFS since 2003. From March 13, 2003, to present, he has served as Secretary of OSCI and CCGI. Mr. Dollar started his career in personnel management.

**Chief Operating Officer: Leonard M. Yakuber**

Mr. Yakuber has been Chief Operating Officer of CCGFS since 1993. He has been the President and Founder OSCI since March 17, 1995. Mr. Yakuber started his career as a manufacturing representative, with sales and operations over a 10-state area. He has an educational background in Business Administration.

**ITEM 3: LITIGATION**

No litigation is required to be disclosed in this item.

**ITEM 4: BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

**ITEM 5: INITIAL FEES**

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is Fifty-Four Thousand Dollars (\$54,000.00) for the first Franchise Agreement. This payment is fully earned by us and due in lump sum when you sign the Franchise Agreement. The Initial franchise Fee is not refundable under any circumstance.

If you sign a Multi-Unit Addendum, you will purchase up to 3 franchise Territories at one time, each with an individual Franchise agreement. You will open all such franchised territories simultaneously.

Each Unit is a single franchised Territory for a distinct Franchise Business, acquired by you or your affiliate. These fees are charged uniformly to all new franchisees. The initial franchise fee for each Unit is fully earned when paid and is not refundable under any circumstances.

<b>Number of Corporate Cleaning Group Franchises</b>	<b>Initial Franchise Fee Per Unit</b>	<b>Cumulative Fee</b>
1	\$54,000	\$54,000
2	\$45,000	\$99,000
3	\$40,000	\$139,000

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We currently offer a Royalty Discount to honorably discharged veterans of the U.S. Armed Forces. For the first 6 months of operations, Franchisee shall pay Franchisor 0% Royalties for the first six months of operation; For months 7-12 of operations, Franchisee shall pay Franchisor the greater of 2.75% of Gross Revenue or \$275 Minimum Royalty Fee; For month 13 and on of operations, Franchisee shall pay Franchisor a monthly Royalty Fee equal to 5.5% of Gross Revenue or the minimum royalty shown in Note 4 of Item 6.

You must pay us a Boost marketing program fee of Seven Thousand Five Hundred Dollars (\$7,500) (“Boost Marketing Program Fee”). The Boost Marketing Program Fee shall be used by Franchisor for initial marketing services to be provided by Franchisor, or one of Franchisor’s affiliates, during the three-month period surrounding the Franchised Businesses Opening Date. This Boost Marketing Program Fee is nonrefundable.

You must pay us a one-time website fee of One Thousand Two Hundred Dollars (\$1,200) (“Website Fee”). This Website Fee provides you with an individual location page on the main corporate website as well as a microsite.

**ITEM 6: OTHER FEES**

<b>NAME OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	Greater of 5.5% of Gross Revenue or the Minimum Royalty.	Paid to us monthly on the Gross Revenue invoiced for the previous month. Royalty Fees must be paid by electronic funds transfer and are due and payable on the 10th of each month for the Gross Revenue invoiced for the preceding month.	Gross Revenue is all revenue from the Franchised Business.  See Notes 1, 2, 3 and 4 below.  See Chart in Note 2 for Minimum Royalty Fee structure.

			<p>There is a Veteran's Discount available to U.S. Veterans:  0% royalties for the first 6 months of operations, then 2.75% of Gross Revenue from all your services or \$275 per month minimum for the 7<sup>th</sup> through 12<sup>th</sup> months of operations. After the 12<sup>th</sup> month, you will pay the greater of 5.5% of Gross Revenue or the Minimum Royalty Fee shown on the Chart in Note 4.</p> <p>If this a multi renewal franchise, your royalty may vary from the 5.5% or minimum amount. See Note 4 below.</p>
Local Marketing Fee	\$1,167 per month	Paid with the Royalty Fee payment each month via electronic funds transfer.	Payable to Franchisor or Affiliate. Local marketing requirements and features are discussed further in Item 11.
Local Email Marketing Fee	<p>Currently \$0</p> <p>At Franchisee's option Franchisee may opt into this \$2,500 per month (\$1,250 per month fee if split with another franchisee) program</p>	Paid with the Royalty Fee payment each month via electronic funds transfer.	This is an optional email marketing program payable to Franchisor
Brand Fund Contribution	<p>Currently 1.5% of Gross Revenue</p> <p>We reserve the right to increase to 2% of Gross Revenue.</p>	Paid with the Royalty Fee payment each month via electronic funds transfer.	Brand Fund Contributions are paid directly to the Brand Fund.

Technology Fees	<p>Currently: Team Software - \$7.35 for each of your employees</p> <p>Microsoft Office Suite - \$12.50 per month per user.</p> <p>Microsoft Basic Email - \$4 per month per user.</p> <p>Learning Zen - \$35 per month</p> <p>Intacct – \$78</p> <p>Paychex - based on number of employees and location – See Note 7 below</p>	<p>Paid with the Royalty Fee payment each month via electronic funds transfer.</p> <p>\$150 paid annually per user when billed by us.</p> <p>Paid with the Royalty Fee payment each month via electronic funds transfer.</p> <p>Monthly</p> <p>Monthly</p>	<p>Paid directly to us. This fee covers timekeeping and field management software.</p> <p>Paid directly to us. This fee covers business software for productivity applications. All managing partners are required to have the full Microsoft Office Suite. Account Managers are required to have a Corporate Cleaning Group email address.</p> <p>Payable to vendor</p> <p>Payable to vendor</p> <p>We reserve the right to increase the Technology Fees as needed, upon 30 days' written notice to you</p>
Supplemental In-Person Consulting Services Fee	\$50 per hour for additional systems training (one hour minimum); \$75 per hour for consulting services (one hour minimum).	Upon invoice from Franchisor.	We will provide initial training and training materials for you and your managers. We may, however, provide additional and supplemental in-person training to you. We have the right to charge you \$50 per person per day for such additional training, plus travel and living expenses for the trainer and/or \$75 per hour for consulting services.
Annual Conference Fee	Initially \$0. Currently there is no annual conference. We reserve the right to charge up to \$1000 or then current-registration fee,	Annually	Payable to us. Travel, lodging and food expenses will be in addition to the registration fee, some of which may be discounted or subsidized by us. You will be charged the Annual Conference Fee whether

	whether you attend or not.		you attend or not. If you have an MDA, you will only have to pay 1 fee for all Units.
Reimbursement	Amounts we expend on your behalf to cover payments due from you to third parties plus an administrative charge of 10% of such amounts or the maximum permitted by applicable law, whichever is less.	On Demand	You are obligated to reimburse us for any amounts that you owe to third parties and which we pay on your behalf plus an administrative charge.
Cooperative Advertising	Currently there are no advertising co-ops. If advertising co-ops are established by us, you may be required to contribute as approved by a majority vote of the members of the co-op.	Established by co-op	Not currently assessed. If the Franchisor forms a regional advertising or brand awareness co-op, you must contribute to the co-op. Any amount you must contribute to the co-op will be credited against the required local advertising fee.
Transfer Fee	\$15,000 plus all brokerage commissions, finder fees and similar charges incurred by us in connection with the transfer of your franchise. This is non-refundable.	On our request, prior to and as a condition of our consent to any proposed transfer.	Payable to us upon request for a transfer as a condition of approval for transfer after we have approved the transferee. No fee for transfer to corporation, trust or entity that you own or control other than our costs to evaluate the proposed transfer.
Successor Fee	\$5,000	Payable to us on execution of Successor Franchise Agreement, no later than 30 days before expiration of initial 10-year term or the first renewal term.	When your agreement term ends, you will have the option to continue the franchise relationship with us, subject to certain conditions.

Interest	Greater of 1.5% per month or the greatest amount allowed by law, whichever is less)	If you are late in payments, you will be assessed and must pay interest.	
Late Fee	\$25 per day or the maximum permitted by applicable law, whichever is less, for each day in which any amounts owed to us are unpaid.	With payment of overdue amount	We can charge a Late Fee to compensate us for our administrative costs incurred in enforcing your obligation to pay us and submit required reports to us.
Indemnification	Number of claims	As incurred	You must reimburse us if we incur any damages, losses, or expenses, including reasonable attorneys' fees and other costs, as a result of claims arising from the operation of your Business. See Note 6 below.
Audit	Cost of audit plus 1.5% interest per month from date of due date.	15 days after billing.	Payable if audit shows an understatement of fees by 2%.
Non-Compliance Fee.	\$100 per infraction per week, as determined by us in our sole discretion.	As incurred	We may charge you a weekly fee of \$100 per infraction if your business is not in compliance with our specifications or the franchise agreement.

1. "Gross Revenue" includes all revenues and income from any source derived or received by you from, through, by, or on account of the operation of the Franchised Business or resulting from your rights to operate the Franchised Business. This includes, but is not limited to, any and all other revenues received using our methods, operations, and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. Gross Revenue does not include (a) any

revenue from customer supply chargebacks (b) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (c) properly documented refunds to customers, or (d) properly documented promotional discounts (i.e., coupons). If you do not report sales for the month, then we will collect 120% of the last Continuing Royalty Fee collected and settle the balance the next period in which you report revenue. You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

2. All fees described in Item 6 are applicable to each franchise and except as otherwise noted above and in the Notes, are uniformly imposed on all franchisees and are collected by and/or payable to us. Except as noted above, all fees are nonrefundable.
3. Before your Franchised Business opens, you must sign and deliver to us the documents we require to authorize us to debit your Franchised Business checking account automatically for the Royalty Fee and any other amounts due under the Franchise Agreement and for your purchases from us and our affiliates.
4. Unless you have a Veteran’s Discount, you must pay us a monthly royalty fee (“Royalty”) deducted on the 10<sup>th</sup> day of each month in an amount equal to the greater of 5.5% of Gross Revenue from all your services provided during the immediately preceding calendar month or (ii) the minimum royalty fee (“Minimum Royalty Fee”), as described below.

*Minimum Royalty Fee.* Your Minimum Royalty Fee is based upon: (i) the number of months the Corporate Cleaning Group Franchise Business has been open; and (ii) whether you operate Units in one, two, or three Protected Territories. For Multi-Unit operations the Minimum Royalty Fee below must be reached independently for each Protected Territory.

The Minimum Royalty Fee per unit is as follows:

<b>Months of Operation</b>	<b>Minimum Royalty Fee per Unit</b>
Months 0-6	\$0
Months 7-12	\$550
Months 13-24	\$1000
Months 25+	\$2000

5. If this is a successor franchise agreement, your Minimum Royalty Fee will be the Minimum Royalty Fee you were paying at the expiration of your current term.
6. You must indemnify us and our respective owners, employees, and officers for any claims relating to the operation of your Business, and for all costs incurred relating to any default by you under the Franchise Agreement.
7. The current fees for Paychex:

Paychex	Payroll, Hiring, On-Boarding	Cost	Unit	Note
<i>billed by Vendor</i>	Paychex Flex Payroll	5.20	per employee	
	Flex On-Boarding	0.75	per employee	
	Flex Hiring	1.00	per employee	
	Custom General Ledger Interface	38.00	per payroll	this will vary based on franchisee's setup
	TaxPay Locals	3.00	per payroll	This varies by franchisee
	Delivery Fee	20.00	per payroll	Estimate - this varies by franchisee's location
	W-2 Forms	2.36	per employee	
	W-2 Handling Fee	8.22	per year	
	Paychex Flex Payroll setup fee	200.00	one time fee	
	Flex Hiring setup fee	1,500.00	one time fee	
	Flex On-Boarding setup fee	300.00	one time fee	

## **ITEM 7: ESTIMATED INITIAL INVESTMENT**

### **YOUR ESTIMATED INITIAL INVESTMENT**

#### **Single Corporate Cleaning Group Outlet**

<b>TYPE OF EXPENDITURE</b>	<b>ESTIMATED AMOUNT (Low-High)</b>	<b>TO WHOM PAYMENT IS MADE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>
Initial Franchise Fee <sup>(1)</sup>	\$54,000	Us	Lump Sum	At signing of Franchise Agreement
Website Fee <sup>(2)</sup>	\$1,200	Us	As Incurred	Within 60 days of opening
Boost Marketing Program Fee <sup>(3)</sup>	\$7,500	Us	As Incurred	Within 60 days of opening



Travel and living expenses while training	\$1,000 to \$4,000	Vendors	As Incurred	During Training
Real Estate and Leasehold Improvements <sup>(4)</sup>	\$0-\$1,500	As incurred	As incurred	As Incurred
Equipment Chemicals	\$1,000 to \$3,000	Suppliers and Vendors	As Negotiated	Before Opening
Computer Hardware	\$1,500 to \$3,000	Vendors	As Negotiated	Before Opening
Uniform Starter Kit <sup>(5)</sup>	\$165 to \$250	Us	As Incurred	Before Opening
Insurance <sup>(6)</sup>	\$875 to \$3,500	Insurance Company	As Negotiated	As Negotiated, Semi-Annual, Quarterly or Monthly
Professional Services <sup>(7)</sup>	\$0- \$5,000	Vendors	As Incurred	As incurred
Business Licenses and Permits <sup>(8)</sup>	\$0- \$250	Third Parties	As Incurred	As Incurred
Additional Funds (180days) <sup>(9)</sup>	\$10,500 to \$31,500	Employees, Vendors, Suppliers	As Incurred	As Incurred
<b>TOTAL</b>	<b>\$77,740 to \$114,700</b>			

- (1) The initial franchise fee is \$54,000.
- (2) We will provide you with an individual location page on the main corporate website and a Micro Site with a separate URL / web address that is customized for your territory.
- (3) The Boost Program is an initial marketing program charged per territory. It is a mandatory 90-day accelerated marketing program in which a sales coach manages the Franchised Business's marketing plan and ensures that established goals are met. Included in this program are the following: a minimum of 50 calls and emails placed per day; 3 mailings sent to full prospect list, including customized a Corporate Cleaning Group "new to area" mailing; 2 in-territory visits by the sales coach; targeted LinkedIn campaign; and Franchisee literature drop program. Those activities will be performed by our personnel.

- (4) There is no requirement that you purchase or lease any real estate or office space. You may conduct your Franchised Business from your personal residence. If you lease office space, the size of the office is dependent upon the size of your Franchised Business operation. The total cost of deposits, build out and monthly rent will depend on factors such as the size, condition and location of the leased premises.
- (5) You will order the brand-standard t-shirts with the Corporate Cleaning Group logo for employees and collared polo shirts with the Corporate Cleaning Group logo for managers from us. You will be billed for the quantity ordered plus shipping. This initial fee is dependent on the number of t-shirts and polo shirts ordered for your employees.
- (6) Only 25% of the annual premium is due on enrolling in coverage. You will pay the balance in equal monthly installments. The amount of the policy will be based on the number of employees and your general liability needs.
- (7) You may need to engage professionals such as attorneys and accountants to assist you in establishing your business entity, if any, and to provide professional advice on this franchise offering, the lease, if any, taxes and other legal and financial matters. Rates for professionals can vary significantly based on area and expertise.
- (8) You must obtain the required licenses and permits that are required by your city, county and state to operate your Franchised Business.
- (9) As accounts are established you will be required to purchase or lease commercial vacuum cleaners, auto scrubbers, trash cans, misc. cleaning supplies, carpet extractors, auto scrubbers, commercial floor polishers, and/or wet/dry vacuums. The equipment you will need will be based on the type and size of your customer accounts. In addition, you will need to purchase required chemicals as established in our Operations Manual. We do not require you to purchase or lease any special vehicle for transportation of the equipment to the job site. We encourage you to develop relationships with many of your customers, such as large churches and institutions to store equipment on the job site. A majority of Additional Funds will likely go towards payroll costs. The size and number of your accounts will dictate amount of equipment, chemicals and payroll costs that you will need.
- (10) This covers your initial startup expenses for the first 180 days of operation of your Franchised Business and includes additional funds required to pay for labor and employment, payroll, insurance premiums, miscellaneous costs and expenses and any legal or accounting expenses during the initial phase of your Franchised Business operation. We relied upon our experience in opening and developing businesses similar to your Franchised Business in Livonia, Michigan and Lenexa, Kansas. These figures may vary and are only estimates of your initial startup expenses. You should review these figures carefully with a business advisor before deciding to acquire the franchise. We do not offer financing directly or indirectly for any part of the initial investment. The availability and the terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

### **Multi-Unit Corporate Cleaning Group**

<b>TYPE OF EXPENDITURE</b>	<b>ESTIMATED AMOUNT (Low-High)</b>	<b>TO WHOM PAYMENT IS MADE</b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>
Initial Franchise Fee <sup>(1)</sup>	\$99,000 - \$139,000	Us	Lump Sum	At signing of Franchise Agreement
Cost of first Corporate	\$23,740-\$60,700	See Above	See Above	See Above

Cleaning Group Outlet		Chart	Chart	Chart
<b>TOTAL</b>	\$122,740-\$199,700			

- (1) Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee. The low end of this estimate is for a two Unit commitment and the high end for a three Unit commitment.

We do not offer direct or indirect financing to franchisees for any other items included in this section.

All fees and payments are non-refundable, unless otherwise stated or permitted by payee.

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

We have identified various suppliers, distributors and manufacturers of equipment, inventory, supplies and services that your Franchised Business must use or provide which meets our standards and requirements. You must purchase all equipment, inventory, supplies and services from our designated suppliers and contractors or in accordance with our specifications. We maintain written lists of approved items of equipment, inventory, supplies and services (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items. We will update these lists periodically and issue the updated lists to all franchisees.

We approve suppliers after careful review of the quality of the products and services they provide to us and our franchisees. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. If the item and/or supplier meets our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge you an evaluation fee of \$500 which may be refunded if the proposed supplier is approved for use by the entire system.

We estimate that your purchase or purchase from us and from suppliers designated or approved by us will be approximately 61% to 83% of your total purchases in establishing and operating your Franchised Business.

We have designated Hillyard Products, Inc., in the Operations Manual, as the only approved suppliers of certain specified chemicals that you are required to use in the operation of your Franchised Business. You are required to purchase the specified chemicals from this supplier and we will not permit you to use any other suppliers for these chemicals. We may receive commissions or rebates from this supplier equal to 5% of the purchase price paid by you.

We do not receive any other revenue, rebates, discounts, or other material consideration from any other supplies based on your required purchases or products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

We will require you to maintain a computer and specific software necessary to provide you with accounting systems, payroll and time tracking activities. Currently, you must use Intacct Software (“Intacct”) in the operation of your Franchised Business. Intacct is an online accounting system that will provide real-time business visibility through the use of dashboards and reports. Because Intacct is cloud based you will be able to access your financial records at anytime from anywhere. We will be able to view data utilized in dashboards and financial reporting to monitor franchisee operations. We have designated Maner Costerisan, a large accounting and business advisory firm headquartered in Lansing, Michigan, as the designated supplier for Intacct. We will also require you to use Paychex for payroll and the Team Software suite for time tracking.

You must use a payroll software that has time tracking capabilities. We currently require you to use Paychex and Team Software. Paychex is a payroll company and Team Software is a time tracking software. Team Software is a vendor that offers an integrated software package that includes timekeeping and field management software used by all employees, managers, and owners of the franchise location. Learning Zen is a learning management software that franchisees use to train employees. Much of the content in Learning Zen is video stocked by the Franchisor for training.

In addition to the commissions or rebates we receive from chemical suppliers, we may, in the future, receive revenue in the form of rebates or commissions from approved suppliers which will be based on the purchase price of products or services, purchased by you and other franchisees from such approved suppliers and in such case the precise basis of revenue to us will be a commission or rebate equal to 1% to 10% of the purchase price of such products and services from such approved supplier.

In the fiscal year ending December 31, 2022, our revenue from the sale of required products and services to franchisees and from approved suppliers based on the purchase of products and services by franchisees from approved suppliers was \$7,958 or 0.102% of our total revenue of \$713,995. There are no approved suppliers in which any of our officers owns an interest.

Apart from the above, we do not receive any other revenue, rebates, discounts or other material consideration from any other supplies based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

In addition to the purchases described above, you must obtain and maintain, at your own expense, the insurance coverage that we periodically require. We may regulate the types, amounts, terms and conditions of insurance coverage required for your Franchised Business and standards for underwriters of policies providing required insurance coverage; our protection and rights under the policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to us; periodic verification of insurance coverage that must be furnished to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; our right to defend claims; and similar matters relating to insured and uninsured claims. You must name Franchisor as an additional insured on the required insurance policy.

You must obtain the following insurance coverages from Professional Insurance Associates, 3028 S Wayne Road, Wayne, Michigan 48184, (734) 722-3500:

Liability. Comprehensive general liability insurance, personal coverage, and in the form of a general liability rider or as a separate policy, in the amount of at least One-Million Dollars (\$1,000,000) per occurrence and Two-Million Dollars (\$2,000,000) in the aggregate; Coverage must include, but shall not be limited to, liability arising out of bodily injury, property damage, premises, operations, products-completed operations, contractual liability, personal injury and advertising injury and:

- Per project aggregate
- Per location aggregate
- No Contractual Liability Limitation
- Policy shall not contain an exclusion for work performed by subcontractors.
- If allowable by law, waiver of subrogation in favor of all parties required in Contract Documents.

Employment. Worker's compensation coverage in the limits required by state law in the amount of at least Five Hundred Thousand Dollars (\$500,000), shall be carried on all of Franchisee's employees, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;

Automobile. Commercial automobile insurance in the amount of at least a combined single limit for bodily and property damage of at least a One-million dollars (\$1,000,000), or greater if required by state law. Coverage shall include all owned, non-owned, and hired autos. If allowable by law, waiver of subrogation in favor of all parties required in Contract Documents;

Umbrella Insurance. Umbrella Insurance in the amount of Two Million (\$2,000,000) per occurrence, and Two Million Dollars (\$2,000,000) in the aggregate.

We may update our required insurance policy from time to time. Franchisee shall be required to comply with Corporate Cleaning Group's updated insurance policy within thirty (30) days of receiving notice.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

Although we do not do so currently, we may in the future negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold products and services to you.

**ITEM 9: FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section or Article in Franchise Agreement	Item in Franchise Disclosure Document
a. Site Selection and Acquisition/Lease	8.1	11, 12
b. Pre-Opening Purchase/Leases	8.2, 12.3.1	7, 11

<b>Obligation</b>	<b>Section or Article in Franchise Agreement</b>	<b>Item in Franchise Disclosure Document</b>
c. Site Development & other Pre-Opening Requirements	8.1, 8.2, 12.1.1	11
d. Initial and Ongoing Training	Article 7	11
e. Opening	8.2	11
f. Fees	5.2.5, Article 6, 7.4, 12.3.7, 12.8, 12.9,13.2, 13.3.1,15.6, 16.4, 18.1.4, 18.1.5, 19.1.5 20.8	5, 6, 7
g. Compliance with Standards and Policies/Operating Manual	Article 9, 11.4, Article 12, 19.1.1	8, 11
h. Trademarks and Proprietary Information	9.3, Article 14, 19.2, 19.3, 19.4	13, 14
i. Restrictions on Products/Services Offered	12.8	8
j. Warranty and Customer Service Requirements	12.6	Not Applicable
k. Territorial Development and Sales Quotas	13.2	12
l. Ongoing Product/Service Purchases	Not Applicable	8
m. Maintenance, Appearance and Remodeling Requirements	Article 9, 12.1.7, 12.1.9	Item 11
n. Insurance	Article 15	7
o. Advertising	12.1.8, Article 13	6, 11
p. Indemnification	12.4, 12.5,15.6, 16.3.6, 21.1	14
q. Owner's Participation, Management, Staffing	11.1, 11.3, 12.1.3, 12.1.4	11, 15
r. Records/Reports	12.2	6

<b>Obligation</b>	<b>Section or Article in Franchise Agreement</b>	<b>Item in Franchise Disclosure Document</b>
s. Inspections and Audits	12.1.5, 12.2.4, 12.9	6, 11
t. Transfer	Article 16	17
u. Renewal	Article 5	17
v. Post-Termination Obligations	Article 18	17
w. Non-Competition Covenants	19.5	17
x. Dispute Resolution	Article 20	17

**ITEM 10: FINANCING**

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.**

**1. Pre-Opening Obligations**

Before you open your Franchised Business, we will:

- a. designate the boundaries of your territory (Franchise Agreement, Section 8.1).
- b. provide Corporate Cleaning Group Manual, access to our cloud based intranet system which includes electronic copies of our manuals, knowledge center and all online resources, and other manuals and training aids we designate for use in the operation of your Corporate Cleaning Group outlet, as they may be revised from time to time (Franchise Agreement, Section 10.2).
- c. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We will provide a written list from approved suppliers, but do not supply tools or equipment nor do we deliver or install items. (Franchise Agreement, Section 10.3).
- d. provide you with initial training at our headquarters in Livonia, Michigan. We will determine, in our sole discretion, whether you satisfactorily complete the initial training (Franchise Agreement, Section 7.1).
- e. provide you with samples or digital artwork of advertising and promotional materials for your initial marketing activities (Franchise Agreement, Section 10.4).

- f. if you elect to initially operate from a leased office space, approve your office location and review your proposed lease for your office for our required terms only. We will not own the premises or provide any leasing assistance (Franchise Agreement, Section 8.1).

## **2. Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Franchised Business is sixty (60) days. Before you may open, you must (i) complete our Sales Training and Operations Training Program, (ii) hire and train your staff, if required, (iii) acquire all equipment, computer systems, software, and applications, and (iv) obtain required licenses to operate the Franchised Business. Factors that may affect this time period include your ability to acquire license and permits and completion of required training. If you have not opened your Franchised Business within sixty (60) days after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.2).

## **3. Obligations After Opening**

During the operation of your franchise, we will:

- a. Provide you with ongoing assistance and supervision that we consider appropriate and reasonable.
- b. upon your request, provide individualized assistance to you within reasonable limits by telephone, video conference, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.5).
- c. from time to time, as may become available, provide you with samples or digital artwork of advertising and promotional materials (Franchise Agreement, Section 10.4).
- d. maintain Corporate Cleaning Group website with a link to your Franchised Business contact information and completed work. (Franchise Agreement, Section 12.3.6).
- e. provide you with any written specifications for required equipment, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.5).
- f. subject to applicable law, recommend minimum and maximum prices for the services and products offered by your Franchised Business. You may provide your Franchised Business services and products at any price that you determine within our parameters. Our suggested prices are not a representation, warranty or guarantee that such prices will enhance your sales or profit (Franchise Agreement, Section 12.6).
- g. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within thirty (30) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within thirty (30) business days, the proposed material and/or campaign is deemed “disapproved”. (Franchise Agreement, Section 13.5).
- h. approve your office location, if you choose to relocate to commercial premises, which approval is in our sole discretion. You will commence operations at home. If you wish to move to a commercial location, you can do so without approval. Factors for approval include the general location,



neighborhood and our demographic characteristics of the area when approving a site. We will not unreasonably withhold our approval. You must continue operating out of your home office until we approve a commercial office location (Franchise Agreement, Section 8.1.2, 10.1).

#### **4. Advertising**

##### **Local Advertising** (Franchise Agreement, Sections 13.2, 13.5)

You are required to pay local marketing fee of One Thousand and One Hundred Sixty-Seven Dollars (\$1,167) per month to Franchisor for the local marketing program (“Local Marketing Fee”). Franchisee must start paying the Local Marketing Fee beginning in the third month after the Boost Marketing Program is commenced.

Franchisee may also choose to add an optional local email marketing program (“Local Email Marketing Program”). The Local Email Marketing Program cost \$2,500 per month paid to Franchisor. Franchisee may split the Local Email Marketing Program with another franchisee, if available, at a cost of \$1,250 per month. The Local Email Marketing Program guarantees up to 46 leads, however in a split program, there is no guarantee of an even lead split.

The Local Marketing Program Fee and the Local Email Marketing Program are both paid to Franchisor who has engaged a third-party vendor, Abstrakt Marketing. Franchisor reserves the right to change their marketing vendor in Franchisor’s sole discretion.

You may develop advertising materials for your own use at your own cost, and you may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within thirty (30) business days; however, if we do not respond within thirty (30) business days, the proposed advertising or marketing material is deemed “disapproved”.

You must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, you may do cooperative advertising with other Corporate Cleaning Group franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

We reserve the right to collect all or some of your local advertising contribution and spend on your behalf.

##### **Boost Program**

You must pay to us a Boost Marketing Program fee of Seven Thousand Five Hundred Dollars (\$7,500). The Boost Marketing Program Fee shall be used by Franchisor for initial marketing services to be provided by Franchisor, or one of Franchisor’s affiliates, during the three-month period surrounding the Franchised Businesses Opening Date.

The Boost Program is the initial marketing program in which a sales coach manages the Franchised Business’s marketing plan and ensures that established goals are hit. Included in this program are the following: calls and emails; postcard mailings sent to full prospect list, including customized a Corporate Cleaning Group “new to area” postcard; 2 in-territory visits by the sales coach; targeted LinkedIn campaign; and Franchisee literature drop program. We will conduct those activities.

We will provide you marketing services to assist in generating customer leads, including inside sales initiatives, search engine optimization (SEO), website strategy and other marketing assistance. We will assign you an inside sales representative who will work with you weekly on strategy and marketing calls to help generate customer leads. There will be no charge for this service. You may purchase copies of the marketing brochures from us. We have sole discretion over the creative concepts, materials and media that may be used in the placement and allocation of advertising, marketing and public relations materials and to conduct the marketing and research for you in your Territory. We have the right to determine the market areas for the development and implementation of the research and marketing programs in your Territory. Marketing materials will be in the print media and will be brochures developed by us.

### **System-wide Brand Fund** (Franchise Agreement, Section 13.3)

You are required to contribute to the Brand Fund one and one half percent (1.5%) of monthly Gross Revenue, subject to increases not to exceed two percent (2%) of monthly Gross Revenue, generated by your Franchised Business (“Brand Fund Contribution”).

The Brand Fund is administered by our accounting and marketing personnel. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, services of advertising and/or public relations agencies, and website development and maintenance. We may further use Brand Fund contributions to pay our costs (including personnel and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include “Franchises Available” or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

The Brand Fund is not audited. An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry forward any surplus or deficit to the next fiscal year.

No Brand Fund contributions were required, made or expended in our most recently concluded fiscal year, which ended on December 31, 2022. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund,

however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

#### **Advertising Council** (Franchise Agreement, Section 9.6)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and profitability. We reserve the right to change or dissolve the council at any time.

#### **5. Computer Systems** (Franchise Agreement, Section 12.3)

We require you to have a computer (desktop or laptop) and Internet access, but it is not required that you purchase a new computer or tablet. We do not specify the computer operating system or Internet supplier. Your computer must be in good repair, with sufficient memory to carry out daily business functions pertaining to your Franchised Business. You will be solely responsible for the acquisition, operation, maintenance and upgrading of the Computer System. Neither we, nor any affiliate or third party, is obligated to provide ongoing maintenance, repairs, upgrades or updates for the Computer System. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the Computer System, but reserve the right to do so in the future. You must use Intacct Software for accounting, Team Software Suite for timekeeping and field management, Microsoft for email, Learning Zen for Learning Management System, and Paychex Flex for payroll and hiring in the operation of your Franchised Business.

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems. We may in the future modify or establish other service performance or revenue reporting systems, as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense.

We do not currently have independent access to your computer system, but we may obtain reports on key data (e.g., sales and invoicing) through the Intacct Software. Franchisor access to Team Software, Microsoft, Learning Zen and Paychex Flex systems would be for support purposes only. You must pay Maner Costerisan a fee, currently \$78 per month, for the use of the Intacct software. We require managing partners to have the full Microsoft 365 Suite, currently \$12.50 per month per user. All account managers and above must have Corporate Cleaning Group basic email, which is currently \$4 per month per user.

We will provide you with an individual location page on the main corporate website and a Micro Site with a separate URL/web address that is customized for your territory. You must pay us a one-time Website Fee equal to \$1,200.

We have no obligation to maintain, repair, update or upgrade your computer hardware and software. At your cost, you must provide on-going maintenance and repairs to your computer hardware and software. You must upgrade your computer hardware and software as necessary to operate the most current version of our System requirements.

We reserve the right to have remote and independent access to all information generated by and stored in your computer system, including your revenue information and customer data. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents

we require to allow us to independently and electronically access and retrieve the information stored in your computer system. We own all client data stored in your computer system.

**6. Table of Contents of Operations Manual**

The Table of Contents of our Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has approximately 300 pages.

**7. Training (Franchise Agreement, Article 7)**

Training which you must complete to our satisfaction, before opening your Franchised Business. During initial training you (if the franchisee is an individual) or all of your owners (if the franchisee is a business entity) and your general manager shall complete the five (5) to seven (7) day initial operations training program outlined below. The initial operational training program consists of classes at our affiliates’ offices in Livonia, Michigan or at other designated locations. A representative of ours will travel to your market area to provide you and your managers with the sales training portion of the initial operations training program. You will pay for the cost of travel and lodging for that representative. The training program will include instruction relating to the operation of the Franchised Business, cost and cash control, customer marketing, customer service, bid procedures, employee’s scheduling and methods of controlling operating costs. Training will cover management roles as well as job functions of employees.

**TRAINING PROGRAM**

<b>Initial Operations Training Program</b>			
<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The Job Training</b>	<b>Location</b>
Technology & System Knowledge	6	0	Livonia, MI or other designated location
Recruitment, Hiring & Onboarding	2.5	1	Livonia, MI or other designated location
History, Philosophy & Values	2	0	Livonia, MI or other designated location
Accounting, Billing & Reporting	1	0	Livonia, MI or other designated location
Social Media & Branding	1	0	Livonia, MI or other designated location
Cleaning Equipment & Best Practices	2	2	Livonia, MI or other designated location

Cleaning Operations	10	7	Livonia, MI or other designated location
OR Certification	2	2	Livonia, MI or other designated location
Floor Care	1	4	Livonia, MI or other designated location
Employee Engagement & Leadership	1.5	0	Livonia, MI or other designated location
Sales & Prospect Development	8	0	In Local Territory
Bid Process, Niche Markets & Facility Meetings	8	0	In Local Territory
Prospective Customer Visits	0	6	In Local Territory
Totals Hours:	45	22	

The on-the-job training will take place after you open, during site visits and will involve approximately (22) hours of on-the-job training for your entire installation team.

We periodically conduct our Operations Training Programs throughout the year, as needed. Training is currently provided by Devin Dollar, our Chief Executive Officer with 19 years of experience and Len Yakuber, our Chief Operating Officer with over 29 years of experience within our Corporate Cleaning Group team. Devin has worked Corporate Cleaning Group since 2003 and has worked developing and growing the brand. Devin oversees all aspects of Corporate Cleaning Group brand operations, including sales, marketing, and brand development. Len oversees all aspects of Corporate Cleaning Group brand operations, including technology, operations, brand operations, and process management. Mr. Dollar and Mr. Yakuber have over 48 years of combined experience in commercial cleaning and maintenance services. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

Our training materials consist of videos, reference books, worksheets, and forms and/or our Operations Manual. You will receive both classroom instruction and hands-on training. You may not commence operation of the Franchised Business unless and until we determine that you have successfully completed the Operations Training Program.

The cost of our instructors and training materials is included in the Initial Franchise Fee. We may, however, provide additional and supplemental in-person training to you. We have the right to charge you \$50 per person per day for such additional training, plus travel and living expenses for the trainer and/or \$75 per hour for consulting services. You must pay for all travel and personal expenses, including, but not limited to, all costs for your transportation and most meals for yourself and your personnel.

If you do not complete our Operations Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

We may conduct mandatory advanced training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory advanced training and/or attend an annual business meeting or franchisee conference for up to five (5) days each year at a location we designate. Failure to attend mandatory advanced training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all advanced training programs. Currently there is no annual conference. We reserve the right to charge up to \$1000 or then current- registration fee, whether you attend or not.

You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs.

## **ITEM 12: TERRITORY**

The Franchise Agreement grants you the right to own and operate a Franchised Business within an exclusive defined geographic area (the "Territory" or "Unit"), indicated by specified zip code(s). The size of the Territory may vary but is based on the following factors: geographical radius, considering serviceability and potential customers within the market area. We use data for our 4 main marketing niches - church, school, general business and medical - to help draw your Protected Territory based upon niche numbers that support sustainable business growth. We develop and define our territories based upon 400 niche business prospects within the territory. Niche prospects are mapped out based specific parameters, that include serviceability and potential customer size within the territory. The niche prospect businesses are determined by the square footage of the facility with the following metrics: (Manufacturers & Distributors 40,000 + square feet), (Churches 10,000 + square feet), Surgical Centers (no size qualification), Universities & Colleges (10,000 + square feet). In addition to the school niche prospect businesses a separate list of private schools with 50 + students are included in the territory. Your territory will also include secondary prospects outside our main niches that will increase the overall numbers; however, our niche markets define the territory. Your Territory will be defined and attached to your Franchise Agreement as Attachment 3.

In addition, we will determine the size and boundaries of your Territory in our discretion, based on factors such as population density, character of the neighborhood, location and number of competing businesses and other factors. Your Territory may be defined by one or more five-digit zip codes, county or city boundaries or fixed geographic boundaries such as rivers, streets, or highways, or as may be identified by a map. When determining the Territory, we generally use demographic statistics provided by the U.S. Census Bureau.

The continuation of the rights granted to you in the Protected Area is not dependent upon your achievement of a certain sales volume or market penetration or other contingency. In addition, there are no circumstances that permit the franchisor to alter franchisee's territorial rights.

We also offer a Multi-Unit option by which you may get the rights to more than 1 Territory. Each Territory is based on the same criteria as a single one. There may be a separate Franchise Agreement for each such Unit. This exclusivity is not based on sales volumes, market penetration or any other contingency. The franchisee is granted the right to so long as Franchisee is not in default under this Agreement has not been terminated.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Corporate Cleaning Group outlet or grant the right to anyone else to open a Corporate Cleaning Group outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell, either directly or through others, our products and services under the Marks in the Territory through alternative distribution channels, as discussed below.

The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Territory or contiguous territories. We may, but have no obligation to, consider granting to you the right to establish additional Corporate Cleaning Group outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Corporate Cleaning Group Franchise in an area and at a location we approve.

The Franchise Agreement permits you to operate from an office in your home. You may not change the location of your Franchised Business office, except in accordance with the requirements of Section 8.3 of the Franchise Agreement. You may only relocate the Franchised Business office with our consent. We consider the general location, neighborhood and demographic characteristics of the area when approving a site.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Corporate Cleaning Group outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business.

We reserve the rights to offer (i) other services and products not offered under the Marks, (ii) other commercial, industrial, and institutional cleaning and maintenance services or products under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with other commercial, industrial, and institutional cleaning and maintenance services and products offered through retail stores, the Internet or direct marketing (“Alternate Channels of Distribution”). You will receive no compensation for our sales through Alternative Distribution Channels in the Market Area.

You may not use Alternative Distribution Channels to make sales inside or outside your Territory; however, we will include a listing on our website of your Corporate Cleaning Group Franchised Business contact information.


You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory.

You may service a customer located outside of your Territory, provided that (A) the customer is not in the territory of another Corporate Cleaning Group franchisee and (B) Franchisee obtains Franchisor’s prior written approval. If approval is granted to you to solicit or accept orders outside your Territory, you must immediately stop soliciting or accepting orders in any area that a new Corporate Cleaning Group Business

is established. Prior to performing any services outside of your Territory Franchisee shall obtain Franchisor’s approval to provide service at the location outside of the Territory.

**ITEM 13: TRADEMARKS**

Corporate Cleaning Group® Franchise Systems LLC, or its successor, (“Licensor”) is the owner of the Marks and has granted us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of a Corporate Cleaning Group outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under Corporate Cleaning Group Marks, as described below (the “Principal Marks”).

Mark	Registration Number	Registration Date	Register
<b>CORPORATE CLEANING GROUP</b>	3421710	May 6, 2008	Principal
	6660996	March 1, 2022	Principal

Licensor has filed all required affidavits.

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other trademarks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other trademarks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other trademarks licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Mark, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Mark. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other of our trademarks.

There are no currently effective agreements that significantly limit Licensor’s or our rights to use or license the use of the Principal Mark or other of our trademarks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

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

We hold no patents and have no pending patent applications that are material to the franchise. We have registered no copyright with the United States Copyright Office. However, we claim copyrights on certain



forms, advertisements, promotional materials and other written materials. We also claim copyrights and other proprietary rights in our Operations Manual and the contents of our website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

You must notify us immediately when you learn about an infringement of or challenge to your use of our copyrights. We will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of our copyrights. We have the right to control any administrative proceedings or litigation involving our copyrights licensed by us to you. You must cooperate fully with us in defending and/or settling the litigation.

If you develop any new concept, process, product, service, or improvement (“Improvement”) in the operation or promotion of the Franchised Business, you are required promptly notify us and provide us with all requested information relate to the Improvement and sign all documents necessary for us to obtain full proprietary rights to the Improvement. We have no obligation to compensate you for the Improvement or for any cost you incur to sign over your rights to the Improvement to us.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the “Confidential Information”). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 6).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

We reserve the right to modify or discontinue using the subject matter covered by a patent or copyright. In such event, we may require you, at your expense, to modify or discontinue using the subject matter in the operation of your Franchised Business.

**ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

The Franchise Agreement requires that you personally supervise and manage the day-to-day operation of your Franchised Business. You may not appoint a non-owner manager of your Franchised Business, unless you receive our prior written approval. Upon approval, your manager must successfully complete our Initial Operations Training Program and all other training courses we require. Your manager must be devoted full time to the job and cannot have an interest or business relationship with any of our competitors. If the franchisee is a business entity, your manager is not required to have an equity interest in the franchisee entity but must otherwise meet our approval.

Your manager and all other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 6. If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal.

Each of your direct and indirect owners during the term of the Franchise Agreement and your and their spouses must sign an authorization to permit us to perform a background check on them.

**ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL**

You may only offer and sell the products and services that are part of the System, and the services and products which we incorporate into the System in the future. You may only offer products and services that we have previously approved and for which you are qualified to provide.

You may not use our Marks for any other business, and you may not conduct any other business at or through your Franchised Business operations or office. You cannot engage in any other business that competes with your Franchised Business, with us or our affiliates, or with Corporate Cleaning Group outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe. You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your 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.**

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
a.	Length of the franchise term	Art. 4	Term is ten (10) years
b.	Renewal or extension of the Term	Art. 5	If you are in good standing as defined below, you can enter into successor franchise agreements for up to two (2) additional five (5) year successor terms for a maximum total of 10 years, unless we have determined, in our sole discretion, to withdraw from your Territory.
c.	Requirements for franchisee to renew or extend	Sections 5.1 and 5.2	Be in full compliance, have no more than five (5) events of default during current term, provide written notice to us at least six months before the end of the term, execute a new franchise agreement, pay us a successor agreement fee of \$5,000, repair, upgrade or replace the equipment and other Franchised Business assets, as necessary, to meet then-current specifications, execute a general release, comply with then-current qualifications and training requirements, including completion of advanced training, subject to state law.  You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement.
d.	Termination by franchisee	Not Applicable	The Franchise Agreement does not give you any right to terminate. You may seek termination upon any grounds permitted by law.
e.	Termination by franchisor without cause	Section 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within six (6) months to a replacement franchisee that we approve.
f.	Termination by franchisor with cause	Article 17	We may terminate only if you default, subject to state law. The Franchise Agreement describes defaults throughout. Please read it carefully.
g.	“Cause” defined – curable defaults	Section 17.3	You have ten (10) days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below).

	Provision	Section in Franchise Agreement	Summary
h.	"Cause" defined - non-curable defaults	Sections 17.1 and 17.2	<p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than fifteen (15) days; or foreclosure proceeding that is not disclosed within fifteen (15) days. We may terminate the Franchise Agreement upon notice to you if you: do not obtain required licenses and permits and/or open the Franchised Business within required time frames; falsify any report to us; fail to operate for a period of fifteen (15) consecutive days or more; fail to comply with applicable laws; understate Gross Revenue; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations two (2) or more times during the term or receive two (2) or more default notices in any 12-month period regardless if they were timely cured; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.</p>

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
i.	Franchisee's obligations on termination/ non-renewal	Article 18	Upon termination, you must: cease operations; cease to identify yourself as a Corporate Cleaning Group franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any Liquidated Damages; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, all fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts.
j.	Assignment of contract by franchisor	Section 16.1.1	No restrictions on our right to assign.
k.	"Transfer" by franchisee defined	Section 16.3	Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity).
l.	Franchisor approval of transfer by franchisee	Section 16.3	No transfer is allowed without our consent, which we will not unreasonably withhold.
m.	Conditions for franchisor approval of a transfer	Section 16.3 and 16.4	Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully completes our Operations Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Attachment 5 to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; our approval of the material terms and conditions of the transfer; and payment of a transfer fee of \$15,000 plus all brokerage commissions, finder fees and similar charges incurred by us in connection with the transfer of your franchise.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 16.6	You must promptly notify us of any written offer to purchase your Franchise. We have fifteen (15) days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration, (b) we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least thirty (30) days to close and (e) you shall give us all customary seller's representations and warranties.
o.	Franchisor's option to purchase franchisee's business	Section 18.2	Upon termination of the Franchise Agreement, we have the option to purchase your equipment, signs, advertising materials, supplies and inventory at your cost or fair market value, whichever is less.
p.	Death or disability of franchisee	Sections 16.3, 16.4 and 16.7	The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within three (3) months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers or referral sources of any Corporate Cleaning Group outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. Subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For twenty four (24) months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers or referral sources of any Corporate Cleaning Group business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within ten (25) miles of your former Corporate Cleaning Group Territory or any other Corporate Cleaning Group office location; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. Subject to state law.
s.	Modification of the agreement	Sections 9.4, 14.6, 19.1.4 and 21.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
t.	Integration/merger clause	Section 21.4	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding arbitration, excluding claims related to injunctive relief, anti-trust, the trademarks, possession of the Franchised Business premises and post-termination obligations. Subject to state law.
v.	Choice of forum	Section 20.3	Litigation takes place in Michigan, subject to applicable state law.
w.	Choice of law	Section 20.3	Michigan law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

#### **ITEM 18: PUBLIC FIGURES**

We do not currently use any public figures 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 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.

The average gross revenue for franchised outlets that were in operation for greater than 36 months for the year ending December 31, 2022, was \$1,613,963. For those reporting franchised outlets, the highest gross revenue was \$3,233,459; the lowest gross revenue was \$517,021. The average gross revenue for all reporting outlets, including franchisor-owned outlets is \$2,390,547. The highest gross revenue of all outlets is \$6,082,152 by a franchisor-owned unit; the lowest gross revenue was \$517,021, by a franchised outlet.

The average cost of goods sold for franchised outlets that were in operation for greater than 36

months for the year ending December 31, 2022, was \$811,794. For those reporting franchised outlets, the highest cost of goods sold was \$1,628,812; the lowest cost of goods sold was \$307,242. The average cost of goods sold for all reporting outlets, including franchisor-owned outlets is \$1,333,734. The highest cost of goods sold for all outlets is \$3,660,824 by a franchisor-owned unit; the lowest cost of goods sold was \$307,242, by a franchised outlet.

The average gross margin for franchised outlets that were in operation for greater than 36 months for the year ending December 31, 2022 was \$802,168. For those reporting franchised outlets, the highest gross margin was \$1,604,647; the lowest gross margin was \$209,779. The average gross margin for all reporting outlets, including franchisor-owned outlets is \$1,056,813. The highest gross margin of all outlets is \$2,421,328 by a franchisor-owned unit; the lowest gross margin was \$209,779, by a franchised outlet.

The average gross profit percentage for franchised outlets that were in operation for greater than 36 months for the year ending December 31, 2022 was, was 49%. For those reporting franchised outlets, the highest gross profit percentage was 63%; the lowest gross profit percentage was 41%. The average gross profit percentage for all reporting outlets, including franchisor-owned outlets is 46%. The highest gross profit percentage of all outlets is 63% by a franchised outlet; the lowest gross profit percentage was 36%, by a franchisor-owned outlet.

Below are the actual figures for gross revenue, the cost of goods sold (COGS)\*\* , gross margin\*\*\* and gross profit percentage\*\*\*\*, which were self-reported by the franchisor and franchisees which were open at least 36 months, including franchisor-owned outlets, for the calendar year ending December 31, 2022.

The average gross revenue for all reporting\* franchised outlets for the year ending December 31, 2022, was \$1,241,968. For those reporting franchised outlets, the highest gross revenue was \$3,233,459; the lowest gross revenue was \$47,595. The average gross revenue for all reporting outlets, including franchisor-owned outlets is \$2,057,072. The highest gross revenue of all outlets is \$6,082,152 by a franchisor-owned unit; the lowest gross revenue was \$47,595, by a franchised outlet.

The average cost of goods sold for all reporting\* franchised outlets for the year ending December 31, 2022, was \$625,297. For those reporting franchised outlets, the highest cost of goods sold was \$1,628,812; the lowest cost of goods sold was \$20,658. The average cost of goods sold for all reporting outlets, including franchisor-owned outlets is \$1,140,612. The highest cost of goods sold for all outlets is \$3,660,824 by a franchisor-owned unit; the lowest cost of goods sold was \$20,658, by a franchised outlet.

The average gross margin for all reporting\* franchised outlets for the year ending December 31, 2022, was \$616,672. For those reporting franchised outlets, the highest gross margin was \$1,604,647; the lowest gross margin was \$26,937. The average gross margin for all reporting outlets, including franchisor-owned outlets is \$916,461. The highest gross margin of all outlets is \$2,421,328 by a franchisor-owned unit; the lowest gross margin was \$26,937, by a franchised outlet.



The average gross profit percentage for all reporting\* franchised outlets for the year ending December 31, 2022, was 50%. For those reporting franchised outlets, the highest gross profit percentage was 63%; the lowest gross profit percentage was 41%. The average gross profit percentage for all reporting outlets, including franchisor-owned outlets is 47%. The highest gross profit percentage of all outlets is 63% by a franchised outlet; the lowest gross profit percentage was 36%, by a franchisor-owned outlet.

Below are the actual figures for gross revenue, the cost of goods sold (COGS)\*\*, gross margin\*\*\* and gross profit percentage\*\*\*\*, which were self-reported by the franchisor and franchisees which were open at least 1 year, including franchisor-owned outlets, for the calendar year ending December 31, 2022.

<b>Franchisor-Owned Outlets 2022</b>		
<b>Category</b>	<b>Corporate Location 1</b>	<b>Corporate Location 2</b>
<b>Gross Revenue</b>	\$3,358,451	\$6,082,152
<b>COGS</b>	\$2,138,281	\$3,660,824
<b>Gross Margin</b>	\$1,220,170	\$2,421,328
<b>Gross Profit%</b>	36%	40%

<b>Reporting* Franchise Outlets 2022</b>									
<b>Category</b>	<b>Outlet #1</b>	<b>Outlet #2</b>	<b>Outlet #3</b>	<b>Outlet #4</b>	<b>Outlet #5</b>	<b>Outlet #6</b>	<b>Outlet #7</b>	<b>Outlet #8</b>	<b>Outlet #9</b>
<b>Gross Revenue</b>	\$841,827	\$1,475,423	\$2,280,757	\$1,335,288	\$792,197	\$654,146	\$517,021	\$3,233,459	\$47,595
<b>COGS</b>	\$438,802	\$547,592	\$1,193,984	\$754,335	\$380,439	\$355,805	\$307,242	\$1,628,812	\$20,658
<b>Gross Margin</b>	\$403,025	\$927,832	\$1,086,773	\$580,953	\$411,758	\$298,341	\$209,779	\$1,604,647	\$26,937
<b>Gross Profit%</b>	48%	63%	48%	44%	52%	46%	41%	50%	57%

<b>Franchisor-Owned Outlets and Reporting* Franchise Outlets - 2022</b>					
<b>Category</b>	<b>High</b>	<b>Low</b>	<b>Median</b>	<b>Average</b>	<b># and % At or Above Average</b>
<b>Gross Revenue</b>	\$6,082,152	\$47,595	\$1,335,288	\$2,057,072	4/36%
<b>Gross Margin</b>	\$3,660,824	\$20,658	\$547,592	\$1,140,612	4/36%

\* Outlets operating at least one year as of 12/31/2022.

\*\* Cost of Goods Sold (COGS) consists of direct costs related to providing services. These costs include: cleaning wages, cleaning supplies, replacement parts and equipment, laundry expense and miscellaneous direct costs.

\*\*\* Gross margin consists of gross revenue less COGS.

\*\*\*\* Gross profit percentage consists of gross margin divided by gross revenue.

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

### **Bases**

These revenue figures are derived from the actual historical performance as self-reported by Corporate Cleaning Franchise franchisees, as well as from franchisor-owned locations.

There are currently 19 franchisee units in the system, 17 of which had revenue in 2022 and reported their revenue. Of those reporting units, 11 had at least \$500,000 in annual revenue in 2022.

### **Assumptions**

These figures measured our outlets' performance in only six states. The market where your franchise would be located may achieve results that are different from where these outlets are located.

The financial information that formed the basis for our financial performance representation is available to you upon reasonable request.

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

Apart from the above, 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 Len Yakuber 39201 Schoolcraft Road, Suite B12, Livonia, Michigan 48150, (734) 522-1144, the

Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20: OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
System-wide Outlet Summary  
For Years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020	9	10	+1
	2021	10	10	0
	2022	10	19	+9
Company – Owned*	2020	2	2	0
	2021	2	2	0
	2022	2	2	0
Total Outlets	2020	11	12	+1
	2021	12	12	0
	2022	12	21	+9

Table No. 2  
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)  
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Missouri	2020	0
	2021	1
	2022	0
Colorado	2020	0
	2021	0
	2022	1
Total	2020	0
	2021	1
	2022	1

Table No. 3  
Status of Franchised Outlets  
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
Florida	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Michigan	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Missouri	2020	3	2	0	0	0	1	4
	2021	4	1	0	0	0	1	4
	2022	4	1	0	0	0	0	5
North Carolina	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
Oregon	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Texas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	4	0	0	0	0	4
Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
West Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Total	2020	9	2	0	0	0	1	10
	2021	10	2	0	0	0	2	10
	2022	10	9	0	0	0	0	19

Table No. 4  
Status of Company Owned\* Outlets  
For Years 2020 to 2022

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Outlets Reacquired from Franchisees	Column 6 Outlets Closed	Column 7 Outlets Sold to Franchisees	Column 8 Outlets at End of the Year
Michigan	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Kansas	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Total	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2

\* Our company-owned outlets are operated by our affiliate.

Table No. 5  
Projected Openings as of December 31, 2022

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in the Next Fiscal Year	Column 4 Projected New Company Owned Outlets in the Next Fiscal Year
Florida	0	1	0
Tennessee	1	1	0
Texas	1	1	0
Total	2	3	0

Exhibit E lists the location of each Corporate Cleaning Group franchisee in our System.

During our last fiscal year, no franchisee has had an outlet terminated, canceled, not renewed, or has otherwise voluntarily or involuntarily ceased to do business under the franchise agreement or 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.

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

**ITEM 21: FINANCIAL STATEMENTS**

Our audited financial statements as of December 31, 2022, December 31, 2021, and December 31, 2020 are included in Exhibit C. An unaudited balance sheet, profit & loss statement, and cash flow statement as of July 31<sup>st</sup> are included in Exhibit C.

Our fiscal year end is December 31<sup>st</sup>.

**ITEM 22: CONTRACTS**

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all attachments to it (Marks, Territory Description, General Release, Statement of Ownership Interests in Franchisee, Internet, Social Media, and Telephone Account Agreement, and Confidentiality and Non-Compete Agreement, Multi-Unit Development Addendum).

**ITEM 23: RECEIPT**

A receipt in duplicate is attached to this Disclosure Document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Len Yakuber, Corporate Cleaning Group® Franchise Systems LLC, 39201 Schoolcraft Road, Suite B12, Livonia, Michigan 48150.

## EXHIBIT A

### AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14 <sup>th</sup> Floor Dept 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 (803) 734-2166	Legalinc Corporate Services Inc. 1591 Savannah Highway Suite 201 Charleston, SC 29407
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin



**EXHIBIT B**  
**FRANCHISE AGREEMENT**

CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS LLC  
FRANCHISE AGREEMENT

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**List of Attachments:**

- ATTACHMENT 1: TRADEMARKS
- ATTACHMENT 2: TERRITORY DESCRIPTION
- ATTACHMENT 3: GENERAL RELEASE
- ATTACHMENT 4: STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY
- ATTACHMENT 5: INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT
- ATTACHMENT 6: CONFIDENTIALITY AND NON-COMPETE AGREEMENT
- ATTACHMENT 7: GUARANTY
- ATTACHMENT 8: VETERANS DISCOUNT
- ATTACHMENT 9: MULTI-UNIT ADDENDUM

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of \_\_\_\_\_ (the “Effective Date”), by and between Corporate Cleaning Group® Franchise Systems LLC, a Michigan limited liability company, with its principal place of business at 39201 Schoolcraft Road, Suite B12 Livonia, Michigan 48150 (herein “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_, and \_\_\_\_\_’s principals, \_\_\_\_\_, an individual, residing at \_\_\_\_\_, and \_\_\_\_\_, an individual, residing at \_\_\_\_\_ (“Principal(s)”). \_\_\_\_\_ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

## RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a business that provides commercial, and institutional cleaning and maintenance services using Franchisor’s confidential operations manual of business practices and policies (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the service mark Corporate Cleaning Group, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

**1. RECITATIONS.** The Recitations set out above form part of this Agreement.

**2. GRANT OF FRANCHISE.** Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Corporate Cleaning Group franchise that provides comprehensive commercial, and institutional cleaning and maintenance services (the “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

### 3. TERRITORY

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchise Business within the Territory only. Subject to Sections 3.2, Franchisor agrees that during the Term of this Agreement, Franchisor will not, and Franchisor will not permit any other Corporate Cleaning Group franchisees, to operate a Corporate Cleaning Group business in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Corporate Cleaning Group franchises around, bordering and adjacent to the Territory. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Territory and from alternative methods of distribution as more fully specified herein.

3.2 Reservation of Rights. Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other services and products not offered under the Marks, (ii) other commercial, and institutional cleaning and maintenance concepts or products under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Territory including, but not limited to, co-branding with other commercial, and institutional cleaning and maintenance services businesses, and products offered through retail stores, the Internet or direct marketing (“Alternate Channels of Distribution”). Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

4. **TERM**. Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the “Term”).

5. **SUCCESSOR OPTIONS**. Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective franchisees in the state in which the Territory is located (the “Successor Franchise Agreement”) for two (2) additional terms of five (5) years. The term of each such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor fee that is Five Thousand Dollars (\$5,000) (“Successor Fee”).

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee’s option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

- 5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor's then current Disclosure Document (including Franchisor's then current franchise agreement).
  - 5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within sixty (60) days after receipt by Franchisee of a copy of Franchisor's then current Disclosure Document.
  - 5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
  - 5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Section 5.1 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee's option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee's right and option to automatically lapse and expire, without further notice by Franchisor.
  - 5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee's investment in the Franchise, as well as a reasonable return on such investment.
- 5.2 Conditions of Successor Franchise Agreement. Franchisee's right to enter into a Successor Franchise Agreement is conditioned upon the following:
- 5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee's obligations under this Agreement, Franchisor's operations manual ("Manual") and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
  - 5.2.2 Franchisee shall not have committed five (5) or more events constituting default during the then current Term of this Agreement, whether or not such defaults were cured.
  - 5.2.3 Franchisee will have completed any required training to Franchisor's reasonable satisfaction.
  - 5.2.4 Franchisee must have satisfied all monetary obligations owed by Franchisee to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee and any of its affiliates and Franchisor or any of its affiliates and must have timely met those obligations throughout the terms of those agreements.

- 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Corporate Cleaning Group® Franchise Systems LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 3. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
- 5.2.6 Franchisee shall pay the required Successor Fee and sign the Successor Franchise Agreement.
- 5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Corporate Cleaning Group franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then-current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to enter into a successor agreement, Franchisor may, in Franchisor's sole discretion, (i) offer to enter into a successor franchise agreement to this Agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.
- 5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement with this Franchise as a result of a decision to withdraw from the Territory in which Franchisee's Franchised Business is located.

## 6. FEES

- 6.1 Initial Franchise and Royalty Fees. As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:
- 6.1.1 Initial Franchise Fee. Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Fifty-Four Thousand Dollars (\$54,000.00) (the "Initial Fee"). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee's execution of this Agreement.
- 6.1.2 Minimum Royalty Fee. Franchisee agrees to pay Franchisor, throughout the Term, a royalty fee equal to the greater of five and one-half percent (5.5%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any

other revenues received using Franchisor’s methods, operations and/or trade secrets or the Minimum Royalty Fee as set forth in the chart below (the “Royalty Fee”). The Minimum Royalty Fee is as follows:

<b>Months of Operation</b>	<b>Minimum Royalty Fee per Unit</b>
Months 0-6	\$0
Months 7-12	\$550
Months 13-24	\$1000
Months 25+	\$2000

(“Minimum Royalty Fee”)

6.1.3 Gross Revenue Reports. Franchisee shall, on or before the tenth (10<sup>th</sup>) day of each calendar month, furnish Franchisor with a report showing Franchisee’s Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during the immediately prior calendar month (the “Gross Revenue Report”). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. At Franchisor’s discretion, Franchisee shall submit the Gross Revenue Report by an electronic transfer of data via the computer information systems (“Computer System”) that Franchisor requires Franchisee to use in the operation of the Franchised Business. The term “Gross Revenue” includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor’s trademarks, methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. Excluded from Gross Revenues are: (1) sales taxes and other taxes separately stated that Franchisee collects from customers and pays to taxing authorities; (2) refunds and credits made in good faith to arms' length customers, provided such credits or refunds are made in accordance with Franchisor's standards and specifications; and (3) the discount value of any voucher or other allowance that Franchisor authorizes at the time Franchisee redeems the customer's voucher or allowance.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee, Local Marketing Fee, and the Brand Fund Contribution, as defined and more particularly described in Article 13, then due. At Franchisor’s request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee, Local Marketing Fee, and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee’s failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement.

- 6.2 Late Fee. If the Royalty Fee, Local Advertising Contribution, other fee due and payable to Franchisor or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Twenty-Five Dollars (\$25). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, Local Advertising Contribution, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.
- 6.3 Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 1.5% per month or at the highest rate permitted by law, whichever is higher.
- 6.4 Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Seventy-Five Dollars (\$75.00) per occurrence. This non-sufficient fund fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.
- 6.5 Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.
- 6.6 Website Fee. In exchange for providing Franchisee with an individual location page on Franchisor's main corporate website and a Micro Site with a separate URL/web address that is customized for Franchisee's territory, Franchisee shall pay Franchisor a one-time fee equal to \$1,200. This fee will be due and payable upon execution of this Agreement.
- 6.7 Technology Fee. Franchisee agrees to pay Franchisor, throughout the term of the Agreement, a technology fee for access to technology required for the operation of the Franchised Business ("Technology Fee"). Franchisee shall pay the Technology Fee monthly for software license and/or maintenance fees, Franchise web portal access, or other services as developed in the future. Franchisor may, in its sole discretion, increase the amount owed, provided that Franchisor provides Franchisee thirty (30) days written notice.

## 7. TRAINING

- 7.1 Initial Operations Training Program. Franchisee shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial operations training program ("Initial Operations Training Program") prior to the opening of the Franchised Business. The



Initial Operations Training Program consists of a five (5) to seven (7) day course conducted at Franchisor's headquarters in Livonia, Michigan. Franchisor reserves the right to designate an alternate location for the Initial Operations Training Program. Franchisee must at all times during the term of this Agreement have a principal who has successfully completed the Initial Operations Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for Initial Operations Training Program prior to opening the Franchised Business ("Initial Trainees"). Fees for replacement trainees are XXX Hundred Dollars (\$XXX.00) per person and are due prior to the commencement of training. Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, most meals and wages.

- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Operations Training Program. If the Initial Operations Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Operations Training Program cannot be satisfactorily completed by Franchisee or a Principal, Franchisor may terminate this Agreement.
- 7.3 Field Training. Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide phone or screen-share training and assistance to Franchisee's personnel. For any additional on-site training and assistance within the Territory, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.
- 7.4 Counseling and Assistance. In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at a reasonable cost, unless such assistance is provided in Territory pursuant to Section 7.3, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, bookkeeping and System improvements.

## **8. FRANCHISED BUSINESS SITE REQUIREMENTS**

### **8.1 Site Selection**

- 8.1.1 Franchisee may commence operation of the Franchised Business from a home-based office.

8.1.2. In the event Franchisee desires to establish an office in a commercial space, Franchisee assumes all cost, liability, expense and responsibility for obtaining and developing a location for the Franchised Business within the Territory. Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business. Franchisor shall review the lease for Franchisor required terms only. Franchisor does not guarantee the success of any location.

8.1.4. After a location for the Franchised Business is consented to by Franchisor and acquired by Franchisee pursuant to this Agreement, the location shall be set forth on Attachment 2 of this Agreement, which location and attachment shall be incorporated herein and made a part hereof. We will approve your location within thirty (30) days. If we cannot agree on a location it will be considered an event of default under the Franchise Agreement.

8.2 Time to Open. Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business, which shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) satisfactorily complete Franchisor's Initial Operations Training Program, as further set forth in Article 7, (ii) hire and train staff, if required, (iii) obtain all required licenses to operate the Franchised Business, and (iv) obtain all equipment Franchisor requires, including but not limited to, computer systems, software, applications in accordance with Franchisor's standards. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within sixty (60) days following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.3 No Relocation. Franchisee's rights to operate the Franchised Business shall be limited to the Territory set forth in Attachment 2, and no other. Franchisee shall not relocate the office of the Franchised Business to commercial premises at any time without Franchisor's written approval, which approval shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense. In the event such permission is granted, (i) Franchisee shall remove any signs or other property from the original Franchised Business office which identified the original Franchise Business office as part of the System and (ii) the parties shall amend Attachment 2 to reflect the address of the new Franchised Business office location.

## 9. **MAINTENANCE AND IMPROVEMENT OF THE FRANCHISED BUSINESS AND SYSTEM**

9.1 Maintenance of Franchised Business Assets. Franchisee shall maintain the Franchised Business office location, all required Franchised Business equipment, the Computer System, and all hardware, software and related accessories to the standards of quality, repair and condition required by Franchisor, which standards are specified in the Manual and other

written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repairs or replacement of worn or impaired equipment, and computer hardware, software and accessories, as Franchisor may direct.

9.2 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, the Computer System, telecommunications hardware and software, payment processing systems, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.3 System Services. From time to time, Franchisor, in Franchisor's sole discretion, may modify or add to the commercial, and institutional cleaning and maintenance services options offered by Corporate Cleaning Group. Upon written notice by Franchisor, Franchisee shall incorporate all modifications and additions to the services offered by Franchised Business, and Franchisee shall (i) purchase, or otherwise obtain access to, all necessary equipment, software, applications and/or supplies to perform such modified or additional services and (ii) attend any advanced training, in accordance with Section 7.4 hereof, as Franchisor may direct.

9.4 Trade Dress Modifications.

9.4.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified color schemes, tag lines, logos or marks (collectively, "Trade Dress Modifications").

9.4.2 Franchisee shall, at Franchisee's sole expense, modify identifying elements of the Franchised Business, as required by Franchisor to conform to Trade Dress Modifications. Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3 Franchisee will accept, use and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the additions or modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the additions and modifications contemplated by this Article 9, including, without limitation, any claim of breach of

contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

- 9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee's level of success, superior performance and profitability.

## 10 FRANCHISOR'S OBLIGATIONS

Franchisor and/or its designated representative will provide the services described below:

- 10.1 Territory and Site Determination. Designate the boundaries of Franchisee's Territory, by description and/or mapped boundaries, and set forth same in Attachment 2 attached hereto and incorporated herein. Franchisor shall also approve a commercial site of the Franchised Business office location in accordance with Section 8.3, if applicable.
- 10.2 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.3 Pre-Opening Requirements. Provide Franchisee with a written list of equipment, fixtures, furnishings, signage, supplies, and products that will be required and/or recommended to open the Franchised Business for business.
- 10.4 Advertising Materials. Provide samples or digital artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.5 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees. This list will be included in the operations manual.
- 10.6 Training. The training programs specified in Article 7 herein.
- 10.7 On-Going Assistance. Post-opening assistance in accordance with the provisions of Article 7.
- 10.8 Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

## 11 FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS

11.1 Best Efforts. Franchisee, including each of Franchisee's Principals, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.

11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:

11.2.1 Franchisee is duly organized and validly existing under the state law of its formation;

11.2.2 Franchisee is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;

11.2.3 Franchisee's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;

11.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;

11.2.5 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and

11.4 Personal Supervision.

11.4.1 Franchisee shall personally run the day to day operations of the Franchised Business. You may not appoint a non-owner manager of your Franchised Business, unless you receive our prior written approval. Upon approval, your manager must successfully complete our Initial Operations Training Program and all other training courses we require. Franchisee shall ensure that its agents, employees and all third-party business affiliates observe and adhere to all applicable terms, conditions and restrictions contained in this Agreement and in the Manual; including but not limited to quality and service standards, confidentiality, works made for hire, non-compete and the agreement to return all Franchisor proprietary and confidential information. Any breach of a term or condition contained in this Agreement by an agent,

employee or third party working for Franchisee shall be deemed to be the same as a direct breach by Franchisee and its Principals; and Franchisor shall have all the same rights and remedies as if the breach occurred through the direct acts or omissions of the Franchisee and/or its named Principals. Franchisee's agents, employees and third-party business affiliates shall further:

- (i) Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual.
- (ii) Execute a confidentiality and non-compete agreement in a form substantially similar to Attachment 6.
- (iii) Satisfy the training requirements set forth in Article 7, including completion of the Initial Operations Training Program, if required by Franchisor. Franchisee shall pay Franchisor the then-current fee for attendance at the Initial Operations Training Program and shall pay all other costs to attend training, including transportation, lodging, and meals.

11.4.2 Franchisee shall promptly notify Franchisor when any employee, agent or third-party affiliate previously granted access to Franchisor's proprietary or confidential information ceases to be employed or affiliated with Franchisee, so that any and all access rights to Franchisor proprietary or confidential information may be terminated and all such materials returned to Franchisor. Any failure by Franchisee to comply with the requirements of this Section shall be deemed a material event of default under this Agreement.

11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, fictitious name registrations, sales and other tax permits, any permits, certificates or licenses required by any industry regulatory agency or association and any other requirement, rule, law or regulation of any federal, state or local jurisdiction.

11.6 Claims and Potential Claims. Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.

- 11.7 Assignment of Numbers and Listings. Franchisee shall execute such forms and documents included in Attachment 5 to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers, listings, and passwords and administrator rights for all email and social media accounts used or created by Franchisee. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.
- 11.8 Access to Tax Filings. Upon Franchisor's reasonable request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.
- 11.9 Continuing Obligation. Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

## **12 FRANCHISEE'S OPERATIONS**

- 12.1 Operation of Franchised Business. In order to maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor. Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:
- 12.1.1 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules and regulations;
- 12.1.2 Conduct sales and service of customers using Franchisor's format, methods, forms, reports and software and otherwise in accordance with Franchisor's standards and specifications;
- 12.1.3 Employ sufficient employees as prescribed by Franchisor to operate the Franchised Business at its maximum capacity and efficiency as required by Franchisor;

- 12.1.4 Employ only qualified individuals, in accordance with Section 12.5 below, who are trained and licensed as required by Franchisor and who will at all times conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall require Franchisee's employees to wear clothing conforming to Franchisor's specifications as to style, color, and design as Franchisor may from time to time reasonably designate so as to maintain the goodwill and reputation of Franchisor, the System and the Marks. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;
- 12.1.5 Permit Franchisor or its agents, to inspect the Franchised Business and any services, products or equipment, through service call attendance or otherwise, to determine whether they meet Franchisor's then-current standards, specifications and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any product or service that does not conform to the System standards and specifications;
- 12.1.6 Maintain in good working order, cleanliness and appearance in the Franchised Business. Franchisor reserves the right to set specifications and standards of condition, age and branding, as set forth in the Manual used in the Franchised Business.
- 12.1.7 Prominently display identifying elements of the System of such nature, form, color, number, location and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media or identifying element of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business office location or elsewhere and remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort;
- 12.1.8 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

## 12.2. Bookkeeping and Reports.

- 12.2.1. Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures specified by Franchisor. Franchisee agrees to purchase the computer systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor.



- 12.2.2. Within sixty (60) days after the close of each fiscal year, Franchisee will furnish Franchisor a full profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business.
- 12.2.3. The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.
- 12.2.4. Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.

### 12.3 Computer Systems.

- 12.3.1. Franchisee, at Franchisee's sole expense, shall install and maintain the Computer System and other computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2. Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing and bookkeeping accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's Computer System and accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's Computer System, other systems and web-based payment processing and bookkeeping accounts.
- 12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's Computer System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.
- 12.3.4. Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.

- 12.3.5. Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall use the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6. Franchisor has established a website that provides information about the System and the services and products offered by Corporate Cleaning Group System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website of Franchisee's contact information and permit Franchisee to upload previous completed work. Franchisee has no ownership or other proprietary rights to Franchisor's Website and Franchisee will lose all rights to such listing of Franchisee's contact information upon expiration or termination of this Agreement for any reason.
- 12.3.7. Franchisee shall pay all other fees and expenses for technology required by this Agreement, including but not limited to, the costs of computer hardware and software, regularly recurring fees for software and Internet access, license fees, licensing or user-based fees.
- 12.3.8 Franchisee is solely responsible for maintaining the security and integrity of the computer and payment processing systems used in the Franchised Business and the customer and other data stored therein. Franchisee, at Franchisee's sole cost and expense, shall implement all computer hardware, software and Internet security procedures, including required updates or upgrades thereto, that are reasonably necessary to protect Franchisee's computer and payment processing systems and the data stored therein from viruses, malware, privacy breaches or other unauthorized access.
- 12.4 Safety and Security. Franchisee is solely responsible for the safe and secure operation of the Franchised Business and the services provided thereby for Franchisee, Franchisee's personnel, customers, agents and the general public. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.
- 12.5 Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other that Franchisor requires and that Franchisee determines to be necessary and appropriate, prior to hiring. This includes a nationwide sex offender search and a statewide and/or countywide criminal history search for each jurisdiction in which an applicant has address history. Franchisee shall not hire any prospective employee for any position involving entrance to a residence if such prospective employee's background review indicates, in Franchisee's sole discretion, a

propensity for violence, dishonesty, negligent, reckless or careless behavior, or a conviction for any violent crime. Notwithstanding the foregoing, all matters of employment and the safety of Franchisee's customers and their clients are within Franchisee's discretion and control. Franchisor shall not be liable to Franchisee, any employee or prospective employee of Franchisee, or any third-party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

- 12.6 Customer Dispute Resolution. Franchisee acknowledges Franchisor's philosophy that exceeding customers' expectations is essential to Franchisee's success as well as the reputation and success of the System and other Corporate Cleaning Group franchisees and that all System franchisees shall endeavor to go above and beyond expectations and generosity in all customer dealings. Accordingly, Franchisee agrees to: (i) use its best efforts to ensure the complete satisfaction of each of Franchisee's customers; (ii) apply the highest standards of customer service and use good faith in all dealings with customers, potential customers, referral sources, suppliers and creditors; (iii) respond to customer complaints in a courteous, prompt, and professional manner; (iv) use its best efforts to promptly and fairly resolve customer disputes; and (v) within twenty-four (24) hours of receiving a request from Franchisor, provide Franchisor a written summary of the dispute. If Franchisee fails to resolve a dispute with a customer, for any reason whatsoever, Franchisor, in its sole discretion and for the sole purpose of protecting the goodwill and reputation of the System and the Marks, may (but shall not be obligated to) investigate the matter and take such action as Franchisor may deem necessary or appropriate to resolve the dispute fairly and promptly, including, but not limited to, the issuance of a refund on Franchisee's behalf. Nothing contained in this Section or any other provision of this Agreement shall be construed to impose liability upon Franchisor to any third party for any action by or obligation of Franchisee.
- 12.7 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to using such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier.
- 12.8 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, customer surveys and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall

subscribe to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor.

12.9 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

### **13. ADVERTISING, PROMOTIONS, TECHNOLOGY AND RELATED FEES**

13.1 Advertising Programs. Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

#### 13.2 Local Advertising.

13.2.1 Franchisee must pay Franchisor a non-refundable monthly local marketing of One Thousand and One Hundred Sixty-Seven Dollars (\$1,167) per month (“Local Advertising Contribution”). The ongoing and continuing local marketing fee is due and payable monthly to Franchisor and shall be paid to Franchisor by electronic funds transfer at the same time as the Royalty Fee. The local marketing fee will cover advertising and marketing targeted to Franchisee’s specific market, as well as guidance concerning effective marketing activities Franchisee may undertake in its market. Such fees shall be allocated to a separate “local marketing fund account” established by Franchisor. Franchisee understands and acknowledges that other franchisees who have different franchise agreements may have a different local marketing requirement than the one in this Agreement.

13.2.2 Franchisee agrees that the Local Advertising Contribution shall be maintained and administered by Franchisor as follows:

- (i) Franchisor shall direct or provide all advertising and local marketing programs paid by the local marketing fee with sole discretion to approve or disapprove the creative concepts, material and media used in such programs and the placement and allocation thereof. In administering the funds, Franchisor will take commercially reasonable efforts to make expenditures for Franchisee which are equivalent or proportionate to its contribution.
- (ii) Franchisee agrees that the funds may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including without limitation, marketing research, development of new products and services, the cost of preparing and conducting media advertising campaigns, direct mail and billboard advertising, public relations activities, employing advertising and marketing agencies to assist these efforts and providing brochures and other advertising materials to Units operating under the System). Sums paid by Franchisee as a local marketing fee shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration or direction of the funds and advertising or marketing programs for the franchisee and the System.

13.2.3 Boost Marketing Program. Franchisee agrees to pay Franchisor a start-up marketing program fee of Seven Thousand Five Hundred Dollars (\$7,500) ("Boost Marketing Program Fee"). The Boost Marketing Program Fee shall be used by Franchisor for initial marketing services to be provided by Franchisor, or one of Franchisor's affiliates, during the ninety (90) day period surrounding the Franchised Businesses Opening Date.

13.2.4 Local Email Marketing. At Franchisee's option, Franchisee can opt into a local email marketing program. If Franchisee opts in, Franchisee shall pay Franchisor Two Thousand Five Hundred Dollars (\$2,500) per month to administer the local email marketing program ("Local Email Marketing Fee"). If available, Franchisee may split the cost of the Local Email Marketing Fee with another Corporate Cleaning Group franchisee. Franchisor can not guarantee an even split of leads in the event Franchisee chooses to split the Local Email Marketing Fee.

### 13.3 Brand Fund.

13.3.1 Franchisor has established a national Brand Fund (the "Brand Fund") on behalf of the System for national advertising, marketing, and brand development (the "Brand Fund"). Franchisee is required to contribute to the Brand Fund One and a Half Percent (1.5%) of the weekly Gross Revenue generated by the Franchised Business ("Brand Fund Contribution"). Franchisor reserves the right to increase the amount of the Brand Fund Contribution to no more than two percent (2%) of Gross Revenue generated by the Franchised Business. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenue, then, in addition a late fee and interest pursuant to Section 6.2 and 6.3 hereof,

Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenue are reported.

- 13.3.2. Franchisor shall direct all advertising and marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. Franchisee agrees and acknowledges that the Brand Fund is intended for the use and development of proprietary technology and to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.
- 13.3.3. Franchisor has no obligation to contribute to the Brand Fund on the same basis as Franchisee with respect to Corporate Cleaning Group outlets operated by Franchisor or Franchisor's affiliates.
- 13.3.4. Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).
- 13.3.5. The Brand Fund will be operated solely as a conduit for collecting and expending the advertising and technology contributions for the System. The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. Franchisor further reserves the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Fund contributions. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit.
- 13.3.6. Franchisor will prepare an unaudited annual statement of the Brand Fund's operations and will make it available to Franchisee upon request. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.

13.3.7. Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

13.4 Social Media Use. Franchisee may not maintain any business profile on Facebook, Instagram, Twitter, LinkedIn, YouTube or any other social media and/or networking site except in strict accordance with Franchisor's requirements, as follows:

13.4.1 Franchisee shall provide Franchisor with all passwords and administrative rights to any and all social media accounts for the Franchised Business, and Franchisee hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking whatever action as is necessary for the best interest of the System, if Franchisee fails to maintain such accounts in accordance with Franchisor's standards.

13.5 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within thirty (30) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within thirty (30) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for Corporate Cleaning Group brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

## **14. INTELLECTUAL PROPERTY**

14.1 Ownership.

14.1.1. Franchisee expressly understands and acknowledges that Franchisor, or its successor, ("Licensor") is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, advertisements, promotional materials and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights,

along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2. As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a Franchised Business and only at or from the Franchised Business office location or in approved advertising related to the Franchised Business.

14.3 Goodwill. Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.

14.4 Validity. Franchisee shall not contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property.

14.5 Infringement. Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's or Licensor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.

14.6 Substitution. Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.



14.7 Franchisee's Use of the Intellectual Property. With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:

14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Corporate Cleaning Group" and design. Franchisee shall not use the Marks as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation of a, "Corporate Cleaning Group Franchise".

14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Corporate Cleaning Group franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous location upon the office, as directed by Franchisor, used in the Franchised Business, as Franchisor may designate in writing.

14.7.3. Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4. Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 Claims. Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different

from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity or corporation.

## 15. INSURANCE AND INDEMNIFICATION

15.1 Procurement. Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

15.1.1 Commercial general liability insurance, including bodily injury, property damage, personal injury, products and completed operations liability coverage with a combined single limit of not less than \$1,000,000;

15.1.2 Workers' compensation and employer's liability to meet statutory requirements of Franchisee's state(s) of operation. Franchisee must maintain Workers' Compensation and employer's liability insurance coverage regardless if mandated by state law;

15.1.3 Commercial property insurance written on a special cause of loss at replacement value;

15.1.4 Third-party liability bond with a minimum per-occurrence limit of \$25,000;

15.1.5 Automobile liability insurance for all owned, non-owned and hired automobiles with a single limit coverage of not less than \$1,000,000; and

15.1.6 An umbrella liability policy in the amount of not less than \$2,000,000, or in an amount as required by Franchisor, based on Franchisee's volume of business.

Other insurance as may be required by the state or locality in which the Franchised Business is located and operated.

15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.

- 15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with an administrative fee of ten percent (10%) for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.
- 15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.
- 15.5 Additional Insured. All required insurance policies shall name Franchisor, Licensor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.
- 15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS LLC, LICENSOR, AND ANY PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES (COLLECTIVELY REFERRED TO AS THE "CORPORATE CLEANING GROUP INDEMNITEES") AS WELL AS CORPORATE CLEANING GROUP INDEMNITEES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES, FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S CORPORATE CLEANING GROUP FRANCHISE, THE FRANCHISED BUSINESS, THE SERVICES OR PRODUCTS, THE FRANCHISED BUSINESS OFFICE LOCATION, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES, REGARDLESS OF WHETHER THE ALLEGED INJURY OR LIABILITY IS CAUSED IN WHOLE OR IN PART BY ANY NEGLIGENT ACT OR OMISSION OF CORPORATE CLEANING GROUP INDEMNITEES. FRANCHISEE AGREES TO PAY FOR ALL CORPORATE CLEANING GROUP INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF

WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. CORPORATE CLEANING GROUP INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF CORPORATE CLEANING GROUP INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD CORPORATE CLEANING GROUP INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE CORPORATE CLEANING GROUP INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY CORPORATE CLEANING GROUP INDEMNITEES.

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## 16. TRANSFERS

### 16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations).

16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the commercial, and institutional cleaning and maintenance business or to offer or sell any products or services to Franchisee.

16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee. Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.

16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

16.3.1 The proposed transferee and all its principals must have the demeanor and be individuals of good character and otherwise meet Franchisor's then-applicable standards for franchisees.

16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;

16.3.3 The transferee has agreed to complete Franchisor's Initial Operations Training Program to Franchisor's satisfaction;

16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;

16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;

16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state and local laws, rules and ordinances. Franchisee will agree to subordinate any claims

Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against all claims brought against Franchisor by the transferee for a period of three (3) years following the transfer;

16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer; and

16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor.

16.4 Transfer Fee. Franchisee or transferee or purchaser of the assets must pay a non-refundable transfer fee to Franchisor of \$15,000, plus all brokerage, commissions, finder fees and similar charges incurred by Franchisor in connection with the transfer.

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

#### 16.6 Franchisor 's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within ten (10) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (vi) Franchisor will have at least thirty (30) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within fifteen (15) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within forty-five (45) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 Death or Permanent Disability. The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, as the case may be, the Franchise granted by this Agreement will terminate, unless prohibited by applicable law. If prohibited by applicable law, the executor, administrator, conservator or other personal representative of Franchisee or Franchisee's Principal, as the case may be, will transfer Franchisee's or Franchisee's Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management for a fee equal to the then-current interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 Effect of Consent to Transfer. Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 Security Interests to Lender. If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee's collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

## 17. DEFAULTS

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee or Principal shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee or Principal files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing an inability to pay debts when due; or if Franchisee or Principal is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee or Principal under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or Principal or other custodian for Franchisee's business or assets is filed and consented to by Franchisee or Principal; or if a receiver or other custodian (permanent or temporary) of Franchisee's or Principal's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee or Principal; or if a final judgment remains unsatisfied for of record for sixty (60) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee's or Principal's business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within sixty (60) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 fails to obtain all required licenses and permits before opening or to open the Franchised Business within the time and in the manner specified in Article 8.



- 17.2.2 falsifies any report required to be furnished Franchisor hereunder;
- 17.2.3 ceases to operate the Franchised Business for a period of ten (ten) days or more;
- 17.2.4 fails to comply with any federal, state or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;
- 17.2.5 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;
- 17.2.6 fails to comply with the covenants in Article 15;
- 17.2.7 permits a Transfer in violation of the provisions of Article 16 of this Agreement;
- 17.2.8 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.
- 17.2.9 has misrepresented or omitted material facts in applying for the Franchise;
- 17.2.10 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;
- 17.2.11 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks, the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;
- 17.2.12 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;
- 17.2.13 creates a threat or danger to public health or safety from operation of the Franchised Business;
- 17.2.14 refuses to permit Franchisor to inspect or audit Franchisee's books or records;
- 17.2.15 makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);
- 17.2.16 fails to comply with the non-competition covenants in Section 19.5;

17.2.17 defaults in the performance of Franchisee's obligations under this Agreement five (5) or more times during the term of this Agreement or any successor agreements or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

17.2.18 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.19 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, or suppliers and does not cure such default within the time period provided in such other agreement; or

17.2.20 terminates this Agreement without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within ten (10) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the 2 such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.17 and/or 17.2.18;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for thirty (30) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said thirty (30)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) - month period shall be a non-curable default under Section 17.2.17.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 exercise complete authority with respect to the operation of the Franchise Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees payable under this Agreement, Franchisee shall pay Franchisor four hundred dollars (\$400) per day during the term of interim management, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with three (3) days' prior written notice to Franchisee, to direct suppliers to stop furnishing any and all products and services, including, but not limited to products and services sold under Franchisor's discounted pricing schedules, until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

## 18. POST-TERMINATION

18.1 Franchisee's Obligations. Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal shall:

18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Corporate Cleaning Group owner, franchisee or licensee;

18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's copyrighted material or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests a current or past association with Franchisor, Licensor, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms and any other articles, which display the Marks;

18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation which is satisfactory to Franchisor, within ten (10) days after termination or expiration of this Agreement;

- 18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory or other business assets owned by Franchisee at the time of default;
- 18.1.5 pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;
- 18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law;
- 18.1.7. in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average weekly Royalty Fee and Brand Fund contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) thirty-six (36) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.7 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement; and
- 18.1.8 comply with the non-disclosure and non-competition covenants contained in Article 19.

## 18.2. Right to Purchase.

- 18.2.1 Franchisor shall have the option, to be exercised within sixty (60) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the equipment (including any computer systems), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges,

encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2 With respect to the option described in Section 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.7, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, electronic mail addresses, social media accounts or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

## 19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS

### 19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and all Principals shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Franchisee's Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Franchisee's Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies, and return and cease using any physical copy of the Manual and other confidential and

proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.1.5 If Franchisee loses, misplaces or otherwise requests a physical copy of the Manual, Franchisor, in its discretion, may provide such physical copy and Franchisee shall pay Franchisor the then-current replacement fee.

19.2 Confidential Information. Franchisee along with its Principal(s) acknowledge and accept that during the term of this Agreement, Franchisee and any Principal will have access to Franchisor's trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, pricing, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or "proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

19.3 Protection of Information. Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.

19.4 New Concepts. If Franchisee or any Principal develops any new concept, process, product, service, or improvement in the operation or promotion of the Franchised Business (“Improvements”), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.

19.5 Noncompetition Covenants. Franchisee and each Principal specifically acknowledge that, pursuant to this Agreement, Franchisee and each Principal will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee, each Principal and Franchisee’s employees. Franchisee and each Principal acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and each Principal are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights, Franchisee and each Principal covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and each Principal shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any commercial, and institutional cleaning and maintenance services business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Corporate Cleaning Group franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principals shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business, Franchisor or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any commercial, and



institutional cleaning and maintenance business within twenty five (25) miles of the Territory or within twenty five (25) miles of any Corporate Cleaning Group office location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Corporate Cleaning Group franchisees.

- 19.6 Reasonableness of Restrictions. Franchisee and each Principal acknowledges and agrees that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s), since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.
- 19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.
- 19.8 Injunction. Franchisee and each Principal acknowledges that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and each Principal hereby consents to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.
- 19.9 No Defense. Franchisee and each Principal expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.
- 19.10 Covenants of Employees, Agents and third persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information. Such covenants shall be substantially in the form set forth in Attachment 6 as revised and updated from time to time and contained in the Manual.

## **20. DISPUTE RESOLUTION**

- 20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute

arising out of or relating to this Agreement, the Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below, Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have up to thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

### 20.3 Arbitration.

20.3.1 Except disputes not subject to alternative dispute resolution as set forth in Section 20.4, any dispute between Franchisor and Franchisee and/or any Principal arising out of or relating to this Agreement, the Exhibits hereto or any breach thereof, including any claim that this Agreement or any of its parts, is invalid, illegal or otherwise voidable or void, which has not been resolved in accordance with Sections 20.1 or 20.2, will be resolved by submission to the American Arbitration Association or its successor organization to be settled by a single arbitrator in accordance with the Commercial Arbitration Rules then in effect for such Association or successor organization.

20.3.2 All issues relating to arbitrability or the enforcement of the agreement to arbitrate contained in this Article 20 will be governed by the Federal Arbitration Act (9 U.S.C. §1 *et seq.*) and the federal common law of arbitration. All hearings and other proceedings will take place in Livonia, Michigan, or the offices of the American Arbitration Association, or, if Franchisor so elects, in the county where the principal place of business of Franchisee is then located.

20.3.3 This arbitration provision is self-executing and will remain in full force and effect after expiration or termination of this Agreement. Any arbitration will be conducted on an individual, and not a class-wide or multiple plaintiffs, basis. If either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against the party by default or otherwise, notwithstanding the failure to appear. Judgment upon an arbitration award may be entered in any court having

jurisdiction and will be binding, final and not subject to appeal. No punitive or exemplary damages will be awarded against Franchisor, Franchisee, or entities related to either of them, in an arbitration proceeding or otherwise, and are hereby waived.

20.3.4 The provisions of this Section 20.3 are independent of any other covenant or provision of this Agreement; provided, however, that if a court of competent jurisdiction determines that any of the provisions are unlawful in any way, the court will modify or interpret the provisions to the minimum extent necessary to have them comply with the law.

20.3.5 In proceeding with arbitration and in making determinations hereunder, no arbitrator shall extend, modify, or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Franchisor in good faith. No notice, request or demand for arbitration shall stay, postpone, or rescind the effectiveness of any termination of this Agreement.

20.3.6 Except as expressly required by law, Franchisor, Franchisee and any Principal shall keep all aspects of any mediation and/or arbitration proceeding in confidence, and shall not disclose any information about the proceeding to any third party other than legal counsel who shall be required to maintain the confidentiality of such information.

20.4 Exceptions. Notwithstanding the requirements of Sections 20.2 or 20.3, the following claims shall not be subject to mediation or arbitration:

20.4.1 Franchisor's claims for injunctive or other extraordinary relief;

20.4.2 disputes and controversies arising from the Sherman Act, the Clayton Act or any other federal or state antitrust law;

20.4.3 disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of the Marks;

20.4.4 disputes and controversies relating to actions to obtain possession of the premises of the Franchised Business; and

20.4.5 enforcement of Franchisee's post-termination obligations, including but not limited to, Franchisee's non-competition covenants.

20.5 Governing Law and Venue. This Agreement is made in, and shall be substantially performed, in the State of Michigan. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the State of Michigan. Franchisee and its Principals, except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in Michigan. Franchisee and its Principal(s)

hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

- 20.6 Mutual benefit. Franchisee, each Principal, if any, and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.
- 20.7 Waiver of Jury Trial and Certain Damages. Franchisee and each Principal hereby waive, to the fullest extent permitted by law, any right to or claim for (i) a trial by jury in any action, proceeding or counterclaim brought by or against Franchisor, and (ii) any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.
- 20.8 Injunctive Relief. Nothing herein contained (including, without limitation, Sections 20.1 through 20.3 above) shall bar Franchisor from the right to obtain immediate injunctive relief from any court of competent jurisdiction against threatened conduct by Franchisee that may cause Franchisor loss or damage, under the usual equity rules, including the applicable rules for obtaining specific performance, restraining orders, and preliminary injunctions.
- 20.9 Limitations of Claims. Any and all claims asserted by Franchisee arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee knew or should have known of the facts giving rise to such claims.
- 20.10 Attorney's Fees. In the event of any action in law or equity by and between Franchisor and Franchisee concerning the operation, enforcement, construction or interpretation of this Agreement, the prevailing party in such action shall be entitled to recover reasonable attorney's fees and court costs incurred.
- 20.11 Survival. The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

## 21. GENERAL

- 21.1 Independent Contractor. Franchisee is and shall be an independent contractor under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorney's fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs or judgments against Franchisor arising out of any allegation of an agent, partner or employment relationship.
- 21.2 Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principals in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.
- 21.3 Invalidity of Part of Agreement. Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.
- 21.4 Entire Agreement. This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing herein is intended to disclaim any representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.
- 21.5 Construction. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and any Principal shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.
- 21.6 Captions. Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

- 21.7 Notices. Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.
- 21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than in the Territory shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Territory.
- 21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Articles 17 and 18 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.
- 21.10 Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of Michigan, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement, and by attaching their digital signature, including any DocuSign signature, to the Franchise Agreement, they are executing the document and intending to attach their digital signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on a digital signature, including a DocuSign signature, as the respective party's signature.
- 21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

The parties hereto have executed this Franchise Agreement on the day and year first above written.

FRANCHISOR:  
CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS  
LLC

By: \_\_\_\_\_  
\_\_\_\_\_,  
(Print Name, Title)

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

By: \_\_\_\_\_  
\_\_\_\_\_,  
(Print Name, Title)

PRINCIPALS:  
  
\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

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

# ATTACHMENT 1

Marks –

CORPORATE CLEANING GROUP





## **ATTACHMENT 2**

### **TERRITORY DESCRIPTION**

Territory (insert map and/or define by zip codes):

**ATTACHMENT 3**

**GENERAL RELEASE**

\_\_\_\_\_ (“Franchisee”) and its principal(s):  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

(collectively, “Franchisee’s Principal(s)”), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless Corporate Cleaning Group® Franchise Systems LLC (“Franchisor”), their parent company, affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated \_\_\_\_\_ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee’s Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

**[Washington Residents]:** A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the

franchise agreement is in effect and where the franchisee is represented by independent counsel. *See* RCW 19.100.180(g); RCW 19.100.220.

Executed as of \_\_\_\_\_, 20\_\_.

FRANCHISEE:

Attest: \_\_\_\_\_

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

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

\_\_\_\_\_  
(Name, Title)

FRANCHISEES'S PRINCIPAL:

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

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

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

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

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

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

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

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

**ATTACHMENT 4**

**STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY**

**Name**

**Percentage of Ownership**

## ATTACHMENT 5

### **INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT**

**THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”) by and between Corporate Cleaning Group® Franchise Systems LLC a Michigan limited liability company (the “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ (the “Franchisee”).

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for an Corporate Cleaning Group business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to Corporate Cleaning Group brand.

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### 1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### 2. **Internet Advertising and Telephone Accounts**

2.1 **Interest in Web Sites, Social Media Accounts and Other Electronic Listings.** Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, and the right to hyperlink to certain web sites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 **Interest in Telephone Numbers and Listings.** Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 **Transfer.** On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with

which Franchisee has Internet Web Sites, Social Media Accounts and other Listings: (i) to transfer all of Franchisee's Interest in such Internet Web Sites, Social Media Accounts and other Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Internet Web Sites, Social Media Accounts and other Listings, Franchisee will immediately direct the Internet Companies to terminate such Internet Web Sites, Social Media Accounts and other Listings or will take such other actions with respect to the Internet Web Sites, Social Media Accounts and other Listings as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee's Interest in and to the Internet Web Sites, Social Media Accounts and/or other Listings to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Internet Web Sites, Social Media Accounts and/or other Listings;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's Interest in and to the Telephone Numbers and Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect

to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

### 3. **Miscellaneous**

3.1 **Release.** Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 **Indemnification.** Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 **No Duty.** The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any matter hereunder.

3.4 **Further Assurances.** Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 **Successors, Assigns, and Affiliates.** All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 **Effect on Other Agreements.** Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 **Survival.** This Agreement shall survive the Termination of the Franchise Agreement.

3.8 **Governing Law.** This Agreement shall be governed by and construed under the laws of the state of Michigan, without regard to the application of Michigan conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:  
Corporate Cleaning Group® Franchise Systems LLC

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

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

By: \_\_\_\_\_  
\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPALS:  
\_\_\_\_\_  
\_\_\_\_\_  
(Print Name)

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



**ATTACHMENT 6**  
**CONFIDENTIALITY AND NON-COMPETE AGREEMENT**

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by \_\_\_\_\_, a(n) \_\_\_\_\_ (“Franchisee”), a franchisee of Corporate Cleaning Group® Franchise Systems LLC, a Michigan limited liability company (“Franchisor”), and \_\_\_\_\_, an individual (“Covenantor”) in connection with a Franchise Agreement dated.

**WHEREAS**, Franchisee and Franchisor are parties to a franchise agreement dated \_\_\_\_\_, 20\_\_\_ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain trademarks, including, the registered trademark “Corporate Cleaning Group” and design mark, and certain proprietary products, services, promotions and methods (the “System”) for the establishment and operation of an Corporate Cleaning Group franchise (the “Franchised Business”);

**WHEREAS**, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, contents of the Corporate Cleaning Group operations manual and other materials used in or related to the System and/or concerning the methods of operation of the System (collectively referred to as “Confidential Information”);

**WHEREAS**, the Confidential Information provides economic advantages to Franchisor and licensed users of the System, including Franchisee;

**WHEREAS**, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Confidential Information and further protecting the System against unfair competition; and

**WHEREAS**, Covenantor acknowledges that receipt of and the right to use the Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

**NOW, THEREFORE**, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

**1. Confidentiality Agreement.**

**a.** Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Franchised Business under the Franchise Agreement.

**b.** Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Confidential Information without Franchisor’s express written permission.

**c.** Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of the Franchised Business.

**d.** Covenantor shall surrender any material containing some or all of the Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

**e.** Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the System.

**f.** Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

## **2. Covenants Not to Compete.**

**a.** In order to protect the goodwill and unique qualities of the System, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other Corporate Cleaning Group franchisees in the System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any commercial, and institutional cleaning and maintenance substantially similar to the System.

**b.** In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the System, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business, customer or referral source of the Franchised Business or of other franchisees in Corporate Cleaning Group System to any competitor, by direct or indirect inducement or otherwise,

(ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any commercial, and institutional cleaning and maintenance business within the within twenty five (25) miles outside of the boundaries of the Franchisee's Territory or within twenty five (25) miles of any Corporate Cleaning Group office location.

**c.** The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

**d.** If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent, effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

## **3. General.**

**a.** Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.

**b.** Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the

specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.

**c.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.

**d.** Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.

**e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF MICHIGAN. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF MICHIGAN. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY THE LAWS OF SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE OF MICHIGAN; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.

**f.** The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.

**g.** Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

**h.** This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

**i.** All notices and demands required to be given hereunder shall be in writing and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

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

If directed to Covenantor:

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

Any change in the foregoing addresses shall be affected by giving written notice of such change to the other parties.

**j.** Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

**k.** The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

IN WITNESS WHEREOF, the undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

\_\_\_\_\_

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

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

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

COVENANTOR:

\_\_\_\_\_

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

**ATTACHMENT 7**

**GUARANTY**

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on \_\_\_\_\_ to Corporate Cleaning Group Franchise Systems LLC, a Michigan limited liability company, with its principal place of business at 39201 Schoolcraft Road, Suite B12 Livonia, Michigan 48150 (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchise Agreement”) with \_\_\_\_\_, a(n) \_\_\_\_\_, \_\_\_\_\_ and \_\_\_\_\_ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

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

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

\_\_\_\_\_

**ATTACHMENT 8**

**ADDENDUM TO CORPORATE CLEANING GROUP FRANCHISE  
AGREEMENT FOR VETERAN'S DISCOUNT**

THIS ADDENDUM ("Addendum) is made and entered into on \_\_\_\_\_, 20\_\_, by and between Corporate Cleaning Group Franchise Systems, LLC, a Michigan limited liability company ("Franchisor"), and \_\_\_\_\_ ("Franchisee.)

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_20\_\_, (such Agreement, together with any amendments, the "Franchise Agreement") for Franchisee to operate a Franchised Business. Franchisee, in consideration of service in the U.S. Armed Forces by \_\_\_\_\_, is eligible to receive a veteran's discount on the monthly royalty fee due under the Franchise Agreement for a certain time as follows:

**For the first 6 months of operations** of this Franchised Business, Franchisee shall pay Franchisor **0%** of Gross Revenue invoiced from the operation of the Franchised Business for all services provided by the Franchised Business.

**For months 7-12 of operations** of this Franchised Business, Franchisee shall pay Franchisor **2.75%** of Gross Revenue invoiced from the operation of the Franchised Business for all services provided by the Franchised **or \$275** per month, whichever is greater.

**Beginning with month 13 of operations** of the Franchised Business, Franchisee shall pay Franchisor a monthly royalty fee equal to **5.5%** of Gross Revenue invoiced from the operation of the Franchised Business for all services provided by the Franchised Business **or** the minimum royalty fee as shown in Section 6.1.2 per month minimum, whichever is greater.

The Franchise Agreement shall in all other respects, unless otherwise modified in writing signed by the parties, remains in full effect.

FRANCHISOR:  
CORPORATE CLEANING GROUP  
FRANCHISE SYSTEMS, LLC, a  
Michigan limited liability company

FRANCHISEE:  
(If Franchisee is a corporation)  
\_\_\_\_\_  
Name of Corporation

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

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

**ATTACHMENT 9**

**MULTI-UNIT ADDENDUM TO CORPORATE CLEANING GROUP FRANCHISE AGREEMENT**

**THIS MULTI-UNIT ADDENDUM** (“Multi-Unit Addendum”) is made and entered into as of this \_\_\_\_\_, by and between CORPORATE CLEANING GROUP FRANCHISE SYSTEMS LLC, a Michigan limited liability company, with its principal business address at 39201 Schoolcraft Road, Suite B12, Livonia, MI 48150 (the “Franchisor”) and \_\_\_\_\_ a \_\_\_\_\_, formed and operated under the laws of the State of \_\_\_\_\_ (the “Franchisee”).

**WITNESSETH**

**WHEREAS**, contemporaneous with the execution of this Multi-Unit Addendum , Franchisee and Franchisor entered into a franchise agreement (the “Franchise Agreement”) and, under each the Franchise Agreement, Franchisee obtained the right to establish and operate a CORPORATE CLEANING GROUP business in multiple Territories (each, a “Franchised Business”).

**WHEREAS**, each such Franchised Business has its own designated protected area in which Franchisee is required to actively promote and operate the Franchised Businesses (collectively, the territories granted under the Applicable Franchise Agreements will be referred to as the “Protected Areas”).

**WHEREAS**, the parties now wish to amend certain provisions of each of the Franchise Agreements pursuant to the terms and conditions set forth in this Multi-Unit Addendum .

**NOW, THEREFORE**, the parties, in consideration of the mutual covenants and agreements set forth herein, and intending to be legally bound, agree as follows:

1. **FRANCHISE AGREEMENTS.** This Multi-Unit Addendum will amend the Franchise Agreement dated \_\_\_\_\_, which will provide \_\_\_ territories (“Territories” or “Units” each individually a “Unit” or “Territory”).
2. **TRAINING.** Notwithstanding anything to the contrary in Section 7 of the Applicable Franchise Agreement, Franchisor will provide an initial operations training program on the operation of a CORPORATE CLEANING GROUP BUSINESS for only one Franchisee (or if Franchisee is a partnership, corporation, or limited liability company, a partner, shareholder or member who has been approved by Franchisor) and any one proposed manager of the Franchised Business.
3. **INITIAL FRANCHISE FEE.** Notwithstanding anything to the contrary in Section 6.1 of the Applicable Franchise Agreements, the Franchise Fee for the Units will be in accordance with the following chart according to the under of Units follows:

Number of Corporate Cleaning Group Franchises	Initial Franchise Fee Per Unit	Cumulative Fee
1	\$54,000	\$54,000
2	\$45,000	\$99,000



3	\$40,000	\$139,000
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All such Fees are due and payable upon the execution of the Franchise Agreement. The Franchise Fee is deemed to be fully earned upon payment and is non-refundable under any circumstances.

4. **FEES.** Unless otherwise stated in this Multi-Unit Addendum all fees set forth in the Franchise Agreement, including but not limited to the Royalty Fee, Website Fee, Local Advertising Contribution, Boost Marketing Program Fee, Brand Fund Contribution, and Local Email Marketing Fee are per Territory fees. This includes the Minimum Royalty Fee, which must be met in each Territory, independent of the Royalty Fee paid for other Territories under this Franchise Agreement and Multi-Unit Addendum.
5. **TECHNOLOGY FEE.** Provided that all Territories remain serviced by the same Franchisee, the Technology Fee set forth in Section 6.7 of the Franchise Agreement shall provide for access to the appropriate technology across all Territories.
6. **GOVERNING LAW.** To the extent not inconsistent with applicable law, this Agreement is governed by the substantive laws (and expressly excluding the choice of law) of the State of Michigan.
7. **RATIFICATION AND CONFIRMATION OF THE FRANCHISE AGREEMENT.** Except as amended by this Multi-Unit Addendum, any all other terms and conditions set forth in the Franchise Agreement is hereby ratified and confirmed as if fully restated herein, including without limitation, those provisions regarding dispute resolution, venue, which will also apply to any claims or disputes arising out of or related to this Multi-Unit Addendum. All capitalized terms not specifically defined in this Multi-Unit Addendum will be afforded the definition given to them in the Franchise Agreement.

FRANCHISOR:  
CORPORATE CLEANING GROUP  
FRANCHISE SYSTEMS, LLC, a  
Michigan limited liability company

FRANCHISEE:  
(If Franchisee is a corporation)  
\_\_\_\_\_  
Name of Corporation

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

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

**EXHIBIT C**  
**FINANCIAL STATEMENTS**

**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

As of December 31, 2022, 2021 and 2020

**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC**  
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# DOYLE & ASSOCIATES, PLLC

Certified Public Accountants • Business Advisors

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## Independent Auditors' Report

To the Members  
Corporate Cleaning Group Franchise Systems, LLC  
Livonia, Michigan

### **Opinion**

We have audited the accompanying financial statements of **CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC** (a State of Michigan limited liability company) which comprise the balance sheets as of December 31, 2022, 2021 and 2020, and the related statements of income, members' equity and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC** as of December 31, 2022, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC's** ability to continue as a going concern within one year after the date the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

#### **Disclaimer of Opinion on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of General and Administrative Expenses, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*Doyle & Associates, PLLC*

**Doyle & Associates, PLLC**  
**Farmington Hills, Michigan**  
**March 25, 2023**

**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC****BALANCE SHEETS**

as of December 31, 2022, 2021 and 2020

**ASSETS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>			
Cash in bank	\$ 151,684	\$ 167,468	\$ 104,930
Accounts receivable, trade, less allowance for doubtful accounts of \$650, \$650 and \$650, respectively	89,417	72,420	64,260
Broker fee refund receivable	-	24,000	-
Prepaid expenses	25,437	12,780	-
Deferred commissions	29,364	-	-
Total Current Assets	<u>295,902</u>	<u>276,668</u>	<u>169,190</u>
<b>PROPERTY AND EQUIPMENT</b>			
Building improvements	14,925	-	-
Equipment	20,841	16,606	13,868
Furniture and fixtures	4,595	3,351	3,351
Total Property and Equipment	<u>40,361</u>	<u>19,957</u>	<u>17,219</u>
Less: Accumulated depreciation	<u>12,886</u>	<u>12,231</u>	<u>11,729</u>
Net Property and Equipment	<u>27,475</u>	<u>7,726</u>	<u>5,490</u>
<b>OTHER ASSETS</b>			
Deferred commissions	<u>255,489</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 578,866</u>	<u>\$ 284,394</u>	<u>\$ 174,680</u>

See accompanying notes to financial statements.

## LIABILITIES AND MEMBERS' EQUITY

	2022	2021	2020
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 987	\$ 758	\$ 652
Notes payable - officer	8,828	15,343	11,572
Provision for state income taxes	7,000	-	-
Deferred franchise fees	43,759	11,473	9,009
Total Current Liabilities	60,574	27,574	21,233
 <b>LONG-TERM LIABILITIES</b>			
Deferred franchise fees	383,901	98,171	75,651
Total Liabilities	444,475	125,745	96,884
 <b>MEMBERS' EQUITY</b>			
Members' Equity	134,391	158,649	77,796
Total Members' Equity	134,391	158,649	77,796
 <b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 578,866</b>	<b>\$ 284,394</b>	<b>\$ 174,680</b>

See accompanying notes to financial statements.



**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC**

**STATEMENTS OF INCOME**

For the years ended December 31, 2022, 2021 and 2020

	<u>2022</u>	Percent of Sales	<u>2021</u>	Percent of Sales	<u>2020</u>	Percent of Sales
NET SALES	\$1,064,980	100.00 %	\$ 644,289	100.00 %	\$ 564,034	100.00 %
Total Income	1,064,980	100.00	644,289	100.00	564,034	100.00
GENERAL AND ADMINISTRATIVE EXPENSES	<u>900,046</u>	<u>84.51</u>	<u>378,609</u>	<u>58.76</u>	<u>287,990</u>	<u>51.06</u>
Operating Income	<u>164,934</u>	<u>15.49</u>	<u>265,680</u>	<u>41.24</u>	<u>276,044</u>	<u>48.94</u>
OTHER INCOME (EXPENSE)						
Depreciation expense	(655)	(0.06)	(502)	(0.08)	(505)	(0.09)
Other expense	(1)	(0.00)	(15)	(0.00)	-	0.00
Other income	<u>-</u>	<u>0.00</u>	<u>-</u>	<u>0.00</u>	<u>5,232</u>	<u>0.93</u>
Total Other Income (Expense)	<u>(656)</u>	<u>(0.06)</u>	<u>(517)</u>	<u>(0.08)</u>	<u>4,727</u>	<u>0.84</u>
INCOME BEFORE TAXES	164,278	15.43	265,163	41.16	280,771	49.78
PROVISION FOR INCOME TAXES	<u>(7,000)</u>	<u>(0.66)</u>	<u>(11,000)</u>	<u>(1.71)</u>	<u>-</u>	<u>0.00</u>
NET INCOME	<u>\$ 157,278</u>	<u>14.77 %</u>	<u>\$ 254,163</u>	<u>39.45 %</u>	<u>\$ 280,771</u>	<u>49.78 %</u>

See accompanying notes to financial statements.

**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC**  
**STATEMENTS OF MEMBERS' EQUITY**  
For the years ended December 31, 2022, 2021 and 2020

	Members' Equity
BALANCES, January 1, 2020	\$ 95,308
Cumulative effect of adoption of new revenue standard	(43,921)
2020 Distributions	(254,362)
2020 Net Income	280,771
BALANCES, December 31, 2020	77,796
2021 Distributions	(173,310)
2021 Net Income	254,163
BALANCES, December 31, 2021	158,649
2022 Distributions	(181,536)
2022 Net Income	157,278
BALANCES, December 31, 2022	\$ 134,391

See the accompanying notes to financial statements.

**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC**  
**STATEMENTS OF CASH FLOWS**

For the years ended December 31, 2022, 2021 and 2020

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net income (loss)	\$ 157,278	\$ 254,163	\$ 280,771
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation	655	502	505
Decrease (increase) in assets:			
Accounts receivable	(16,997)	(8,160)	(9,796)
Broker fee refund receivable	24,000	(24,000)	-
Notes receivable - other	-	-	9,250
Prepaid expenses	(12,657)	(12,780)	-
Deferred commissions	(29,364)	-	-
Increase (decrease) in liabilities:			
Accounts payable	229	106	(4,615)
Provision for state income taxes	7,000	-	-
Deferred franchise fees	318,016	24,984	40,739
Net cash provided by operating activities	<u>\$ 448,160</u>	<u>\$ 234,815</u>	<u>\$ 316,854</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of equipment, other assets and adjustment	(20,404)	(2,738)	-
Net cash (used in) by investing activities	<u>(20,404)</u>	<u>(2,738)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Shareholder distributions	(181,536)	(173,310)	(254,362)
Net borrowings on notes payable-officers	(6,515)	3,771	11,572
Net cash (used in) financing activities	<u>(188,051)</u>	<u>(169,539)</u>	<u>(242,790)</u>
Net increase (decrease) in cash	239,705	62,538	74,064
Cash - beginning	<u>167,468</u>	<u>104,930</u>	<u>30,866</u>
Cash - ending	<u><u>\$ 407,173</u></u>	<u><u>\$ 167,468</u></u>	<u><u>\$ 104,930</u></u>

See the accompanying notes to financial statements.

# CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC

## NOTES TO FINANCIAL STATEMENT December 31, 2022, 2021 and 2020

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Corporate Cleaning Group Franchise Systems, LLC (the Company) is presented to assist in understanding the Company's financial statement. The financial statement and notes are representations of the Company's management which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statement.

#### **Nature of Operations**

Corporate Cleaning Group Franchise Systems, LLC offers franchise opportunities in the operation of commercial, industrial and institutional cleaning and maintenance services.

#### **Cash and cash equivalents**

The Company considers all highly-liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains deposits in a financial institution that at times exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). The Company believes that there is no significant risk with respect to such deposits.

#### **Trade Accounts Receivable**

Trade accounts receivable are stated at the amount management expects to collect on outstanding balances. The carrying amounts of accounts receivable are reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all accounts receivable balances that exceed the due date and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes some accounts may be uncollectible; therefore, an allowance has been established in the amount of \$650 at December 31, 2022, 2021 and 2020. Bad debt expense amounted to \$0, \$0 and \$0 for the years ended December 31, 2022, 2021 and 2020, respectively.

Financial instruments that potentially subject the company to credit risk consist of trade receivables. The realization of receivables depends upon the particular industry and of the customers within the company's sales region.

#### **Property and Equipment**

Management capitalizes expenditures for property and equipment. Property and equipment are carried at cost. Expenditures for maintenance and repairs are charged to operating expense. Adjustments of the assets and the related accumulated depreciation accounts are made for property and equipment retirement and disposals, with the resulting gain or loss, if applicable, included in the statement of income.

# CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC

## NOTES TO FINANCIAL STATEMENT

December 31, 2022, 2021 and 2020

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued.

#### **Property and Equipment** – continued.

The Company provides for depreciation of property and equipment principally by the use of the straight-line method for financial reporting purposes and accelerated methods for income tax purposes. The estimated useful lives of the depreciable assets are:

	<u>YEARS</u>
Equipment	5 - 7
Furniture and fixtures	7
Computer equipment	5

For the years ended December 31, 2022, 2021 and 2020 depreciation expense was \$655, \$502 and \$505, respectively.

#### **Income Taxes**

The Company is organized as a Michigan limited liability company. Accordingly, the Company's taxable income and deductions are reported by the members on their individual income tax returns. Accordingly, no provision or liabilities for federal or state income taxes have been included in the financial statements.

Under Michigan State S-Corporation provisions, state income taxes are also the responsibility of the individual shareholders. Effective January 1, 2021, the State of Michigan created a new flow-through entity tax for S-Corporations and partnerships to allow these flow-through entities to elect to pay the Michigan income tax on the flow-through income at the entity level instead of the individual level. The Company has made this election to pay the flow-through entity tax and has included a provision for state income taxes based on the state individual income tax rate.

The Companies follow the provisions of FASB Accounting Standards Codification (ASC) 740-10 (formerly FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*) that clarifies the accounting for uncertainty in income taxes by prescribing a minimum recognition threshold that a tax benefit is required to meet before being recognized in the financial statements. The amount recognized is subject to estimate and management judgment with respect to likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Management has completed its evaluation of the impact of uncertain tax positions and is unaware of any tax positions that would require disclosure.

The Company's federal income tax returns are subject to audit. The open tax years are December 31, 2020, 2021, and 2022.

#### **Marketing and Advertising**

The Company follows the policy of charging the costs of marketing and advertising to expense as incurred. For the years ended December 31, 2022, 2021 and 2020 marketing and advertising expenses were \$223,353, \$81,562 and \$79,028, respectively.

# CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC

## NOTES TO FINANCIAL STATEMENT December 31, 2022, 2021 and 2020

### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued.

#### Use of Estimates

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

#### Subsequent events

Subsequent events have been evaluated through March 25, 2023, which is the date the financial statement was available to be issued.

#### Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which amends the existing accounting standards for revenue recognition. ASU 2014-09 is based on principles that govern the recognition of revenue at an amount an entity expects to be entitled when products are transferred to customers. The Company adopted the new accounting standard using the modified retrospective transition method effective January 1, 2020 and recorded a \$43,921 impact to “members’ equity” in the Company’s balance sheet. See Note B for further information.

### NOTE B – REVENUE RECOGNITION

On January 1, 2020, the Company adopted ASC 606, Revenue from Contracts with Customers and all the related amendments and applied it to all contracts that were not completed as of January 1, 2020 using the modified retrospective method. The Company recognized the cumulative effect of initially applying the new revenue standard as an adjustment to the opening balance of retained earnings. Prior period amounts have not been restated and continue to be reported under the accounting standards in effect for those periods.

The Company’s adoption impact related to the recognition of the portion of the initial franchise fees related to the license of intellectual property.

The cumulative effect to the Company’s January 1, 2020 balance sheet from the adoption of the new revenue standard was as follows:

	Balance at December 31, 2019	Adjustments Due to ASC 606	Balance at January 1, 2020
<u>Liabilities and Members' Equity:</u>			
Deferred franchise fees	\$ -	\$ 43,921	\$ 43,921
Members' equity	95,308	(43,921)	51,387

# CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC

## NOTES TO FINANCIAL STATEMENT December 31, 2022, 2021 and 2020

### NOTE B – REVENUE RECOGNITION – continued.

The impact of adoption on the Company’s statement of operations for the year ended December 31, 2020 was not material.

The Company generates all revenues from contracts with franchisees, primarily as a result of the sale of franchise and ongoing royalty fees. For the years ended December 31, 2022, 2021 and 2020, approximately 65%, 95% and 90%, respectively, of the Company’s revenue was from royalties received from franchisees; approximately 35%, 5% and 10%, respectively, was from the sale of franchises.

The Company’s only source of revenue arises from the operation of the Corporate Cleaning Group business by the Company’s franchisees. Franchise rights are granted through a franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreement requires that the franchisee remit continuing royalty fees to the Company as a percentage of the applicable franchisee’s sales in exchange for the license of the intellectual property associated with the Corporate Cleaning Group’s brand (the “franchise right”). The franchise agreements also require certain upfront initial franchise fees upon opening a business and training fees.

Continuing royalty fees represent the substantial majority of the consideration the Company receives under the franchise agreements. Continuing royalty fees are billed and paid monthly and are 6% of gross revenue received from the operation of the franchised business. For franchises beginning after 2021, continuing royalty fees are 5.5% of gross revenue received from the operation of the franchised business and a continuing local marketing fee to cover advertising and marketing targeted to Franchisee’s specific markets are 1.5% of gross revenue. Upfront franchise fees are typically billed and paid when a new franchise agreement becomes effective.

Revenue is measured as the amount of consideration expected to be received in exchange for services performed. Because franchisees are invoiced at the time services are performed and the Company’s right to consideration is unconditional at that time, the Company does not maintain contract asset balances. As of December 31, 2022, 2021, and 2020, the Company’s contract liabilities primarily relate to cash received under initial franchise agreements from the sale of a franchise related to marketing and training that has not yet been delivered and for licensing for which revenue is recognized over time.

Changes in the Company’s contract liabilities, which are included in “deferred franchise fees” in the Company’s balance sheet, are as follows:

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Balance at beginning of period	\$ 109,644	\$ 84,660	\$ -
Impact of adoption of ASC 606	-	-	43,921
Increase due to cash received from franchisees	339,500	59,000	98,000
Decreases due to recognition of revenue	(21,484)	(34,016)	(57,261)
Contract liabilities at end of period	<u>\$ 427,660</u>	<u>\$ 109,644</u>	<u>\$ 84,660</u>

# CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC

## NOTES TO FINANCIAL STATEMENT

December 31, 2022, 2021 and 2020

### NOTE B – REVENUE RECOGNITION – continued.

The primary performance obligations related to franchised cleaning operations include the license of intellectual property, which provides access to the Corporate Cleaning Group Franchise Systems, LLC brand and proprietary information to operate service over the term of a franchise agreement. Each performance obligation is distinct, and franchisees generally receive and consume the benefits provided by the Companies' performance over the course of the franchise agreement, which is typically 10 - 15 years. Billings and payments occur monthly for the royalty and advertising fees.

In exchange for the license of the Company's intellectual property, franchisees generally remit initial fees upon signing the first and initial franchise agreement and royalties and advertising fees at a contractual rate of the applicable service sales over the term of the franchise agreement. The initial fees upon opening a franchise agreement consist of two separate and distinct performance obligations – initial marketing and training, and licensing. The marketing and training portion of the initial fees are recognized at a point in time as the services are delivered and the licensing portion is recognized over time evenly throughout the term of the franchise agreement. The license provides access to the intellectual property over the term of the franchise agreement and is considered a right-to-access license of symbolic intellectual property as substantially all of its utility is derived from association with the Companies' past and ongoing activities. The license granted to operate each franchise is the predominant item to which the royalties relate and represents a distinct performance obligations which is recognized over time as the underlying sales occur.

#### Contract Costs

The Company capitalizes the incremental costs of obtaining a franchise agreement with a franchisee if the Company expects to recover those costs. The incremental costs of obtaining a franchise agreement are those that the Company incurs to obtain a franchise agreement with a franchisee that it would not have incurred if the franchise agreement had not been obtained.

Certain sales commissions and broker fees resulting from franchise sales by third-party and affiliate brokers incurred by the Company were determined to be incremental costs to obtain the related franchise agreements. The portion of the sales commissions and broker fees related to the licensing portion of the franchise agreement is deferred at the point of sale. The portion of the sales commissions and broker fees related to the initial marketing and training portion of the franchise agreement is expensed as incurred. The deferred commissions are amortized ratably on a straight-line basis over the initial ten-year franchise agreement term to align with the recognition of the franchise fees. These deferred costs are classified as current deferred commissions or non-current deferred commissions in the accompanying balance sheets based on the timing of when the Company expects to recognize the expense. Total deferred commissions at December 31, 2022, 2021 and 2020 were \$284,853, \$0 and \$0, respectively. Amortization of sales commissions was \$8,797, \$0 and \$0 for the years ended December 31, 2022, 2021 and 2020, respectively, which is included in professional services in the schedule of general and administrative expenses in the accompanying statements of income.



**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC**

**NOTES TO FINANCIAL STATEMENT**

December 31, 2022, 2021 and 2020

**NOTE C – RELATED PARTY, NOTES PAYABLE, SHORT TERM**

As of December 31, 2022, 2021 and 2020, the Company owed \$8,828, \$15,343 and \$11,572 to an officer with ownership. The amounts represent non-interest bearing, short-term working capital advances.

The Company paid \$166,780, \$172,548, and \$125,080 in management fees to One Source Cleaning, Inc, an entity of common ownership, during the years ended December 31, 2022, 2021, and 2020, respectively.

**NOTE D – INCOME TAXES**

The net provision for income taxes for the years ended December 31, 2022, 2021, and 2020 consists of the following:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Current year provision for state taxes	<u>\$ 7,000</u>	<u>\$ 11,000</u>	<u>\$ --</u>

**SUPPLEMENTAL INFORMATION**

**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS, LLC**

**GENERAL AND ADMINISTRATIVE EXPENSES**

For the years ended December 31,  
2022, 2021, 2020

	<u>2022</u>	<u>Percent of Sales</u>	<u>2021</u>	<u>Percent of Sales</u>	<u>2020</u>	<u>Percent of Sales</u>
Marketing and advertising	\$ 223,353	20.97 %	\$ 81,562	12.66 %	\$ 79,028	14.01 %
Professional services	369,549	34.70	79,835	12.39	50,760	9.00
Meals and entertainment	45,682	4.29	11,810	1.83	2,106	0.37
Travel and conferences	74,891	7.03	22,020	3.42	3,233	0.57
Office expense	8,281	0.78	3,306	0.51	2,856	0.51
Dues, fees and subscriptions	3,623	0.34	2,919	0.45	704	0.12
Bank and credit card fees	5,084	0.48	5,095	0.79	4,736	0.84
Licenses and permits	2,803	0.26	2,231	0.35	1,823	0.32
Franchisee reimbursement	-	0.00	(2,717)	-0.42	17,664	3.13
Management fees, shared, related parties	166,780	15.66	172,548	26.79	125,080	22.18
<b>TOTAL GENERAL AND ADMINISTRATIVE EXPENSES</b>	<u>\$ 900,046</u>	<u>84.51 %</u>	<u>\$ 378,609</u>	<u>58.76 %</u>	<u>\$ 287,990</u>	<u>51.06 %</u>

See Independent Auditor's report.

CORPORATE CLEANING GROUP FRANCHISE SYSTEMS LLC  
UNAUDITED FINANCIAL STATEMENTS  
As of July 31, 2023

# Corporate Cleaning Group Franchise Systems, LLC

## Balance Sheet

Reporting Book: ACCRUAL  
As of Date: **07/31/2023**  
Location: Franchisor

Month Ending  
07/31/2023

### Assets

#### Current Assets

Cash and Cash Equivalents	219,652.13
Accounts Receivable, Net	137,696.31
Other Current Assets	<u>12,779.84</u>
Total Current Assets	<u>370,128.28</u>

#### Fixed Assets, Net

Fixed Assets	46,410.15
Accumulated Depreciation	<u>12,231.10</u>
Total Fixed Assets, Net	<u>34,179.05</u>

**Total Assets** \$ 404,307.33

### Liabilities and Equity

#### Current Liabilities

Accounts Payable	<u>7,090.27</u>
Total Current Liabilities	<u>7,090.27</u>

#### Long Term Liabilities

Long Term Debts	<u>15,343.00</u>
Total Long Term Liabilities	<u>15,343.00</u>

#### Other Liabilities

Deferred Revenue	<u>109,644.00</u>
Total Other Liabilities	<u>109,644.00</u>

#### Stockholders Equity

Shareholder/members equity	(441,190.00)
Retained Earnings	659,927.72
Net Income (Loss)	<u>53,492.34</u>
Total Stockholders Equity	<u>272,230.06</u>

**Total Liabilities and Equity** \$ 404,307.33

# Corporate Cleaning Group Franchise Systems LLC

## Profit and Loss

Reporting Book: **ACCRUAL**  
 As of Date: 07/31/2023  
 Location: Franchisor

	Year To Date	Prior Year To Date
	07/31/2023	07/31/2022

Actual

### Revenue

Revenue - Sales		
4004 - Product Resale Revenue	2,797.97	502.81
Total Revenue - Sales	2,797.97	502.81
Revenue - Services		
4003 - Monthly Cleaning Revenue	0.00	(49.63)
4101 - Royalties	480,927.27	372,297.27
4102 - Rebates	3,810.71	0.00
4103 - Marketing/Research Fee	49,984.02	14,753.18
Total Revenue - Services	534,722.00	387,000.82
Total Revenue	537,519.97	387,503.63

### Direct customer cost

5001 - Product resale expense	1,108.51	0.00
5006 - Replacement equipment & parts	3,312.70	0.00
5000 - Cleaning Supplies	4,239.34	1,756.05
Total direct customer cost	8,660.55	1,756.05

Gross profit margin	528,859.42	385,747.58
---------------------	------------	------------

### Operating expenses

Occupancy cost		
5600 - Rent	12,039.01	0.00
5603 - Utilities	984.21	0.00
Total Occupancy cost	13,023.22	0.00
Payroll and Related Expenses		
Payroll Expenses		
5100 - Administrative Wages	93,755.60	65,055.41
5105 - Sales Wages & Commissions	34,061.07	12,559.53
5108 - Travel wages	371.38	0.00
Total Payroll Expenses	128,188.05	77,614.94
Total Payroll and Related Expense	128,188.05	77,614.94

### Professional Fees

5702 - Legal	18,250.00	29,589.00
5705 - Professional Fees	256,885.65	94,858.00
5706 - Accounting	7,700.00	7,500.00
5707 - Computer/IT services	(209.28)	5,116.11
5711 - Time tracking software	(8,291.17)	3,076.40
Total Professional Fees	274,335.20	140,139.51

### Taxes

5901 - Income Tax Expense	(3,697.00)	0.00
Total Taxes	(3,697.00)	0.00
Insurance		
5504 - General Liability Insurance	0.00	3,837.50
Total Insurance	0.00	3,837.50
Vehicle		
5200 - Vehicle Maintenance - Oper	68.62	0.00
5201 - Vehicle- Fuel	955.23	0.00
5205 - Vehicle Fuel - officer	24.69	0.00
Total Vehicle	1,048.54	0.00
Employee expenses		
5300 - Emp Recruitment	1,511.72	(4,108.53)
5301 - Employee Uniforms - Operations	6,430.74	11,520.91
5302 - Employee Training & Education	20,406.80	0.00
5303 - Employee Expense Other	(149.53)	(229.89)
5304 - Employee Onboarding Costs	46.48	195.51
Total Employee expenses	28,246.21	7,378.00
Other operating expenses		
5803 - Travel Expense	55,577.43	37,612.53
5807 - Marketing Material	(24,566.20)	28,129.20
5809 - Postage	3,264.30	(234.60)
5810 - Office Expense	22,240.85	157.63
5812 - Telephone Expense	470.83	488.91
5814 - Dues & Subscriptions	(3,033.00)	3,014.34
5817 - Licenses and Fees	7,547.33	2,186.28
5704 - Bank and credit card fees	2,711.81	2,560.62
5802 - Deminimis Assets- Operational	(218.95)	7,815.98
5808 - Conventions & Conferences	8,392.00	200.00
5819 - Lead generation	102,646.95	88,519.90
5823 - Entertainment	2,895.59	1,679.88
5824 - Meals - 50% deductible	18,807.40	10,751.92
5821 - Gifts	1,509.77	6,015.25
Total Other operating expenses	198,246.11	188,897.84
Total operating expenses	639,390.33	417,867.79
Income from operations	(110,530.91)	(32,120.21)
<b>Other income and expenses</b>		
7001 - Miscellaneous Income	(0.01)	0.00
7103 - Miscellaneous Expense	50.00	0.72
4105 - Franchise Fee Revenue	(307,000.00)	(108,000.00)
Total Other income and expenses	(306,950.01)	(107,999.28)
<b>Net income</b>	<b>196,419.10</b>	<b>75,879.07</b>

## Corporate Cleaning Group Franchise Systems LLC Cash Flow Statement

Reporting Book:

ACCRUAL

As of Date:

07/31/2023

Location:

Franchisor

Month Ending

07/31/2023

### Cash Flows from Operating Activities:

Net Income (Loss)	53,492.34
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation	0.00
Amortization	0.00
Stock-based Compensation	0.00
Changes in Operating Assets and Liabilities:	
Changes in Net Accounts Receivable	
Changes in Accounts Receivable	(32,841.60)
Changes in Allowance for Doubtful Accounts	0.00
Change in Inventory	0.00
Changes in Prepaid Expenses and Other Assets	0.00
Changes to Accounts Payable	2,732.00
Changes to Sales and Used Tax Payable	0.00
Changes to Accrued Liabilities and Other Liabilities	0.00
Changes to Accrued Income Taxes Liabilities	0.00
Changes to Deferred Income Taxes Assets	0.00
Changes to Deferred Revenue	0.00
Changes to Intercompany	
Changes to Intercompany Receivable	0.00
Changes to Intercompany Payable	0.00
Net cash provided by operating Activities	<u>23,382.74</u>

### Cash Flows from Investing Activities

Capital Expenditures	(838.34)
Net sales (purchases) of ST investments	0.00
Purchase of long term investments and other assets	0.00
Investment in Subsidiary	0.00
Net cash provided by investing activities	<u>(838.34)</u>

### Cash Flows from Financing Activities

Changes in Debt Proceeds	0.00
Changes in Capital Stock	0.00
Net cash provided by financing activities	<u>0.00</u>

**Net increase (decrease) in cash** **22,544.40**

**Cash - Beginning of Period** **197,107.73**

**Cash - End of Period** **219,652.13**



**EXHIBIT D**

**CORPORATE CLEANING GROUP OPERATIONS MANUAL**

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Each Corporate Cleaning Group® office is independently owned and operated. Compliance with federal, state and local laws is each franchise owner's responsibility.

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Each Corporate Cleaning Group® office is independently owned and operated. Compliance with federal, state and local laws is each franchise owner's responsibility.

## EXHIBIT E

### FRANCHISED OUTLETS

The names, addresses and telephone numbers of our franchisees are:

<p>TJ Yakuber Corporate Cleaning Group Services, Inc. 3250 Old Farm Lane, Suite 10 Walled Lake, MI 48390 248-313-9880</p>	<p>Wael Nasef True Investments Inc. 402 E. Bannister Rd, Suite A Kansas City, MO 64131 816-656-8700</p>
<p>Richard Hermann &amp; Elizabeth Hermann Allen Avenue Properties, LLC 516 River Hwy Bldg D-254 Mooresville NC 28117 314-853-3171</p>	<p>Colin &amp; Malaika Loftus Loft House Holdings, LLC 18555 E Smoky Hill Road #460576 Aurora, CO 80046 808-250-5890</p>
<p>Nick Walz Walz Enterprises, LLC PO Box 14034 Kansas City, MO 64152 816-805-5146</p>	<p>Tom &amp; Kenia Miller TNK Commercial Services, LLC 3415 Roger B Chaffee Drive Suite 209 Wyoming, MI 49548 616-560-5855</p>
<p>Chuck Windham Triad Cleaning Group, Inc. 4116 Jeffrey Lane Point High Point, NC 27265 336-354-3291</p>	<p>Mike &amp; Sherrie Freyer Integrity Business Group, Inc. 3389 S Scenic, Unit A Springfield, MO 65807 417-866-1484</p>
<p>Ty Earnest TJ Earnest Enterprises LLC 11652 Warbler Lane NE Aurora, OR 97002 503-277-9566</p>	<p>Shannon Purvis Yard Work, LLC 5054 Highway K Sullivan, MO 63080 815-703-0131</p>
<p>Chris Crawford The Squeaky Squad, LLC 8745 Gary Burns Dr. Ste. 160-363 Frisco, TX 75034 901-598-0111</p>	<p>Marco Guevara, Leonor Clavijo, Rachel David MJ Prime Services LLC 3724 National Drive Suite 212 Raleigh, NC 27612 919-308-1162 (Leonor) , 919-985-0779 (Marco) 919-949-0048 (Rachel)</p>
<p>Joe Hollingshead JK &amp; S Janitorial Services, LLC 4218 W 5050 S Roy, UT 84067 509-329-8242</p>	<p>Seth Galyean Galyean Group, LLC 1697 Ivybridge Way Forney, TX 75126 470-312-7983</p>
<p>Michael Brodsky ERA Ventures II, LLC PO Box 411543 St. Louis, MO 63141 314-629-6271</p>	<p>Deryl McElreath D&amp;M Family Ventures, LLC 5731 Willow Lane Dallas, TX 75230 404-617-2933</p>



<p>Kevin &amp; Jaclyn Carter  A Phoenix Project, LLC  46 Whetstone Ridge Ct.  The Woodlands, TX 77382  346-273-8586 (Kevin)  346-308-3753 (Jaclyn)</p>	<p>Craig Baartman  Baartman USA LLC  4282 Eldorado Springs Dr.  Boulder, CO 80303  803-554-2706</p>
<p>Chris Licata  Atlantic Coast Commercial Cleaning Affiliates LLC  27 Eastwood Dr.  Palm Coast, FL 32164  914-420-7271</p>	

## EXHIBIT F

### CORPORATE CLEANING GROUP ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement (or Multi-Unit Development Agreement). Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

**No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee (or developer) 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.**

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational, and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations, and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

\_\_\_\_\_  
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

\_\_\_\_\_  
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation, or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

\_\_\_\_\_  
Initial

7. Franchisee acknowledges that it has received the Corporate Cleaning Group® Franchise Systems LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants, and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

\_\_\_\_\_  
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

\_\_\_\_\_  
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not

warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

\_\_\_\_\_  
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT (OR MULTI-UNIT DEVELOPMENT AGREEMENT), FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS LLC AND ANY OF THE ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

\_\_\_\_\_  
Initial

FRANCHISEE:

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

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

\_\_\_\_\_

(Print Name)

\_\_\_\_\_  
(Print Name, Title)

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

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_

(Print Name)

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

**EXHIBIT G**  
**STATE ADDENDA**

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**PURSUANT TO THE ILLINOIS FRANCHISE DISCLOSURE ACT**

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, 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 is void.

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

**AMENDMENT TO THE CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS LLC  
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS §§ 705/1 et seq. (1987) (the “Act”), which govern the attached Board and Brush Creative Studio Franchise Agreement (the “Franchise Agreement”), the parties thereto agree as follows:

1. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Section 4 of the Act provides that no franchisee shall be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or the Act outside of the State of Illinois.”

2. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Illinois law governs the terms of this Franchise Agreement.”

3. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Act, or any other Illinois law is void. The foregoing requirement, however, shall not prevent Franchisee from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Act, and shall not prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

4. To the extent of any inconsistencies, the Franchise Agreement is hereby amended to further state:

“To the extent any provision regarding termination or renewal of the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act §§ 815 ILCS §§ 705/19 and 705/20, the provisions of these sections of the Act will control.”

5. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Act are met independently without reference to this Amendment.

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

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The parties hereto have duly executed this Illinois Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Corporate Cleaning Group® Franchise Systems LLC

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_, \_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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



**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT PURSUANT TO  
THE INDIANA FRANCHISE DISCLOSURE LAW AND THE  
INDIANA DECEPTIVE FRANCHISE PRACTICES ACT**

The Indiana Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with Indiana law, including the Indiana Franchises Act, Ind. Code Ann. §§ 1 - 51 (1994) and the Indiana Deceptive Franchise Practices Act, Ind. Code Ann. § 23-2-2.7 (1985) (collectively referred to as the “Acts”). To the extent that (a) the jurisdictional requirements of the Acts are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

(a) To the extent the Franchise Agreement contains provisions allowing the establishment of franchisor-owned outlets that are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(2), the requirements of this section of the Indiana Act will control.

(b) The franchisor may not make any substantial modification of the Franchise Agreement without the franchisee’s written consent.

(c) To the extent any provision regarding renewal or termination of the Franchise Agreement is inconsistent with the Indiana Deceptive Franchise Practices Act §§ 23-2-2.7(7) and (8), the provisions of these sections of the Indiana Act will control.

(d) Any requirement in the Franchise Agreement that requires the franchisee to prospectively assent to a release, assignment, novation, wavier or estoppel shall not relieve any person from liability arising under the Acts.

(e) To the extent the covenants not to compete upon expiration or termination of the Franchise Agreement are inconsistent with the Indiana Deceptive Franchise Practices Act § 23-2-2.7(9), the provisions of this section of the Indiana Act will control.

(f) To the extent that any provision of the Franchise Agreement would be deemed unenforceable pursuant to the Indiana Deceptive Franchise Practices Act § 23-2-2.7(10), as this section of the Indiana Act is interpreted and applied, such provision of the Franchise Agreement shall be so deleted therefrom.

**ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF MINNESOTA**

The Commissioner of Commerce for the State of Minnesota requires that certain provisions contained in franchise documents be amended to be consistent with Minnesota Franchise Act, Minn. Stat. Section 80.01 et seq., and of the Rules and Regulations promulgated under the Act (collectively the “Franchise Act”). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

1. Item 6, Non-Sufficient Funds Fee, is amended to state:

Pursuant to Minn. Stat. § 604.113, the Non-Sufficient Funds Fee is \$30.00 per occurrence.

2. Item 17 is amended to state:

(a) Minn. Stat. § 80C.21 and Minnesota Rules § 2860.4400(J) prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Franchise Disclosure Document or agreement(s) shall abrogate or reduce (1) any of your rights as provided for in Minn. Stat. Chapter 80C or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

(b) In accordance with Minn. Stat. § 80C.14 subd. 3-5, except in certain specified cases, we will give you 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement. Additionally, we will not unreasonably withhold our consent to a transfer of your Board and Brush Creative Studio.

(c) In accordance with Minnesota Rules 2860.4400(D), we cannot require you to assent to a general release.

(d) In accordance with Minnesota Rules 2860.4400(J), we cannot require you to consent to liquidated damages.

(e) Minn. Stat. § 80C.17 subd. 5 requires that an action be commenced pursuant to the Franchise Act within three (3) years after the cause of action accrues.

(f) You cannot consent to us obtaining injunctive relief. We may seek injunctive relief. See Minnesota Rules 2860.4400(J),

(g) Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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

**AMENDMENT TO THE**  
**CORPORATE CLEANING GROUP FRANCHISE SYSTEMS LLC FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached Corporate Cleaning Group Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee’s assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 5.1.1 of the Franchise Agreement is hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days’ notice for non-renewal of the Franchise Agreement.”

3. To the extent of any inconsistencies, Section 6.4 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.

4. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)”.

5. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

“Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee’s rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.”

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

7. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.

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

The parties hereto have duly executed this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

[FRANCHISOR ENTITY]

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

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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

## **NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, INVESTOR PROTECTION BUREAU, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005. 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 added at the end of Item 3:

Except as provided above, with regard 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for 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.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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 upon the franchisee by Article 33 of the General Business Law of the

State of New York.

**NEW YORK RIDER TO CORPORATE CLEANING GROUP FRANCHISE SYSTEMS LLC  
FRANCHISE AGREEMENT**

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK (“Rider”) is entered into by and between Corporate Cleaning Group Franchise Systems LLC, a[n] Michigan limited liability company, with its principal office at 39201 Schoolcraft Road Suite B12 Livonia, Michigan 48150 (“we,” “us” or “our”) and \_\_\_\_\_ (“you” or “your”), whose principal business address is \_\_\_\_\_.

WHEREAS, we and you have entered into a certain Franchise Agreement dated \_\_\_\_\_ which grants you the right to operate a Corporate Cleaning Group franchise (the “Franchise Agreement”);

WHEREAS, you are domiciled in New York and the Corporate Cleaning Group franchise will be located in New York, and/or any of the offering or sales activity relating to the Franchise Agreement occurred in the State of New York; and

WHEREAS, in recognition of the requirements of the General Business Law of the State of New York, Article 33, Sections 680-695, we and you desire to amend certain terms of the Franchise Agreement in accordance with the terms and conditions contained in this Rider.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained in the Franchise Agreement and this Rider and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. Sections 5.2.5 and 16.3.6 of the Franchise Agreement are amended by adding the following language to each Section:

However, to the extent required by applicable law, notwithstanding the signing of a General Release, 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.

2. Section 16.1.1 of the Franchise Agreement is amended by adding the following language to this Section:

However, to the extent required by applicable law, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor’s obligations under the Franchise Agreement, in Franchisor’s good faith judgment.

3. Section 20.3 of the Franchise Agreement is amended by adding the following language:

New York Law governs any cause of action which arises under the New York General Business Law, Article 33, Sections 680-695. The provisions of this Franchise Agreement shall not be deemed a waiver of any rights conferred upon Franchisee by Article 33 of the General Business Law of



the State of New York and the regulations issued thereunder.

4. In the event of any conflict between a provision of the Franchise Agreement and this Rider, the provision of this Rider shall control. All terms which are capitalized in this Rider and not otherwise defined, will have the meanings given to them in the Franchise Agreement. Except as amended by this Rider, the Franchise Agreement is unmodified and in full force and effect in accordance with its terms.

5. Each provision of this Rider will be effective only to the extent that the jurisdictional requirements of the New York General Business Law, Article 33, Sections 680-695 are met independent of this Rider.

The parties hereto have duly executed this New York Rider to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Corporate Cleaning Group Franchise Systems LLC

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

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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

**ADDENDUM TO THE**  
**CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS LLC FRANCHISE**  
**DISCLOSURE DOCUMENT**  
**REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the Franchise Disclosure Document of Corporate Cleaning Group® Franchise Systems LLC (“we,” “us,” or “our”) for use in the State of Rhode Island shall be amended to include the following:

1. Items 17v. and 17w., under the provisions entitled “Choice of law” and “Choice of forum,” shall be supplemented with the following language:

However, you may sue us in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Item 17 shall be supplemented by the addition of the following language at the end of 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.”

3. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Addendum to the Disclosure Document.

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**AMENDMENT TO THE**  
**CORPORATE CLEANING GROUP® FRANCHISE SYSTEMS LLC FRANCHISE**  
**AGREEMENT REQUIRED BY THE STATE OF RHODE ISLAND**

In recognition of the requirements of the Rhode Island Franchise Investment Act, the parties to the attached Corporate Cleaning Group® Franchise Systems LLC Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The following language shall be added at the end of Section 20.3 of the Franchise Agreement:

Notwithstanding the above, Rhode Island franchisees are permitted to bring a lawsuit in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act are met independently without reference to this Amendment.

-Remainder of Page Intentionally Blank-

The parties hereto have duly executed this Rhode Island Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

FRANCHISOR:

Corporate Cleaning Group® Franchise Systems LLC

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

\_\_\_\_\_  
(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_  
(Print Name, Title)

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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

## **VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT**

The following statements are added to Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any 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.

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

## STATE EFFECTIVE DATES

The following states 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 Franchise Disclosure Document is registered, on file or exempt from registrations in the following states having franchise disclosure laws, with the following effective dates:

State	Effective Date
Illinois	May 4, 2023
Indiana	April 10, 2023
Michigan	June 11, 2022
Minnesota	Pending
New York	October 17, 2023
Rhode Island	June 26, 2023
Virginia	September 19, 2023
Wisconsin	May 4, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT H**  
**RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Corporate Cleaning Group® Franchise Systems LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Corporate Cleaning Group® Franchise Systems LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Devin Dollar 39201 Schoolcraft Road, Suite B12 Livonia, MI 48150 (734) 522 -1144	Len Yakuber 39201 Schoolcraft Road, Suite B12 Livonia, MI 48150 (734) 522 -1144	Brandon Johnson 9820 Northcross Center Ct #200 Huntersville, NC 28078 (704) 703-9500	Emily Romero 9820 Northcross Center Ct #200 Huntersville, NC 28078 (704) 703-9500	
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Issuance Date: April 28, 2023

I received a Disclosure Document dated April 28, 2023, that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement
- EXHIBIT C: Financial Statements
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Franchised Outlets
- EXHIBIT F: Franchisee Acknowledgement Statement
- EXHIBIT G: State Addenda
- EXHIBIT H: Receipts

Date Received: \_\_\_\_\_  
(If other than date signed)

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

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

**KEEP FOR YOUR RECORDS**

**EXHIBIT H**  
**RECEIPT**

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Corporate Cleaning Group® Franchise Systems LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Corporate Cleaning Group® Franchise Systems LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit A.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Devin Dollar 39201 Schoolcraft Road, Suite B12 Livonia, MI 48150 (734) 522 -1144	Len Yakuber 39201 Schoolcraft Road, Suite B12 Livonia, MI 48150 (734) 522 -1144	Brandon Johnson 9820 Northcross Center Ct #200 Huntersville, NC 28078 (704) 703-9500	Emily Romero 9820 Northcross Center Ct #200 Huntersville, NC 28078 (704) 703-9500	
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Issuance Date: April 28, 2023

I received a Disclosure Document dated April 28, 2023, that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement
- EXHIBIT C: Financial Statements
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Franchised Outlets
- EXHIBIT F: Franchisee Acknowledgement Statement
- EXHIBIT G: State Addenda
- EXHIBIT H: Receipts

Date Received: \_\_\_\_\_  
(If other than date signed)

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

\_\_\_\_\_  
(Signature of recipient)

\_\_\_\_\_  
(Printed name of recipient)

\_\_\_\_\_  
Legal residence address

Please return signed receipt to Corporate Cleaning Group® Franchise Systems LLC,  
Len Yakuber  
39201 Schoolcraft Road, Suite B12  
Livonia, Michigan 48150