

## FRANCHISE DISCLOSURE DOCUMENT

**ROLLING SUDS FRANCHISING LLC**  
**Pennsylvania Limited Liability Company**  
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The franchisee will operate a power washing business for residential and commercial buildings and structures using a low-pressure, soft wash technique and related services and products under the “Rolling Suds” trademarks.

The total investment necessary to begin operation of a Rolling Suds franchise ranges from \$144,795 - \$197,740. This includes \$99,900 - \$109,900 that must be paid to the franchisor.

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.

Issuance Date: January 30, 2023

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<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 Rolling Suds 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 Rolling Suds 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 arbitration, mediation and litigation only in Pennsylvania. Out-of-state arbitration, mediation 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 Pennsylvania than in your own state.
2. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales level. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
6. **Unregistered Trademark.** We do not have a federal registration for one or more of our principal marks. Therefore, such trademarks do not have as many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.
7. **Supplier Control.** You must purchase all or nearly all the inventory or supplies that are necessary to operate your business from the franchisor, or 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.

**DISCLOSURES REQUIRED BY CONNECTICUT LAW**

**The State of Connecticut does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.**

Name of Seller: \_\_\_\_\_

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

**ROLLING SUDS FRANCHISING 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 Rolling Suds Franchising LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Rolling Suds 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 Pennsylvania on March 28, 2022. Our principal business address is 262 Titus Avenue Warrington, Pennsylvania 18976 and our telephone number is (949) 877-2948. We do business under our company name, “Rolling Suds” 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 “Rolling Suds” Marks. We began offering franchises as of August 12, 2022.

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

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

We have no predecessor company.

We have a parent company, Rolling Suds Holdings, LLC a Delaware limited liability company formed on December 9, 2022. Rolling Suds Holdings, LLC does not own or operate any businesses of the type you will be operating and has not offered franchises in any other line of business.

We have an affiliated company, Rolling Suds, Inc, a Pennsylvania limited liability company located at 262 Titus Avenue, Warrington, Pennsylvania 18976 and was formed on August 15, 1990. Rolling Suds, Inc. has not offered franchises in this or in any other lines of business previously.

We have a second affiliated company, RSIP Holdings, LLC a Delaware limited liability company formed on January 13, 2023. RSIP Holdings, LLC is the owner of the Marks and has licensed use of the Marks to us. RSIP Holdings, LLC has not offered franchises in this or any other lines of business previously.

### **The Franchise Offered:**

We offer franchises for the right to provide an exterior power washing for residential and commercial buildings and structures using a low-pressure, soft wash technique and related services and products under the Rolling Suds Marks and using our distinctive operating procedures and standards in a designated area (the “Franchised Business”). The Franchised Business will offer exterior power washing for residential and commercial buildings and structures using a low-pressure, soft wash technique. 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 residential homeowners, commercial property owners, homeowner associations, and municipalities. Depending on the geographic location of your territory your Franchised Business may be seasonal. The market may also be affected by economic conditions in your designated territory.

You will compete with power washing businesses, including national, regional and local companies, offering services similar to those offered by your Franchised Business. There are other power washing 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.

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 Rolling Suds franchise.

## **ITEM 2: BUSINESS EXPERIENCE**

### **Aaron Harper: CEO**

Aaron has been our CEO of Rolling Suds Franchising, located in Warrington, Pennsylvania, since December of 2022. From June 2017 to October 2022, Aaron was the Senior Director of Franchise Development for Belfor Franchise Group located in Nashville, Tennessee. In August of 2022 Aaron became the founder and CEO of Franchise Overdrive in Nashville, Tennessee.

### **Brian Wendling Sr: Founder**

Brian Wendling Sr. is our Founder. Since its founding in August 1990, Brian Wendling Sr. has been and remains President of our affiliate, Rolling Suds, Inc., located in Warrington, Pennsylvania.

### **Brian Wendling Jr: Vice President of Operations**

Brian Wendling Jr. is our Vice President of Operations since our inception in March of 2021. Since November of 2015, Brian Wendling, Jr. has been and remains Vice President of our affiliate, Rolling Suds, Inc., located in Warrington, Pennsylvania.

## **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 Thirty-Nine Thousand Nine Hundred Dollars (\$39,900.00.) 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.

You will also be required to purchase an initial equipment package from us or an affiliate that will range in cost from \$60,000 - \$70,000. This initial equipment package includes, among other things, power washing equipment, initial advertising purchases and subscriptions, uniforms, and business cards. This fee is due when you sign the Franchise Agreement and is nonrefundable under any circumstance.



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 twenty percent (20%) discount from the Initial Franchise for honorably discharged veterans of the U.S. Armed Forces and First Responders.

**ITEM 6: OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty Fee	8% of Gross Revenue generated per month; if you fail to achieve the Minimum Gross Revenue we may collect a minimum Royalty.	Monthly via ACH on the 5 <sup>th</sup> of the Month for the month prior	Payable to us. See note 1 and 2.
Required Minimum Expenditure for Local Marketing and Advertising	Minimum of 4% of Gross Revenue or \$2,000 per month, whichever is greater.	As incurred	Payable to third-party suppliers. All advertising must be approved by us. See Item 11. See Footnote 3.
Brand Fund Contribution	2% of monthly Gross Revenue	Monthly via ACH at the same time as Royalty.	Payable directly to the Brand Fund. See Footnote 4.
Technology Fee	Currently \$458 per month.	Monthly via ACH at the same time as Royalty.	Payable to us. See Footnote 5.
Business Phone Fee	Then-current fee, which is currently \$35.99 per month	Monthly via ACH as the same time as Royalty	Payable to us.
Pay Per Click Campaign Management Fee	The then-current fee, Currently \$150 per month	As incurred	Payable to approved vendor
Bookkeeping Services Fee	\$400 per month	As incurred	Payable to approved vendor
Initial Training	No charge for initial training of up to 3 people. You may pay all travel and other related expenses incurred by all trainees. The current fee for replacement trainees or additional trainees that cannot be accommodated is \$400 per person	As incurred	Initial training takes place in Philadelphia, Pennsylvania area. You must pay the incidental costs of attendance, which include but are not limited to, airfare, transportation, hotel, and food costs for all trainees. Incidental costs are payable to third-party suppliers. Fees for additional or replacement trainees are payable to us. See item 11.

Type of Fee	Amount	Due Date	Remarks
Annual Convention	The then-current fee, \$699 maximum per person to attend the Annual Convention	Before the start of the event	To help offset our out-of-pocket expenses for meeting space, meals, audio visual rental, workbooks, speakers, etc. Does not include travel, lodging, or all meals. Location varies, these fees are payable to and imposed and collected by third parties. The Annual Convention Fee shall be due to Franchisor whether or not you attend the convention.
Regional Meetings and/or Additional Training	Up to \$500 per person per event for Regional Meetings and/or Additional Training	Before the start of the event	To help offset our out-of-pocket expenses for meeting space, meals, audio visual rental, workbooks, speakers, etc. Does not include travel, lodging, or all meals. Location varies, these fees are payable to and imposed and collected by third parties. See Footnote 6.
Transfer Fee	\$10,000	Due upon the transferee signing the new Franchise Agreement	Due upon transfer of the franchise agreement. No charge if the transfer is to an entity controlled by you to a spouse or child (for the first transfer of this kind). We reserve the right to increase this fee. These fees are non-refundable.
Successor Agreement Fee	\$5,000	At the time you sign a Franchise Agreement for a Successor term	Payable if you enter into a Successor Franchise Agreement.
Late Payment Fee	\$50 per week	Due by automatic debit on the Friday following the due date for each late payment	Due for any payment that is not paid when due.
Non-sufficient Funds Fee	\$50 per check or ACH	As incurred	If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you a Non-sufficient Funds Fee.

Type of Fee	Amount	Due Date	Remarks
Out of Territory Fee <sup>7</sup>	The fee for marketing or servicing outside of your Territory and in another franchisee's Territory without permission is the greater of (a) \$500 or (b) 50% of job invoice amount on the default job.	Due by automatic debit 30 days after written notice	Due after default of marketing or servicing outside of your Territory. This Out of Territory Fee will then be paid to Franchisee who's territory was encroach upon.
Non-Compliance Fee	The current fee for any non-compliance with our system specifications or provision of the Franchise Agreement, currently \$100 per week.	Due by automatic debit 30 days after written invoice	Due after any non-compliance with our system specifications or any provision of the Franchise Agreement. If such non-compliance is ongoing, we may charge you \$100 per week until you cease such non-compliance.
Examination of Books and Records	Actual cost of examination plus related expenses.	As incurred.	We have the right under the Franchise Agreement to examine your books, records and tax returns pertaining to the Franchised Business. If an examination reveals that you have understated any Gross Revenue report by two percent (2%) or more, you must pay to us the cost of the audit and all travel and related expenses, in addition to repaying monies owed and interest on the monies owed.
Insurance	Cost of insurance; If you fail to maintain the required insurance, we have the right to procure insurance on your behalf and you must pay us, on demand, for the costs and premiums we incur plus 10%	As incurred	You are required to maintain the types and amounts of insurance specified in Item 8 and, as more detailed, the Franchise Agreement.
Interest Charge	1.5% per month or the maximum permitted by law	Due by automatic debit each Friday	Due on all overdue amounts from the date the amounts were originally due.

Type of Fee	Amount	Due Date	Remarks
Indemnification	Actual Cost.	As incurred	You must reimburse us if we are held liable for claims directly or indirectly arising out of your Rolling Suds operation. See Footnote 8.
Costs and Attorney's Fees	Actual Cost.	As incurred	Payable to us
Quality Assurance Services	Actual Cost.	As incurred.	Payable to third-party providers or us. See footnote 9.
Vendor Evaluation Fee	\$500	As incurred.	Payable to us. See footnote 10.
National Account Program Fee	None currently assessed.  <b>If we provide accounts/jobs</b> through a national or regional accounts program, you will pay an additional 3% of Gross Revenue <b>for that job booked</b> as a part of the National Account Program.	As incurred	Payable to us. Franchisee will be able to determine on a case by case basis if they will undertake a job referred as part of the National Account Program.

**All fees and expenses described in this Item 6 are nonrefundable and are uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.**

<sup>1</sup> **Royalty Fee.** You must pay us a Royalty Fee equal to eight percent (8%) of the Gross Revenue generated monthly by your Franchise. "Gross Revenue" includes all sales of every kind and nature at or from your Rolling Suds location or made pursuant to the rights granted to you by the Franchise Agreement, regardless of whether you have collected the amount of the sales. "Gross Revenue" does not include (i) receipts from any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e., coupons). If you do not report any sales in a month then we will collect 120% of the last Continuing Royalty Fee collected and settle the balance the next month in which you report revenue. We must receive your payments on or before the fifth (5<sup>th</sup>) of each month for the previous calendar month. 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.

<sup>2</sup> **Minimum Gross Revenue.** If you fail to achieve the minimum level of monthly Gross Revenue we may collect a Royalty Fee equal to what you would have been assessed had you achieve the minimum level of Gross Revenue. Franchisor, in its sole discretion, may adjust the reporting period for the minimum gross revenue to take into account the seasonality of a particular franchised outlet. You must maintain minimum gross revenue as follows (“Minimum Gross Revenue”):

Months since beginning operations	Minimum Gross Revenue
0 – 12	\$0
13 – 24	\$10,000
25 – 36	\$16,666
37 – 48	\$19,900
48 – 60	\$25,000
60 – 72	\$27,500
72 – 84	\$29,900
84 – 96	\$33,500
96 – 108	\$36,600
108 – 120	\$39,500

If you operate more than one Franchised Business, the dollar values in the above chart shall be reduced by \$2,500 for additional Franchised Outlets. For example, if you have two Franchised Outlets in months 48-60, the Minimum Gross Revenue shall be \$47,500 (\$25,000 + \$22,500). This shall be further discounted by an additional \$2,500 for your third Franchised Outlet. For example, for months 48-60 a franchisee with three outlets shall have a Minimum Gross Revenue of \$67,500 (\$25,000 + \$22,500 + \$20,000).

<sup>3</sup> **Local Advertising.** You must spend a minimum of the greater of Two Thousand Dollars (\$2,000) or four percent (4%) of your Gross Revenue per month, on local advertising and marketing activities. Upon written approval from and in the sole discretion of Franchisor the first year local advertising and marketing requirements may be reduced. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter.

<sup>4</sup> **Brand Fund Contribution.** You must pay directly to our Brand Fund a Brand Fund Contribution of two percent (2%) of monthly Gross Revenue generated by your Rolling Suds outlet. Payments are due on the fifth (5<sup>th</sup>) of each month for the previous calendar month. You are required to set up authorization at your bank to allow the Brand Fund to electronically transfer funds from your bank account to the Brand Fund’s bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds. If you do not report any sales in a month then the Brand Fund will collect 120% of the last Brand Fund Contribution collected and settle the balance the next month in which you report sales.

<sup>5</sup> **Technology Fee.** This Technology Fee is paid to us for access to our suite of technology that is being developed to optimize the efficient operation of the Franchised Business. This includes SEO, reputation management, local google pages and social media management. You must also pay all fees required to keep your computer and electronic communications (Internet/Intranet) systems current and functional. These fees include, but are not limited to, computer software license fees, Internet access fees, and help desk fees. Such fees are payable directly to the hardware, software, internet service providers and/or us. We reserve the right to increase the Technology Fee from time to time at our sole discretion. Technology Fee will increase as additional services are rolled out.

<sup>6</sup> **Additional Training.** We may offer mandatory additional training programs from time to time. You and your general manager must participate in refresher training for up to five (5) days per year, at a location we designate. You are responsible for any and all incidental expenses incurred by you and your personnel in connection with

additional training and without limitation, costs of travel, lodging, meals, and wages. The Franchisor reserves the right to impose a reasonable fee for additional training programs.

<sup>7</sup> **Out of Territory Fee.** This fee is due after default of marketing or servicing outside of your territory and in the territory of another Rolling Suds franchisee.

<sup>8</sup> **Indemnification.** You must indemnify and hold us, our affiliates, and all of our respective officers, directors, agents, and employees harmless from and against any and all claims, losses, costs, expenses, liability, and damages arising directly or indirectly from, as a result of, or in connection with your business operations under the Franchise Agreement, as well as the costs, including attorneys’ fees, of defending against them.

<sup>9</sup> **Quality Assurance Program.** We reserve the right in the Franchise Agreement to establish quality assurance programs conducted by third-party providers, such as, by way of example only, mystery shop programs and periodic quality audits, to monitor the operations of your Franchised Business. If we require it, you must subscribe and pay the fees for any such program.

<sup>10</sup> **Evaluation Fee.** If you wish to purchase, lease, or use any, equipment, supplies, services or other items unapproved or from an unapproved supplier, you must request our prior written approval. As a condition to our approval, we may require inspection of the proposed supplier’s facilities and evaluation and testing of the proposed item or service. We reserve the right to charge you our actual cost of any inspection and testing.

**ITEM 7: ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

Type of Expenditure	Amount Low	Amount High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee <sup>1</sup>	\$39,900	\$39,900	Lump Sum	At the Signing of the Franchise Agreement	Us
Your Training Expenses <sup>2</sup>	\$1,500	\$3,000	As Arranged	As Incurred	Third parties for travel and lodging
Initial Equipment Package Fee <sup>3</sup>	\$60,000	\$70,000	Lump sum	At the Signing of the Franchise Agreement, not applicable for additional franchises awarded to you	Us
Premises lease deposit and first month’s rent and utilities <sup>4</sup>	\$0	\$1,500	As agreed	Upon signing lease	Landlord
Leasehold Improvements,	\$0	\$1,000	As supplier/	As Incurred	Suppliers/ vendors

Construction and/or Remodeling			Vendor Requires		
Branded Vehicle Signage <sup>5</sup>	\$2,500	\$5,000	As Arranged	As Arranged	Supplier
Business Licenses and Permits <sup>6</sup>	\$250	\$750	As Arranged	As Incurred	Governmental agencies
Technology Systems <sup>7</sup>	\$100	\$2,000	As Arranged	As Arranged	Suppliers
Initial Inventory to Begin Operating <sup>8</sup>	\$5,545	\$15,090	As Arranged	As Arranged	Suppliers, Us
Cleaning Solutions	\$1,000	\$3,000	As Arranged	As Arranged	Suppliers, Us
Service Vehicle <sup>9</sup>	\$1,000	\$3,000	As Arranged	As Arranged	Suppliers
Professional Fees <sup>10</sup>	\$1,000	\$2,500	As Arranged	As Incurred	Suppliers
Advertising (3 months) <sup>11</sup>	\$6,000	\$7,000	As Arranged	Within 90 days of commencing operations	Suppliers, Us
Insurance <sup>12</sup>	\$1,000	\$4,000	As Arranged	As Arranged	Suppliers
Operating Expenses / Additional Funds – 3 months <sup>13</sup>	\$25,000	\$40,000	As Arranged	As Arranged	Cash reserves in franchisee's banking account to pay ongoing payroll, suppliers, and vendors.
<b>TOTAL</b>	<b>\$144,795 - \$197,740</b>				

<sup>1</sup> Please see Item 5 for information on incentive programs that may offer a discount on the Initial Franchise Fee. The amounts stated in the single unit tables is for one outlet operated pursuant to a single Franchise Agreement.

<sup>2</sup> The cost of the Initial Management Training Program is included in the Initial Franchise Fee. The Initial Management Training Program is takes place both virtually and in Warrington, Pennsylvania. The chart estimates the costs for transportation, lodging, and meals for your trainee(s). These incidental costs are not included in the Initial Franchise Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation, and living expenses. The duration of the in-person training program is up to five (5) days. This estimate does not include employee wages.

<sup>3</sup> This initial equipment package purchased from us or an affiliate includes, among other things, power washing equipment, some initial marketing costs, uniforms, business cards, and other promotional materials. The costs listed here do not include any transportation or set up costs.

<sup>4</sup> The low end of this estimate represents a home office. The upper end of this estimate represents a deposit and two months of rent for a location with 0 – 500 square feet of storage space and parking for service vehicles, plus utilities deposits you may incur. Real estate costs vary widely from place to place. This estimate is based on the experience of our affiliate-owned outlets. Rental rates may be more or less than this range depending on the location of your Franchised Business.

<sup>5</sup> You are required to purchase, subject to our design and specifications and approval, exterior signage and service vehicle wrapping in accordance with our brand standards and specifications. This estimate is the cost to produce and install the service vehicle signage.

<sup>6</sup> You are responsible for applying for, obtaining, and maintaining all required permits and licenses necessary to operate your Franchised Business. This estimate includes the cost of local business licenses that typically remain in effect for 1 year. This estimate further includes the initial cost of licenses, certifications and/or permits that may be required by you or your employees to provide services offered by the Franchise. The costs of permits and licenses will vary by location.

<sup>7</sup> We require you to purchase computer systems and software meeting our minimum specifications for use in your Franchised Business. This estimate includes the cost of a laptop, smartphone, tablet, and purchase, installation, and access to the software we require. The low end of this estimate assumes that you already have a phone, tablet, and computer acceptable to us. You must also have Internet and other telecommunications equipment and services in accordance with our standards to permit electronic transmission of reports and revenue and customer information. We reserve the right to change your requirements for computer hardware and software at any time.

<sup>8</sup> You must purchase your initial opening inventory of cleaning equipment and cleaning solutions from our approved and designated suppliers. This initial inventory is intended as a minor supplement to the parts and supplies that you will be required to purchase on a customer-to-customer basis and in connection with the day-to-day operations of your Rolling Suds business.

<sup>9</sup> You must use a vehicle of the make, model, and age we require, for travel to your clients' properties. Your vehicle must be no more than 5 years old and in good condition at the time vehicle wrapping occurs, free of noticeable dents or damage. You may use a vehicle you currently own, if we determine, in our sole discretion, that it meets our specifications, and we give our consent. If you must purchase or lease a vehicle, we list current acceptable manufacturer/models in our operations manual. There are 7 different makes and models that can range from new to 5 years old currently listed within our operations manual. The high end of the above estimate represents the cost of three (3) months of lease payments on a vehicle with no down payment. You must maintain your vehicle in good working order, cleanliness and appearance and promptly repair any visible exterior damage, including but not limited to, dents and scratches. Your actual costs may be higher than the above-listed amount, depending on the quantity of equipment you lease and your credit history. We recommend that you lease this equipment from our approved suppliers. You may elect to purchase, rather than lease, your equipment. If you plan to purchase your vehicle the cost will be significantly higher than what is listed above.

<sup>10</sup> You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document, and the Franchise Agreement. It is also advisable to consult these professionals to review any other contracts that you will enter into as part of starting your Franchised Business.

<sup>11</sup> This number represents three months of local advertising spending. You must spend the greater of 4% of Gross Revenue or \$2,000 per month on Local Advertising or Marketing.

<sup>12</sup> Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Each policy must name us, and our respective officers, directors, partners, agents, and



employees as additional insured parties, contain a waiver of the insurance company's rights of subrogation against us, and be Primary Non-Contributory. We estimate that you will have to pay your insurance carrier or agent the full annual premium in advance. Insurance costs and requirements may vary widely in different localities. The estimate is for 1 year of liability insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

<sup>13</sup> This is an estimate of the amount of additional funds that you may need to operate your Franchised Business during the first three (3) months after commencing operations. This estimate includes such items as initial payroll, taxes, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, additional marketing costs and other miscellaneous items. These estimates do not include any compensation to you, nor do they include debt service. These items are by no means all-inclusive of the extent of possible expenses.

We relied upon the experience of our affiliate-owned Rolling Suds outlet to compile these estimates. You should review these figures carefully with a business advisor before making any decision to invest in the franchise. Your additional costs will depend on factors such as how closely you follow our methods and procedures; your management skill, experience, and business acumen; local economic conditions; the local market for our service; competition; and the sales level reached during your initial period. We estimate that a franchisee can expect to put additional cash into the business during at least the first three (3) months, and sometimes longer.

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 have received no revenue from required purchases by franchisees for the most recent fiscal year ending on December 31, 2022.

Franchisor or our affiliate are the required supplier for the initial equipment package which includes the power washing equipment, uniforms, and promotional materials needed to open for business. Franchisor reserves the right to be the required supplier for additional equipment or serves in the future.

Other than the above, there are no approved suppliers in which any of our officers owns an interest.

We do receive revenue, rebates, discounts, or other material consideration from any other suppliers 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.

We estimate that your purchase or lease of products, supplies and services from approved suppliers (or those which meet our specifications) will represent approximately 100% of your costs to establish your Franchised Business and approximately 35% - 45% of your costs for ongoing operation.

In addition to the purchases or leases 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 obtain the following insurance coverages:

Liability. Comprehensive general liability insurance, including errors and omissions coverage, personal and advertising injury 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
- No exclusion for residential construction operations, including condominium and/or other habitation construction operations.
- 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.
- Electronic Data Liability.
- EIFS, synthetic stucco or similar exterior coatings or surfaces, if work involves such coatings or surfaces.

Employment. Worker's compensation coverage in the limits required by state law, employment practices/abuse, and employee dishonesty insurance with third-party coverage in the amount of at least One Million Dollars (\$1,000,000), 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;

Pollution. Pollution liability insurance in the amount of One-Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate.

Cyber. Cyber liability in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) per occurrence and Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate.

Umbrella Insurance. Umbrella Insurance in the amount of Two Million Dollars (\$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 Rolling Suds’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
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

<b>Obligation</b>	<b>Section or Article in Franchise Agreement</b>	<b>Item in Franchise Disclosure Document</b>
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
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
y. Guaranty	Not Applicable	15

## **ITEM 10: FINANCING**

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

## **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 the Rolling Suds Manual and other manuals and training aids we designate for use in the operation of your Rolling Suds 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 from the initial equipment package upon payment of initial franchise fee. (Franchise Agreement, Section 10.3).
- d. provide you with initial training at our headquarters in Philadelphia, Pennsylvania area. 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).

## **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 to one hundred twenty (60-120) days. Before you may open, you must (i) complete our Initial Management Training Program, (ii) hire and train your staff, if required, (iii) acquire all equipment, computer systems, software, applications, and vehicle we require, 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 one hundred twenty (120) 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. offer from time to time, in our discretion, mandatory additional training programs. If we require it, you must attend mandatory additional 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 additional 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 additional training programs. 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. (Franchise Agreement, Section 7.3).
- b. upon your request, or as we determine to be appropriate, provide remedial in-territory training and assistance. For any in-territory training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals, and lodging (Franchise Agreement, Section 7.4).

- c. 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).
- d. 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).
- e. maintain the Rolling Suds website with a link to your Franchised Business contact information and completed work. (Franchise Agreement, Section 12.3.6).
- f. 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).
- g. 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 12.7).
- h. 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 13.6); and
- i. approve your office location, if you choose to relocate to commercial premises, which approval is in our sole discretion (Franchise Agreement, Section 10.1).

#### **4. Advertising**

##### **Local Advertising** (Franchise Agreement, Sections 13.2, 13.5 and 13.6)

You are required to spend the greater of \$2,000 per month or four percent (4%) of monthly Gross Revenue on local advertising to promote your Franchised Business. We may increase your minimum local advertising expenditure, in our reasonable discretion. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. We reserve the right to collect some or all of your Local Advertising expenditure and implement Local Advertising on your behalf.

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 fifteen (15) business days; however, if we do not respond within fifteen (15) business days, the proposed advertising or marketing material is deemed “disapproved”.

We will set up and monitor online advertising on your behalf as part of our Brand Fund service. We can audit the marketing supplier and spend whenever necessary. 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 Rolling Suds 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.

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

You are required to contribute to the Brand Development Fund two percent (2%) of Gross Revenue per month.

The Brand Development Fund is administered by our accounting and marketing personnel. We may use Brand Development 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 Development 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 Development 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 Development Fund.

The Brand Development Fund will not be used to defray any of our other general operating expenses. Brand Development 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 Development Fund contributions.

The Brand Development Fund collects and expends the Brand Development Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Development 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 Development Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Development Fund.

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

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

No Brand Development Fund contributions were required, made, or expended in our most recently concluded fiscal year, which ended on December 31, 2022. Although the Brand Development 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 Development Fund, however, until all monies in the Brand Development 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 9.5)

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. Email, Phone, Website, and Social Media** (Franchise Agreement, Section 12.3)

We will set up an initial email account for you. You must only use this account for all communication regarding your franchise business. You must use as the sole email for all Franchised Business-related communications and accounts. Use of a private email account for business related to Your Franchise Business is prohibited. All

Social Media You develop or use, if authorized by Us, must be attached only to the email address We provide to You or that is approved by Us.

We alone may establish, maintain, modify or discontinue all intranet, internet, world wide web and electronic commerce activities pertaining to the System. We have established, and may establish in the future, one or more websites accessible through one or more uniform resource locators (“URLs”) designed to market and promote the Rolling Suds System and the franchise opportunity. We may design and provide for the benefit of your Franchised Business a “click through” subpage at our website(s) for the promotion of your Franchised Business and you must provide us with the information that we request. We will build out your “click through” subpages, and we will be responsible for maintaining all photo galleries, calendars or other information contained on your subpages. You may not establish your own website or use social media platforms for the promotion of your Franchised Business without our prior written consent. You must sign such documents as we may require, that grant us the right to change, transfer or terminate your email addresses, domain names, social media platforms and comparable electronic identities that use our trademarks if the Franchise Agreement expires or is terminated, or if your franchise is not renewed.

Any websites or other modes of electronic commerce that we establish or maintain may—in addition to advertising and promoting the products, programs or services available at Rolling Suds Franchised Businesses—also be devoted in part to offering Rolling Suds Franchised Businesses for sale and be used by us to develop the electronic commerce rights which we alone control.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee email, System discussion forums and System-wide communications (among other activities) can be done.

Except for the social media presence that we will establish on your behalf, you are not permitted to promote your Franchised Business or use any of the Marks in any manner on any social or networking websites, such as Facebook, Instagram, Tik Tok, LinkedIn, Twitter, Snapchat, personal blogs, virtual worlds, audio and video-sharing sites, and other similar social networking or media sites or tools (collectively, “social media”) without our prior written consent. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business’s operation, including prohibitions on your employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us. You will not be given access to branded social media pages/handles/assets, as these will be maintained by us. We reserve the right to conduct collective/national campaigns via social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your “click through” subpage.

You must exclusively list the telephone number that we provide to you as the primary phone number for your Franchised Business. If we do not provide you with a telephone number, you must notify us of the telephone number you will use for your Franchised Business. You may only list the telephone number we provide to you (or the telephone number that you designate to us as your dedicated telephone number for your Business) on all digital and print marketing materials. We will own your Franchised Business telephone number and account but you must directly pay the associated monthly and periodic telephone charges. If you list any phone number, other than your dedicated Business telephone number, in any digital or print marketing materials, then we will also own that telephone number and account. We will own the email addresses, telephone number(s), and the associated accounts, but will allow you to use them during the Term solely in connection with the operation of your Franchised Business.

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



You are required to have an internet-capable laptop computer, smartphone, tablet, or iPad that can operate the latest versions of software and computer platforms we require. The cost of purchasing the required hardware and software is currently between \$100 - \$2,000. The current Technology Fee is \$458 per month, subject to increase. The current Business Management System and systems that we require for use in the Franchised Business are Service Minder and I3. Costs associated with the Business Management System varies depending on the number of service vehicles that you operate with your estimated costs ranging from \$1,000 to \$2,000 and are subject to increase from the service provider.

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.

You are required to have a digital bookkeeping application, QuickBooks. You are required to provide Franchisor with independent access to your QuickBooks account which Franchisor may access at any time.

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 cannot estimate the cost of maintaining, updating, and upgrading your computer hardware and software because it will depend on the make and model of your computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

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.

**7. 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 140 pages.

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

Training must be completed to our satisfaction before opening your Franchised Business. 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) day initial training program outlined below. We will train you at our headquarters in Warrington, Pennsylvania (or at another location we designate). We reserve the right to substitute online/virtual training or include a mix of online/virtual training and live training at our corporate headquarters.

**Initial Management Training Program**

SUBJECT	HOURS OF CORPORATE TRAINING	HOURS OF JOBSITE/ ON LOCATION TRAINING	LOCATION
<b>Introduction:</b> Welcome, Our Brand Culture, History, Mission, and Vision	1	0	Warrington, Pennsylvania & Vicinity

<b>Tour of the location &amp; Use of the Manual</b>	1		Warrington, Pennsylvania & Vicinity
<b>Personnel:</b> Scheduling, Hiring, Team Management and Development	2	15	Warrington, Pennsylvania & Vicinity
<b>Marketing:</b> Advertising, Networking, Our Services, Building the Customer Relationship	4	5	Warrington, Pennsylvania & Vicinity
<b>Operations:</b> Sales Techniques, Providing Services, Daily Procedures, Equipment/Vehicle Maintenance, Field Systems, Safety and Security	10	18	Warrington, Pennsylvania & Vicinity
<b>CRM</b>	1	6	Warrington, Pennsylvania & Vicinity
<b>Management:</b> Setting Goals, KPIs, Financial Responsibility, Supplier Relationships, Reporting, Royalties, and Franchise Obligations	3	2	Warrington, Pennsylvania & Vicinity
<b>Daily Field Operations:</b> In-Home Sales, Estimating, Corporate Account Training	5	10	Warrington, Pennsylvania & Vicinity
<b>Customer Service &amp; Our Guarantee:</b> The Rolling Suds Way	2	0	Warrington, Pennsylvania & Vicinity
<b>Review:</b> Assessment, Next Steps in Planning Your Business Launch	2	1	Warrington, Pennsylvania & Vicinity
<b>TOTAL</b>	<b>31</b>	<b>57</b>	

We periodically conduct our Initial Management Training Program throughout the year, as needed. Training is currently provided by Aaron Harper, Briand Wendling Sr. and Brian Wendling Jr. Aaron Harper is involved in all aspects of the Rolling Suds brand. Brian Wendling Sr. is our founder and is president of our affiliate location since 1990. Brian Wendling Jr. is our co-founder and is vice president of our affiliate, Rolling Suds, Inc., located in Warrington, Pennsylvania. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business.

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 Initial Management Training Program.

The cost of our instructors, training materials and up to five (5) days on-site training is included in the Initial Franchise Fee. 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. Our current fee to provide initial training to any additional trainees who attend training with you is \$400 per person per day.

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

We may conduct mandatory additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory additional 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 additional 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 additional training programs, including the annual business meeting or conference with a of up to \$699 per person attending. 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**

Under the Franchise Agreement, you have the right to establish and operate one (1) Rolling Suds outlet within a limited protected territory (the "Protected Area"). Your Protected Area is located in all or a portion of a listed town, city, or county, and is identified by a group of contiguous zip codes. The Protected Area is determined on an individual basis taking into account demographics, minimum numbers of households, geographic terrain, and market potential. Your Protected Area will have a population between 225,000 – 275,000, based on the most recent census data and determined by a third-party mapping service. Your Protected Area will be defined and attached to your Franchise Agreement as Attachment 2.

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

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Rolling Suds outlet or grant the right to anyone else to open a Rolling Suds outlet within the Protected Area. 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 Protected Area (i) through alternative distribution channels, as discussed below, (ii) to pre-existing clients, and/or (iii) at the request of a referral source.

There is no other market penetration or other contingency that will affect your right to operate in your Protected Area during the term of your Franchise Agreement unless you are in default of your obligations to us.

The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises within the Protected Area or contiguous territories. We may, but have no obligation to, consider granting to you the right to establish additional Rolling Suds outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Rolling Suds 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. You are required to remove all identifying signs and property from the original office location.

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 Rolling Suds outlets outside of the Protected Area and may operate other kinds of businesses within the Protected Area. 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. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

We also reserve the right to solicit, sell to, negotiate rates with, and service real estate developers that conduct business across multiple areas or have multiple locations either regionally or nationally, such as brokerage firms, builders, property management companies, or residential developers (“National Accounts”). We may offer you the first right to service National Accounts in your Protected Area, provided that you accept the negotiated terms.

We reserve the rights to offer (i) other services and products not offered under the Marks, (ii) other residential and commercial power washing concepts or products under the Marks or other trademarks, and (iii) products or services through other channels of distribution in the Protected Area including, but not limited to, co-branding with other residential or commercial power washing businesses, 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 Protected Area; however, we will include a listing on our website of your Rolling Suds Franchised Business contact information.

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

**ITEM 13: TRADEMARKS**

RSIP Holdings, LLC (“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 Rolling Suds outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Rolling Suds Marks, as described below (the “Principal Marks”).

We have filed an application for registration of the following Principal Marks on the Principal Register of the United States Patent and Trademark Office:

Mark	Serial Number	Filing Date	Register
	97349199	April 6, 2022	Principal

With regards to the above trademark only we do not have a federal registration. Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

Mark	Registration Number	Registration Date	Register
<b>Rolling Suds</b>	7090550	June 27, 2023	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 Marks or other Marks. 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 Marks or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Marks or other Mark 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 Marks, 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 Marks, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor’s right, or our right, to the Principal Marks or other 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 Marks. There is no pending infringement, opposition, or cancellation. There is no pending material federal or state court litigation involving the Principal Marks or other Marks.

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

Our license agreement with Licensor gives us broad rights to use the Marks in connection with the operation of the Rolling Suds franchise System, and to sublicense to franchisees the right to use the Marks, in strict accordance with our Franchise Agreement.

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 does not require that you personally supervise and manage the day-to-day operation of your Franchised Business, although we recommend it. While Franchisee is not required to manage the day-to-day operations, it is expected that you will be fully aware of the goings on of the 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 Business Training Program and all other training courses we require. Your manager must devote 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.

**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 Rolling Suds 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 Protected Area. Your local advertising must target customers in your Protected Area, although the reach of your local advertising may extend beyond your Protected Area.

**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 renew for one (1) additional term of ten (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 ten 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 to meet then-current specifications, execute a general release, comply with then-current qualifications and training requirements, including completion of additional 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.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
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).



	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
h.	“Cause” defined - non-curable defaults	Sections 17.1 and 17.2	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; fails to meet Minimum Performance Standards; or terminate the Franchise Agreement without cause.

	<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 Rolling Suds 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 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 and liquidated damages; 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 Initial Management 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 3 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 Ten Thousand Dollars (\$10,000.00).
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.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
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 Rolling Suds 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 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 residential or commercial power washing business within twenty-five (25) miles of the Territory or within fifty (50) miles of any Rolling Suds 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 Rolling Suds franchisees.
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.
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.

	<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
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, and post-termination obligations.
v.	Choice of forum	Section 20.3	Litigation takes place in Pennsylvania, subject to applicable state law.
w.	Choice of law	Section 20.3	Pennsylvania 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 figure to promote our franchise. No public figure is currently involved in our management.

### **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.

As of the Issuance Date of this Disclosure Document, there is one (1) Rolling Suds outlets open and operating that are owned by our affiliate. This outlet is representative and is included in this disclosure. This outlet is located in Pennsylvania. This affiliate out has been in operation since 1990 and operates 12 trucks across a wide territory.

The reasonable basis for inclusion of this Financial Performance Representation is that these affiliate owned outlet is similar to the Franchise being offered under this Disclosure Document in terms of operations and services offered. The operational characteristics that make this affiliate owned outlets different is that it does not pay any Royalty Fees or Brand Fund Contributions to us, or expend any minimum amount on local advertising.

This Item 19 sets forth certain historical gross revenue, expenses and payroll information per truck for the affiliate owned outlet for 2020-2022. The gross revenue information and expense information set forth in this Item 19 is derived from the affiliate owned outlet accounting software.

**Average EBIDA Per Truck 2020 - 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Gross Revenue</b>	\$ 373,305.00 <sup>1</sup>	\$ 368,180.00	\$ 343,375.00
<b>Expenses</b>			
Advertising	\$ 7,155.00	\$ 9,271.66	\$ 6,241.93
Bank Service Charge	-	\$ 37.00	\$ 143.38
Credit Card Fees	\$ 2,444.00	\$ 1,800.00	\$ 2,631.29
Damage Claims	\$ 2,000.00	\$ 1,750.00	\$ 1,836.00
Equipment Rental	\$ 1,571.00	\$ 2,035.77	\$ 2,598.75
Fuel and Oil	\$ 14,540.00	\$ 13,184.04	\$ 8,999.64
GPS Fees	\$ 275.00	\$ 275.00	\$ 275.00
Insurance	\$ 6,478.00	\$ 8,126.11	\$ 8,847.85
Internet Expense	\$ 423.00	\$ 500.00	\$ 337.70
Job Materials	\$ 19,768.25	\$ 15,976.18	\$ 17,777.98
Chemicals	\$ 12,222.75	\$ 11,845.82	\$ 13,678.03
Licenses and Permits	\$ 414.00	\$ 525.00	\$ 1,393.42
Lodging	\$ 612.00	\$ 772.38	\$ 100.00
Meals and Entertainment	\$ 169.00	\$ 213.57	\$ 100.00
Parking	-	-	\$ 100.00
Office Expense	\$ 967.00	\$ 900.00	\$ 900.00
Payroll service fees	\$ 188.00	\$ 237.51	\$ 220.00
Professional Fees	\$ 1,020.00	\$ 1,012.00	\$ 1,188.00
Propane	\$ 457.00	\$ 500.00	\$ 500.00
Rent	\$ 13,582.00	\$ 13,250.00	\$ 13,000.00
Repairs and Maintenance	\$ 2,481.00	\$ 3,145.03	\$ 2,830.46
Security	\$ 105.00	\$ 132.45	-
Software	-	\$ 59.86	\$ 73.26
Telephone	\$ 1,018.00	\$ 1,018.00	\$ 900.00
Tolls	\$ 1,960.00	\$ 1,750.00	\$ 1,619.94
Truck Repairs	\$ 3,996.00	\$ 1,410.98	\$ 2,160.00
Utilities	\$ 1,113.00	\$ 1,000.00	\$ 1,000.00
Website	\$ 817.00	\$ 1,035.00	\$ 3,000.00
Work Site Utilities	\$ 335.00	\$ 335.00	\$ 311.43
Payroll Expenses Labor	\$ 78,394.00	\$ 77,317.80	\$ 72,108.75
Royalty Fee <sup>2</sup>	\$ 29,864.40	\$ 29,454.40	\$ 27,470.00
Brand Fund Contribution <sup>3</sup>	\$ 7,466.10	\$ 7,363.60	\$ 6,867.50
Other Franchisee Related Fees <sup>4</sup>	\$ 14,303.88	\$ 14,303.88	\$ 14,303.88

<b>Total Expenses<sup>5</sup></b>	\$ 226,139.38	\$ 220,538.04	\$ 213,514.19
<b>EBITDA</b>	\$ 147,165.62	\$ 147,641.96	\$ 129,860.81
<b>EBITDA %</b>	39%	40%	38%

**Overall EBITDA 2020- 2022**

	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Gross Revenue</b>	\$ 2,204,679.85	\$ 1,999,180.46	\$ 1,586,756.50
<b>Expenses</b>			
Advertising	\$ 51,555.39	\$ 50,389.43	\$ 28,897.82
Bank Service Charge	\$ 122.00	\$ 262.00	\$ 663.80
Credit Card Fees	\$ 16,957.63	\$ 10,081.77	\$ 12,181.92
Damage Claims	\$ 10,000.00	\$ 9,500.00	\$ 8,500.00
Equipment Rental	\$ 23,082.45	\$ 11,063.96	\$ 12,031.26
Fuel and Oil	\$ 95,314.73	\$ 71,652.37	\$ 41,665.00
Fire Safety	\$ 101.76	-	-
GPS Fees	\$ 1,567.41	\$ 1,942.10	\$ 2,115.10
Insurance	\$ 46,274.02	\$ 44,163.64	\$ 40,962.26
Internet Expense	\$ 1,751.80	\$ 2,978.73	\$ 1,563.42
Job Materials	\$ 60,167.05	\$ 86,827.09	\$ 82,305.47
Chemicals	\$ 71,999.65	\$ 64,379.44	\$ 63,324.22
Licenses and Permits	\$ 1,616.00	\$ 2,914.50	\$ 6,451.00
Lodging	\$ 1,400.00	\$ 4,197.70	\$ 124.26
Meals and Entertainment	\$ 4,000.00	\$ 1,186.50	\$ 181.15
Parking	\$ 549.00	-	\$ 458.50
Office Expense	\$ 4,117.26	\$ 3,555.73	\$ 4,278.26
Payroll service fees	\$ 1,449.00	\$ 1,319.50	\$ 1,041.25
Professional Fees	\$ 6,000.00	\$ 5,500.00	\$ 5,500.00
Propane	\$ 2,241.02	\$ 3,217.55	\$ 2,093.57
Rent	\$ 60,000.00	\$ 60,000.00	\$ 42,379.33
Repairs and Maintenance	\$ 7,989.31	\$ 17,472.38	\$ 13,104.00
Security	\$ 1,281.50	\$ 735.85	-
Software	\$ 2,017.47	\$ 332.58	\$ 339.17
Telephone	\$ 4,459.37	\$ 4,169.67	\$ 4,008.46
Tolls	\$ 8,550.83	\$ 7,603.36	\$ 7,499.70
Truck Repairs	\$ 16,791.77	\$ 25,140.64	\$ 10,000.00
Utilities	\$ 7,653.63	\$ 7,838.76	\$ 5,345.36
Website	\$ 1,200.00	\$ 5,750.00	\$ 10,150.00
Work Site Utilities	\$ 1,799.26	\$ 2,356.62	\$ 1,441.80
Payroll Expenses Labor	\$ 462,982.77	\$ 419,827.90	\$ 333,218.87

Payroll Expenses Office and Management	\$ 176,374.39	\$ 159,934.44	\$ 126,940.52
Royalty <sup>2</sup>	\$ 176,374.39	\$ 159,934.44	\$ 126,940.52
Brand Fund <sup>3</sup>	\$ 44,093.60	\$ 39,983.61	\$ 31,735.13
Other Franchisee Related Fees <sup>4</sup>	\$ 14,303.88	\$ 14,303.88	\$ 14,303.88
<b>Total Expenses<sup>5</sup></b>	<b>\$ 1,386,138.34</b>	<b>\$ 1,300,516.14</b>	<b>\$ 1,041,745.00</b>
<b>EBITDA<sup>6</sup></b>	<b>\$ 818,541.52</b>	<b>\$ 698,664.32</b>	<b>\$ 545,011.50</b>
<b>EBITDA %<sup>7</sup></b>	<b>37%</b>	<b>35%</b>	<b>34%</b>

### Average Job Size

The following is a chart of the average job size for both commercial and residential jobs for 2020 - 2022. This chart is broken into upper, lower, and middle averages along with the median job size.

### **Average Commercial Job Size<sup>8</sup>**

	2022	2021	2020
Top 1/3	\$13,047.33	\$14,640.04	\$8,119.20
Middle 1/3	\$3,425.58	\$3,319.08	\$1,832.58
Bottom 1/3	\$706.23	\$718.94	\$459.96
Median	\$3,537.50	\$3,180.00	\$1,590.00
<b>AVERAGE</b>	<b>\$5,782</b>	<b>\$6,165.21</b>	<b>\$3,457.68</b>

### **Average Residential Job Size<sup>9</sup>**

	2022	2021	2020
Top 1/3	\$788.99	\$736.03	\$691.39
Middle 1/3	\$418.47	\$403.36	\$378.98
Bottom 1/3	\$292.14	\$281.58	\$269.53
Median	\$424.00	\$397.50	\$371.00
<b>AVERAGE</b>	<b>\$505.00</b>	<b>\$473.92</b>	<b>\$447.81</b>

1. Average truck per working day does \$1,821 in revenue. Of the twelve trucks in operation, there are five that operate full time. This chart represents the average numbers from the five trucks that operate on a full-time basis.

2. The Royalty Fee of 8% was not incurred by our affiliate location. It is included here for informational purposes only.

3. The Brand Fund Contribution of 2% was not incurred by our affiliate location. It is included here for informational purposes only.

4. Other Franchisee Related Expenses includes: Technology Fee, Business Phone, Website Management Fee, and Bookkeeping Services Fee (“Other Franchisee Related Expenses”). These costs are estimated based on the currently charged monthly fee multiplied by twelve to represent a year of Franchisee related expenses not incurred by our affiliate location. Other Franchisee Related Expenses is not intended to be inclusive of all other costs or fees a franchisee may incur.

5. Total Expenses here includes the amounts listed for Royalty Fee, Brand Fund Contribution, and Other Franchisee Related Expenses that were not incurred by our affiliate location.

6. The EBITDA here includes Royalty Fee, Brand Fund Contribution, and Other Franchisee Related Expenses. The Royalty Fee, Brand Fund Contribution, and Other Franchisee Related Expenses were not incurred by our affiliate location.

7. The EBITDA % here includes Royalty Fee, Brand Fund Contribution, and Other Franchisee Related Expenses. The Royalty Fee, Brand Fund Contribution, and Other Franchisee Related Expenses were not incurred by our affiliate location.

8. In 2022, commercial revenue was \$1,081,215.20 in work completing 187 jobs and accounted for 54% of revenue. In 2021, commercial revenue was \$955,608.26 in work completing 155 jobs and accounted for 47.8% of revenue. In 2020, commercial revenue was \$529,024.62 in work completing 153 jobs and accounted for 33.34% of revenue. Commercial job size varies greatly, in 2022-2020, from \$300 to \$60,000.

9. In 2022, Residential revenue was \$913,646.79 in work completing 1,808 jobs and accounted for 46% of revenue. In 2021, Residential revenue was \$1,043,572.20 in work completing 2202 jobs and accounted for 52.2% of revenue. In 2020, Residential revenue was \$1,057,731.88 in work completing 2,362 jobs and accounted for 66.66% of revenue.

10. These results are unaudited.

11. These results represent sales of products and services which will be available for franchisees to sell.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.**

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Brian Wendling Sr., 262 Titus Avenue Warrington, Pennsylvania 18976, (215) 355 – 1631, 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	Column 2	Column 3	Column 4	Column 5
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Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company – Owned*	2020	1	1	1
	2021	1	1	1
	2022	1	1	1
Total Outlets	2020	1	1	1
	2021	1	1	1
	2022	1	1	1

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
None	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

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
None	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

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

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

\* Our company-owned outlet Rolling Suds is 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
Pennsylvania	0	3	0
New Jersey	0	3	0
New York	0	1	0
Maryland	0	2	0
Virginia	0	1	0
Total	0	10	0

Exhibit E lists the location of each Rolling Suds 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**

Rolling Suds Franchising LLC was formed on March 28, 2022. Because we have not been in business for three years, we are not able to include the three prior years of audited financial statements normally required by this Item 21. Our audited financial statement, covering a period from inception through December 31, 2022, and an unaudited balance sheet as of January 30, 2023, are included in Exhibit C.

Our fiscal year end is December 31.

**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).

**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 Aaron Harper, Rolling Suds Franchising LLC, 262 Titus Avenue, Warrington, Pennsylvania 18976; (949) 877-2948.

## 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
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

<b>State</b>	<b>State Agency</b>	<b>Agent for Service of Process</b>
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 <sup>st</sup> Floor New York, NY 10005 (212) 416-8222 Phone	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 Fourteenth 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**

ROLLING SUDS FRANCHISING 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

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of \_\_\_\_\_ (the “Effective Date”), by and between Rolling Suds Franchising LLC, a Pennsylvania limited liability company, with its principal place of business at 262 Titus Avenue Warrington, Pennsylvania 18976 (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 will operate power washing business for residential and commercial buildings and structures using low-pressure, soft wash technique and related service using Franchisor’s format, trade dress, methods of marketing and operation, training and assistance, 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 Rolling Suds, as set forth in Attachment 2, 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 an Rolling Suds franchise that offer power washing business for residential and commercial buildings and structures using a low-pressure, soft wash technique and related service (the “Franchise” or “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. SOLICITATION AND SALES RESTRICTIONS**

3.1 Territory. This Agreement grants Franchisee the right to operate the Franchise Business within the Territory only. Subject to Section 3.2 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not operate, and will not authorize any other Rolling Suds franchisees, to operate an Rolling Suds outlet in the Territory using the same Marks as licensed to Franchisee in this 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 Rolling Suds franchises, 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 power washing 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 residential or commercial power washing businesses, and products offered through retail stores, the Internet or direct marketing (“Alternate Channels of Distribution”). Franchisor further specifically reserves the right to solicit, sell to, negotiated rates with, and service customers that conduct business across multiple areas or have multiple locations or properties either regionally or nationally, such as real estate brokerage firms, property management firms, residential investors, and real estate developers (“National Accounts”). Franchisor may offer Franchisee the right to service National Accounts in the Territory, provided that Franchisee accept negotiated terms; otherwise, Franchisor may service the National Accounts either directly or permit another franchisee to provide such service. Franchisee shall pay an additional three percent (3%) of Gross Revenue on sales that occur as a result of the National Accounts program. Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels or declined National Accounts 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 one (1) additional term of ten (10) 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 agreement fee of Five Thousand Dollars (\$5,000.00) herein referred to as the (“Successor Agreement 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 nine (9) 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 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 additional training to Franchisor's reasonable satisfaction.
  - 5.2.4 Franchisee performs such repairs, upgrades and replacements as Franchisor may require causing the Franchised Business equipment, computer system, vehicle(s) and other assets to conform to the then-current specifications for franchised businesses on the renewal date.
  - 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Rolling Suds Franchising 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 4. 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 Agreement 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 Rolling Suds Franchising LLC, 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 renew, Franchisor may, in Franchisor's sole discretion, (i) offer to renew 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 for 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 Thirty-Nine

Thousand Nine Hundred Dollars (\$39,900.00) (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 Royalty Fee. Franchisee agrees to pay Franchisor, monthly throughout the Term, a royalty fee equal to eight percent (8%) of the Gross Revenue realized from the Franchised Business and from any other revenues received using Franchisor’s trademarks, methods, operations and/or trade secrets (the “Royalty Fee”). If Franchisee fails to achieve the minimum monthly Gross Revenue as defined below, Franchisor may collect from Franchisee a Royalty equal to what Franchisee would have paid had Franchisee achieved the minimum Gross Revenue (“Minimum Gross Revenue”). Franchisor, in its sole discretion, may adjust the reporting period for the Minimum Gross Revenue to take into account the seasonality of a particular franchised outlet.

The Minimum Gross Revenue is as follows:

<b>Months since Opening Date</b>	<b>Minimum Gross Revenue</b>
0 – 12	\$0
13 – 24	\$10,000
25 – 36	\$16,666
37 – 48	\$19,900
48 – 60	\$25,000
60 – 72	\$27,500
72 – 84	\$29,900
84 – 96	\$33,500
96 – 108	\$36,600
108 – 120	\$39,500

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. Gross Revenues also include all proceeds from any business interruption insurance. 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.

6.1.3 Gross Revenue Reports. Franchisee shall, on or before the fifth (5<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, or grant Franchisor access to, 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.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee and the Brand Development 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 and Brand Development 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. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Royalty Fee payable. Franchisor shall reconcile amounts when Gross Revenues are reported.

6.2 Late Fee. If the Royalty Fee, Brand Development Fund 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 Fifty Dollars (\$50) per week. 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, the Brand Development 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 18% per annum or the maximum permitted by law.

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 Fifty Dollars (\$50.00) 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 Technology Fee. Franchisee agrees to pay Franchisor, throughout the term of the agreement, a technology fee of Four Hundred and Fifty Eight Dollars (\$458.00) per month (“Technology Fee”). In Franchisor’s sole discretion, Franchisor may (i) increase the amount of the technology fees or (ii) replace the technology with different technology, developed

by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Payment of the Technology Fee will be made in the manner and frequency as reasonably determined by Franchisor.

- 6.6 Out of Territory Fee. Franchisee agrees to pay Franchisor an amount equal to the greater of Five Hundred Dollars (\$500) or fifty percent (50%) of the invoiced amount for any job that is completed by Franchisee outside of the Territory as defined in Attachment 2 that is within another Franchisee's territory.

## 7. TRAINING

- 7.1 Initial Management Training Program. Franchisee shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") prior to the opening of the Franchised Business. The Initial Management Training Program consists of a five (5) day course conducted at Franchisor's headquarters in Warrington, Pennsylvania. Franchisor reserves the right to designate an alternate location for the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have a principal who has successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Fees for replacement trainees or additional trainees that cannot be accommodated are Four Hundred Dollars (\$400.00) per person per day 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 Management Training Program. If the Initial Management 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 Management Training Program cannot be satisfactorily completed by Franchisee or a Principal, Franchisor may terminate this Agreement.
- 7.3 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's Principal(s), shall participate in on-going training and/or a national business meeting or annual convention, for up to five (5) days per year. Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee shall be responsible for the annual

convention fee whether or not Franchisee attends the annual conference. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional missed training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal(s) and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee via ACH.

7.4 In-Territory Remedial 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 remedial 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.

7.5 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 no charge, unless such assistance is provided in Territory pursuant to Section 7.4, 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 assumes all cost, liability, expense and responsibility for obtaining and developing an office location for the Franchised Business within the Territory. Franchisee is hereby permitted to operate out of a home-based office, provided that such office is located in the Territory. If Franchisee intends or desires to operate out of a commercial office location, Franchisor shall review the lease for such office space for Franchisor required terms only. Franchisor does not guarantee the success of any location.

8.1.2 Franchisee shall select a site location within Franchisee's territory that provides secure vehicle and equipment storage, which may be a home-based office. Franchisee's vehicle(s) must meet the minimum specifications outlined in the Operations Manual.

8.1.3 Upon consent by Franchisor to the location for the Franchised Business office,

Franchisor shall set forth the location and Territory on Attachment 2 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 2, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 2; otherwise, Attachment 2 provided to Franchisee shall be deemed final.

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 Management 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, and vehicle 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 one hundred and twenty (20) 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, Franchisee's vehicle, 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, vehicles 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 residential and commercial power washing or servicing options offered by Rolling Suds. 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 additional 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 the initial equipment package set forth in Section 6.1.2, the initial marketing materials set forth in Section 6.1.3, and a written list of other equipment (including vehicle specifications), 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 Development Fund. Administer a Brand Development 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

11.3 Appointment of General Manager.

11.3.1. Franchisee shall be actively involved in the management of the Franchised Business. Notwithstanding the foregoing, Franchisee may designate and retain at all times a general manager ("General Manager") to direct the daily operation and management of the Franchised Business. The General Manager may be Franchisee, if Franchisee is an individual, or a Principal. In the event Franchisee elects to designate a General Manager, Franchisee shall designate its General Manager prior to attending the Initial Management Training Program.

11.3.2. The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

11.3.2.1. Meet Franchisor's standards and criteria for such individual, as set forth in the Manual or otherwise in writing by Franchisor, and shall be an individual otherwise acceptable to Franchisor in its sole discretion.

11.3.2.2. Shall devote his or her full time and best efforts to the supervision and management of the Franchised Business, and may not engage in any other business activity without the Franchisor's consent, which may be withheld in Franchisor's sole discretion.

11.3.2.3. Shall satisfy the training requirements set forth in Article 7.

11.3.3. If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement manager within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement (including, but not limited to, completing all training and obtaining all certifications required by Franchisor). Until such replacement is designated, Franchisee shall provide for interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee the then-current interim management support fee until a replacement General Manager is properly trained or certified in accordance with Franchisor's requirements. Franchisee shall pay the interim management support fee, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, upon written demand by Franchisor, or Franchisor may withdraw such amounts from Franchisee's designated bank account in accordance with Section 6.1.4.

11.4 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.

11.5 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.

11.6 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, software, social media, or other such accounts used or created by Franchisee in order to operate the Franchised Business. 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.

11.7 Access to Tax Filings. Upon execution of this Agreement, and at any time thereafter upon Franchisor's 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.

11.8 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, all vehicles for use in the Franchised Business. Franchisor reserves the right to set specifications and standards of condition, age and branding, as set forth in the Manual, of vehicles 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 and which allow Franchisor electronic access to such records and accounts in accordance with Section 12.3.2. Franchisee acknowledges and agrees that the financial performance of Franchisee's Franchised Business may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof.
- 12.2.2. Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.
- 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.
- 12.2.5. Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds any underpayment owed in any Gross Revenue Report, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the Term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

### 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 the Rolling Suds 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. In addition to Franchisee's obligations pursuant to Section 6.5 hereof, Franchisee shall pay all other fees, whether to Franchisor or to third party vendor (s), 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 Prices. Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.
- 12.6 Employee Background Check. Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle, medical and/or credit histories) that are required by state and local laws, regulations, and ordinances and/or that Franchisee determines to be necessary and appropriate, prior to hiring. 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 reasonably related to the prospective employee's employment. 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).
- 12.7 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 Rolling Suds 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. Within ten (10) days after receiving notice thereof, Franchisee shall reimburse Franchisor for any amounts refunded to a customer on Franchisee's behalf. **Franchisee hereby authorizes Franchisor to take payment of refunded amounts, at Franchisor's option, through electronic funds transfer or ACH payment.** 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.

- 12.8 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. Franchisor reserves the right to charge Franchisee an evaluation fee of equal to the greater of Five Hundred Dollars (\$500) or Franchisor's actual cost of evaluation, inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within sixty (60) days after Franchisor receives all required information to evaluate the product, service or supplier. If Franchisor approves of the item or service for use by the entire system, the evaluation fee may be refunded. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.
- 12.9 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.
- 12.10 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 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 shall spend not less than the greater of Two Thousand Dollars (\$2,000) per month or Four Percent (4%) of Gross Revenue per month, subject to reasonable increases by Franchisor, on advertising for the Franchised Business in the Territory (“Local Advertising”). Franchisor reserves the right to collect some or all of Franchisee’s Local Advertising expenditure and implement Local Advertising on Franchisee’s behalf.

13.2.2 Within thirty (30) business days of Franchisor’s request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee’s Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall *not* be included in Franchisee’s expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iv) salaries and expenses of any of Franchisee’s personnel to attend advertising meetings, workshops or other marketing activities; (v) charitable, political or other contributions or donations.

#### 13.3 Brand Development Fund.

13.3.1 Franchisor may establish a national fund on behalf of the System for national advertising, marketing, and brand development (the “Brand Fund”). Franchisee is

required to contribute two percent (2%) of monthly Gross Revenue, to the Brand Development Fund (“Brand Development Fund Contribution”). Payments will be made in the same manner and time as the Royalty Fees.

- 13.3.2. Franchisor shall direct the Brand Fund 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 Development Fund is intended 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 may use the Brand Development 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).
- 13.3.4. The Brand Development 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 Development 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 Development Fund contributions. The Brand Development Fund and its earnings shall not otherwise inure to Franchisor’s benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.
- 13.3.5. Franchisor will prepare an unaudited annual statement of the Brand Development Fund’s operations and will make it available to Franchisee upon request. In administering the Brand Development 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.
- 13.3.6. Although the Brand Development 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 Development Fund, however, until all monies in the Brand Development 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, TikTok, 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 the Rolling Suds 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 RSIP Holding, LLC, 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 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 “Rolling Suds” and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation “a Rolling Suds”.
- 14.7.2. Franchisee shall identify itself as the owner of the Franchised Business and as an independent Rolling Suds 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 and vehicle(s), 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. Liability. Comprehensive general liability insurance, including errors and omissions coverage, personal and advertising injury 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;

15.1.2. Employment. Worker's compensation coverage in the limits required by state law, employment practices/abuse, and employee dishonesty insurance with third-party coverage in the amount of at least One Million Dollars (\$1,000,000), 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;

15.1.3 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.

15.1.4 Excess Liability Insurance. Limits not less than: \$1,000,000 per occurrence. The Subcontractor will maintain excess liability insurance on occurrence basis in excess of the underlying insurance described under Commercial General Liability, Automobile Liability, and Employers Liability. The terms and conditions of such coverage shall be follow-form to, or at least as broad as, the primary underlying coverage, including amending the "other insurance" provision as required to provide additional insured coverage on a primary and non-contributing basis and all endorsements requested in the underlying.

15.1.5 Pollution. Pollution liability insurance in the amount of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate.



- 15.1.6 Cyber Liability. Cyber Liability Insurance in the amount of Two Hundred Fifty Thousand Dollars (\$250,000) per occurrence and Two Hundred Fifty Thousand Dollars (\$250,000) in the aggregate.
- 15.1.7 Umbrella Insurance. Umbrella Insurance in the amount of Two Million Dollars (\$2,000,000) and Two Million Dollars (\$2,000,000) in the aggregate.
- 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 ROLLING SUDS FRANCHISING LLC, LICENSOR, AND ANY PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES, (COLLECTIVELY REFERRED TO AS THE "ROLLING SUDS INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S ROLLING SUDS 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. FRANCHISEE AGREES TO PAY FOR ALL THE ROLLING SUDS 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. THE ROLLING SUDS INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE ROLLING SUDS INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE ROLLING SUDS INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE ROLLING SUDS INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE ROLLING SUDS 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 residential or commercial power washing or servicing 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 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. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee of Ten Thousand Dollars (\$10,000).

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.

16.9 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.

16.10 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 a loan (an "SBA Loan") from a lender (the "Lender") in which funding is provided with the assistance of the United States Small Business Administration ("SBA"), Franchisee shall be permitted to grant Lender and/or SBA a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Loan, and Franchisor agrees to subordinate its interest in any lien on Franchisee's Uniform Commercial Code collateral to that of the Lender and/or SBA as the case may be.

## 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 renewals 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.
- 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 Rolling Suds 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 comply with the non-disclosure and non-competition covenants contained in Article 19.
- 18.1.8 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 18.1.8 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.

## 18.2. Right to Purchase.

- 18.2.1 Franchisor shall have the option, to be exercised within ten (10) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the equipment (including any computer systems and vehicles), 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 ten (10) 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 residential or commercial power washing or servicing 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 Rolling Suds 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 residential or commercial power washing business within twenty-five (25) miles of the Territory or within fifty (50) miles of any Rolling Suds 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 Rolling Suds 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 8 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 Pennsylvania, 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.

20.3 Governing Law and Venue. This Agreement is made in, and shall be substantially performed, in the Commonwealth of Pennsylvania. Any claims, controversies, disputes

or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the Commonwealth of Pennsylvania. 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 Pennsylvania. Franchisee and its Principal(s) hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

- 20.4 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.
- 20.5 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.
- 20.6 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.
- 20.7 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.
- 20.8 Attorneys' 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.
- 20.9 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 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee 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. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' 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.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in Franchisor's Operations Manual or otherwise, does not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards Franchisee must adhere to when exercising control of the day-to-day operations of the Franchised Business.

21.1.3 Franchisee's Employees. Franchisee acknowledges and agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Rolling Suds outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's

behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

- 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 Commonwealth of Pennsylvania, 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:  
ROLLING SUDS FRANCHISING, LLC

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

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

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

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

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

## ATTACHMENT 1

Marks –



Rolling Suds

**ATTACHMENT 2**  
**TERRITORY DESCRIPTION**

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

Population = approximately XXXXX as of the Effective Date. Notwithstanding any change in population during the Term, the Territory shall not extend beyond the boundaries set forth above.



**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 Rolling Suds Franchising, 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:

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

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

FRANCHISEES'S PRINCIPAL:

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

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

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

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

**ATTACHMENT 4**

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

**Name**

**Percentage of Ownership**

## ATTACHMENT 5

### INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

**THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT** (the “Agreement”) is made and entered into this day of \_\_\_\_\_ (the “Effective Date”), by and between Rolling Suds Franchising LLC, a Pennsylvania limited liability company with its principal place of business at 262 Titus Avenue Warrington, Pennsylvania 18976 (the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business located at \_\_\_\_\_ and \_\_\_\_\_ ‘s principal(s), \_\_\_\_\_, 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”.

**WHEREAS**, Franchisee desires to enter into a franchise agreement with Franchisor for an Rolling Suds business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Rolling Suds 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 Listings

2.1 Interest in Web Sites, Social Media Accounts, Other Electronic Listings and Software. 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, the right to hyperlink to certain web sites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) 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, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software 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 Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software 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 Listings: (i) to transfer all Franchisee’s interest in such Telephone 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 Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone 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 and Software Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

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

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software 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 and Software 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 and Software 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 Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software 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 and Software 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, 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 exhibits 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 Pennsylvania, without regard to the application of Pennsylvania 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:

**Rolling Suds Franchising LLC**

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

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

FRANCHISEE:

\_\_\_\_\_

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

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

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

\_\_\_\_\_  
(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 Rolling Suds Franchising LLC, a Pennsylvania 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 “Rolling Suds” and design mark, and certain proprietary products, services, promotions and methods (the “System”) for the establishment and operation of an Rolling Suds 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 Rolling Suds 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 Rolling Suds 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 residential or commercial power washing or servicing 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 the Rolling Suds 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 residential or commercial power washing business within the within twenty-five (25) miles outside of the boundaries of the Franchisee's Territory or within fifty (50) miles of any Rolling Suds 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 COMMONWEALTH OF PENNSYLVANIA. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF PENNSYLVANIA. 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 COMMONWEALTH OF PENNSYLVANIA; 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: \_\_\_\_\_

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

# **Rolling Suds Franchising, LLC**

**Financial Statements with Report of Independent Auditors  
December 31, 2022**

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Report of Independent Auditors

To the Shareholder(s) of  
Rolling Suds Franchising, LLC:

*Report on the Financial Statements*

We have audited the accompanying financial statements of Rolling Suds Franchising, LLC, a Pennsylvania entity, which comprise the balance sheet (“Financial Statements” or “Financial Statement”) as of December 31, 2022 and the related notes to the financial statements.

*Management’s Responsibility 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; this includes 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.

*Auditors’ Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rolling Suds Franchising, LLC as of December 31, 2022 in accordance with accounting principles generally accepted in the United States of America.

*DA Advisory Group*

Troy, MI  
January 26, 2023

Rolling Suds Franchising LLC  
BALANCE SHEET  
December 31, 2022

	<u>12/31/2022</u>
ASSETS	
Current assets:	
Cash	\$ 3,900
Total current assets	<u>3,900</u>
Total assets	<u><u>\$ 3,900</u></u>
LIABILITIES AND SHAREHOLDERS' EQUITY	
Shareholders' equity	<u>3,900</u>
Total liabilities and shareholders' equity	<u><u>\$ 3,900</u></u>

see accompanying notes



Rolling Suds Franchising, LLC  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

1. Organization

Rolling Suds Franchising, LLC (the “Company”) is a limited liability company formed in March 2022, under the State of Pennsylvania for the purpose of franchising power washing and maintenance services.

The Company is taxed as an S Corporation and the shareholder(s) of the Company are taxed individually on their share of earnings. As of December 31, 2022, total shareholder contributions totaled to \$5,100.

2. Summary of significant accounting policies and nature of operations

Basis of accounting

The Company prepares its financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions.

The Company maintains its cash in bank deposit accounts which, could exceed federally insured limits. The Company has not experienced an instance where cash held in the account exceeded insured limits since their inception. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

3. Subsequent Events

Management has evaluated subsequent events through January 26, 2023, which is the date the financial statement was available to be issued. The Company did not have any material subsequent events that would require adjustments or disclosures to the financial statements presented.

ROLLING SUDS FRANCHISING LLC LLC  
UNAUDITED FINANCIAL STATEMENTS  
As of January 30, 2023

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

# Rolling Suds Franchising

## Balance Sheet

As of January 30, 2023

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
Chase Chk x2096	232,185.87
Wells Fargo Chk x6044	3,900.00
<b>Total Bank Accounts</b>	<b>\$236,085.87</b>
<b>Total Current Assets</b>	<b>\$236,085.87</b>
<b>TOTAL ASSETS</b>	<b>\$236,085.87</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Payroll Clearing	0.00
<b>Total Other Current Liabilities</b>	<b>\$0.00</b>
<b>Total Current Liabilities</b>	<b>\$0.00</b>
Long-Term Liabilities	
AH Loan Payable	1,093.20
<b>Total Long-Term Liabilities</b>	<b>\$1,093.20</b>
<b>Total Liabilities</b>	<b>\$1,093.20</b>
Equity	
Retained Earnings	-1,200.00
Rolling Suds Holding Co Equity	
Capital Contributions	259,057.73
<b>Total Rolling Suds Holding Co Equity</b>	<b>259,057.73</b>
Net Income	-22,865.06
<b>Total Equity</b>	<b>\$234,992.67</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$236,085.87</b>

**EXHIBIT D**

**ROLLING SUDS OPERATIONS MANUAL**

**TABLE OF CONTENTS**

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Rolling Suds

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**Total pages in Operations Manual: 140**

**EXHIBIT E**

**FRANCHISED OUTLETS**

Franchisee	Location	Contact Information
None	None	None



## EXHIBIT F

**Do not sign this Acknowledgement Statement if you are a resident of Maryland or the business is to be operated in Maryland.**

### ROLLING SUDS 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 (or Developer) 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 (or Developer) 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 (or Developer) by Franchisor and Franchisee (or Developer) and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee (or Developer) may experience as a franchisee (or developer) under this Agreement.

\_\_\_\_\_  
Initial

2. Franchisee (or Developer) 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 (or Developer) and its efforts as an independent business operation.

\_\_\_\_\_  
Initial

3. Franchisee (or Developer) agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement (or Multi-Unit Development Agreement) and that it/she/he understands all the terms and conditions of the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) further acknowledges that the Franchise Agreement (or Multi-Unit Development 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 (or Developer) 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 (or Multi-Unit Development Agreement) that are contrary to the terms of the Franchise Agreement (or Multi-Unit Development Agreement) or the documents incorporated herein. Franchisee (or Developer) acknowledges that no representations or warranties are made or implied, except

as specifically set forth in the Franchise Agreement (or Multi-Unit Development Agreement). Franchisee (or Developer) represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement (or Multi-Unit Development Agreement).

\_\_\_\_\_  
Initial

5. Franchisor expressly disclaims the making of, and Franchisee (or Developer) 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 (or Multi-Unit Development Agreement).

\_\_\_\_\_  
Initial

6. Franchisee (or Developer) acknowledges that Franchisor's approval or acceptance of Franchisee's (or Developer'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 (or Developer) acknowledges that it has received the Rolling Suds Franchising LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement (and Multi-Unit Development Agreement) and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement (or Multi-Unit Development Agreement) was executed. Franchisee (or Developer) further acknowledges that Franchisee (or Developer) has read such Franchise Disclosure Document and understands its contents.

\_\_\_\_\_  
Initial

8. Franchisee (or Developer) 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 (or Developer) with respect to the Franchise Agreement (or Multi-Unit Development Agreement) or the relationship thereby created.

\_\_\_\_\_  
Initial

9. Franchisee (or Developer), together with Franchisee's (or Developer'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 (or Multi-Unit Development Agreement).

\_\_\_\_\_  
Initial

10. Franchisee (or Developer) is aware of the fact that other present or future franchisees (or developers) 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 (or Developer'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 (OR DEVELOPER) AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S (OR DEVELOPER'S) AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE ROLLING SUDS FRANCHISING LLC, ROLLING SUDS HOLDINGS, LLC, RSIP HOLDINGS, 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 (OR MULTI-UNIT DEVELOPMENT 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 (OR DEVELOPER).

\_\_\_\_\_  
Initial

FRANCHISEE:

\_\_\_\_\_

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

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

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

PRINCIPAL:

\_\_\_\_\_

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

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

PRINCIPAL:

\_\_\_\_\_

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

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

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

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

The Department of Financial Protection and Innovation for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

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

2. OUR WEBSITE [www.rollingsudsfranchise.com](http://www.rollingsudsfranchise.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [www.dfp.ca.gov](http://www.dfp.ca.gov).

3. Item 3 is amended to add:

Neither Franchisor nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

4. Item 17 is amended to state:

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

(b) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

(c) The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.

(d) The Franchise Agreement requires application of the laws of Pennsylvania. This provision may not be enforceable under California law.

5. The highest interest rate allowed by law in California is 10% annually.

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

7. California law requires that you obtain a contractor's license of the California Contractors State License Board (CSLB) if the total cost (labor and materials) of one or more contracts on the project is \$500 or more. Licenses may be issued to individuals, partnerships, corporations, or joint ventures. The CSLB does not issue licenses to Limited Liability Companies (LLCs).

8. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

9. The Department has determined that the franchisor has not demonstrated it is adequately capitalized. The Commissioner has imposed a financial assurance infusion of cash requirement that the franchisor will maintain the amount of Fifty Five Thousand Dollars (\$55,000.00) in working capital in its account throughout the registration period.

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

**ADDENDUM REQUIRED BY THE STATE OF CONNECTICUT**

**DISCLOSURE REQUIRED BY CONNECTICUT LAW: The State of Connecticut does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.**

1. Pursuant to Section 36b-63(c) (23) If the seller fails to deliver the products, equipment or suppliers or fails to render the services necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.
  
2. Pursuant to Section 36b-63(c)(21) Caution: Some business opportunities have (sold) (earned) this amount. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.
  
3. Pursuant to Section 36b-63(b)(20) Caution: These figures are only estimates of what we think you may earn. There is no assurance you will do as well. If you rely upon our figures, you must accept the risk of not doing as well.

The parties hereto have duly executed, sealed, and delivered this Addendum dated this day of \_\_\_\_\_

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

FRANCHISOR:  
Rolling Suds Franchising LLC

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

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

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

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

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

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

**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.

Your payment of the Initial Franchise Fees will be deferred until Franchisor has met its initial obligations and you have commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial status.



**AMENDMENT TO THE ROLLING SUDS FRANCHISING 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.

7. Your payment of the Initial Franchise Fees will be deferred until Franchisor has met its initial obligations and you have commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial status.

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:

Rolling Suds Franchising 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 MARYLAND**

1. Item 17 is amended to state:

(a) Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.

(b) Any general release required by the terms and conditions of the Franchise Agreement as a condition of renewal, assignment or transfer shall not apply to any liability under the Maryland Franchise Law.

(c) Our right to terminate you upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

(d) A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

2. Item 5 is amended to state:

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

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

**AMENDMENT TO THE ROLLING SUDS FRANCHISE AGREEMENT REQUIRED BY  
THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., and of the Rules and Regulations promulgated thereunder, the parties to the attached Rolling Suds Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. To the extent of any inconsistencies, Section 17.1 of the Franchise Agreement is hereby amended to further state:

“Our right to terminate you upon your bankruptcy, however, may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*)”

3. To the extent of any inconsistencies, Section 20.3 of the Franchise Agreement is hereby amended to further state:

“Nothing herein shall waive your right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.”

4. To the extent of any inconsistencies, Section 20.6 of the Franchise Agreement is hereby amended to further state:

“Any claims arising under the Maryland Franchise Law must be brought within three (3) years after the grant of the franchise.”

5. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, Md. Code Ann., Bus. Reg. § 14-201 et seq., are met independently without reference to this Amendment.

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

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

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

FRANCHISOR:

Rolling Suds Franchising LLC

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

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

FRANCHISEE:

\_\_\_\_\_

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

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

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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

**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),

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

4. 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, including but not limited to Section 21.4 of Rolling Suds Franchise Agreement and Exhibit F to the Rolling Suds Franchise Disclosure Document.



**AMENDMENT TO THE**  
**ROLLING SUDS**  
**FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached Rolling Suds 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.”

8. 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.

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

10. 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, including but not limited to Section 21.4 of Rolling Suds Franchise Agreement and Exhibit F to the Rolling Suds Franchise Disclosure Document.

11. Item 5 is amended to state:

We will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business, and it is operating.

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:  
Rolling Suds Franchising LLC

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 CHOSE, 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 ROLLING SUDS FRANCHISING LLC**  
**FRANCHISE AGREEMENT**

THIS RIDER TO THE FRANCHISE AGREEMENT FOR NEW YORK (“Rider”) is entered into by and between Rolling Suds Franchising LLC a Pennsylvania limited liability company with its principal office at 262 Titus Avenue Warrington, Pennsylvania 18976 (“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 Rolling Suds franchise (the “Franchise Agreement”);

WHEREAS, you are domiciled in New York and the Rolling Suds 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:

Rolling Suds Franchising LLC

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

\_\_\_\_\_

(Print Name, Title)

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_

(Print Name, Title)

**ADDENDUM TO THE**  
**ROLLING SUDS FRANCHISING LLC FRANCHISE DISCLOSURE DOCUMENT AND**  
**FRANCHISE AGREEMENT**  
**REQUIRED BY THE STATE OF NORTH DAKOTA**

The North Dakota Securities Commissioner requires that certain provisions contained in franchise documents be amended to be consistent with North Dakota law, including the North Dakota Franchise Investment Law, NDCC § 51-19 *et seq.* (“NDFIL”). To the extent that (a) the jurisdictional requirements of the NDFIL are met and (b) this Franchise Disclosure Document and Franchise Agreement contain provisions that are inconsistent with the following, such provisions are hereby amended:

1. Covenants not to compete upon termination or expiration of the franchise agreement are subject to NDCC § 9-08-06.
2. Item 17(u) of the Disclosure Document, Section 20 of the Franchise Agreement are amended to provide that arbitration shall be held at a site that is agreeable to all parties.
3. Any requirement that you consent to liquidated damages or termination penalties shall not apply to the extent prohibited by the NDFIL;
4. Any requirement that you consent to (i) the jurisdiction of courts outside of North Dakota, (ii) the application of laws of a state other than North Dakota, (iii) waiver of jury trial or (iv) waiver of exemplary and punitive damages shall not apply to the extent prohibited by the NDFIL;
5. Any release required as a condition to a renewal of the franchise agreement shall not apply to the extent prohibited by the NDFIL;
6. Any requirement that you consent to a limitation of claims shall not apply to the extent prohibited by the NDFIL. As applicable, the statute of limitations under North Dakota law shall control.
7. The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney's fees.
8. In the State of North Dakota only, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business, and it is operating.

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

FRANCHISOR:

Rolling Suds Franchising LLC

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

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

FRANCHISEE:

\_\_\_\_\_

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

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

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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

**ADDENDUM TO THE**  
**ROLLING SUDS FRANCHISING 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 Rolling Suds Franchising 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**  
**ROLLING SUDS FRANCHISING 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 Rolling Suds Franchising 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:

Rolling Suds Franchising LLC

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

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

FRANCHISEE:

\_\_\_\_\_

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

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

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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

**ADDENDUM REQUIRED BY THE STATE OF SOUTH DAKOTA**

In the State of South Dakota, we will defer the payment of the initial franchise fee, development fee and any other initial payment until all of our material pre-opening obligations have been satisfied and until you open your business and it is operating. However, you must execute the Franchise Agreement prior to looking for a site or beginning training.

The parties hereto have duly executed, sealed and delivered this Addendum dated \_\_\_\_\_.

FRANCHISEE:

\_\_\_\_\_

FRANCHISOR:

Rolling Suds Franchising LLC

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

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

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

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

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

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

PRINCIPALS:

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

\_\_\_\_\_  
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.

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

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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

**AMENDMENT TO THE**  
**ROLLING SUDS FRANCHISING LLC FRANCHISE AGREEMENT REQUIRED**  
**BY THE STATE OF WASHINGTON**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

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

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

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

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



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

FRANCHISOR:

Rolling Suds Franchising LLC

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

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

FRANCHISEE:

\_\_\_\_\_

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

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

PRINCIPAL:

\_\_\_\_\_

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

PRINCIPAL:

\_\_\_\_\_

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

## 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:

<b>State</b>	<b>Effective Date</b>
California	February 7, 2023
Hawaii	February 6, 2023
Illinois	April 6, 2023
Indiana	February 3, 2023
Maryland	August 25, 2023
Michigan	February 9, 2023
New York	March 22, 2023
North Dakota	March 3, 2023
Rhode Island	March 6, 2023
South Dakota	February 6, 2023
Virginia	March 17, 2023
Washington	Pending
Wisconsin	February 3, 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 Rolling Suds Franchising 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 Rolling Suds Franchising 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:

Aaron Harper 262 Titus Avenue Warrington, Pennsylvania 18976 (949) 877-2948	
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Issuance Date: January 30, 2023

I received a Disclosure Document dated January 30, 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: 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 Rolling Suds Franchising 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.

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Aaron Harper 262 Titus Avenue Warrington, Pennsylvania 18976 (949) 877-2948	
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- 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 Rolling Suds Franchising LLC,  
Aaron Harper  
262 Titus Avenue  
Warrington, Pennsylvania 18976