

## FRANCHISE DISCLOSURE DOCUMENT

**PACKOUTZ International, LLC**  
**A Michigan Limited Liability Company**  
**731 Fairfield Ct, Ann Arbor, MI 48108**  
**734-864-9799**

**info@belfrangroup.com**  
**[www.bluekangaroopackoutz.com](http://www.bluekangaroopackoutz.com)**



The franchise offered is for the establishment and operation of a business offering inventorying, packing, moving, cleaning, deodorizing and storage services, utilizing the BLUE KANGAROO PACKOUTZ business system, which is sometimes referred to below as the “Franchise” or “BLUE KANGAROO PACKOUTZ Business.”

The total investment necessary to begin operation of a standard BLUE KANGAROO PACKOUTZ Business is \$221,806 to \$431,396. This includes \$109,800 that must be paid to the franchisor or its affiliates. The total investment necessary to begin operation of a small market BLUE KANGAROO PACKOUTZ Business is \$204,831 to \$414,421. This includes \$94,825 that must be paid to the franchisor or its affiliates. The total investment necessary to begin the operation of a conversion BLUE KANGAROO PACKOUTZ Business is \$95,931 to \$366,590. This includes \$10,725 to \$84,800 that must be paid to the franchisor or its affiliates.

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

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

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

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

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

**Issuance date: March 31, 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 Exhibits F and G.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only BLUE KANGAROO PACKOUTZ 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 BLUE KANGAROO PACKOUTZ franchisee?</b>	Exhibits F and G lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Michigan. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Michigan than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **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.
4. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
5. **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.

Certain states may require other risks to be highlighted. If so, check the "State Specific Addenda" pages for your state.

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

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

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub franchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

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

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

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

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

If the franchisor's most recent financial statements are un-audited, and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

Any questions regarding this notice should be directed to:

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

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Franchise Disclosure Document 2303	

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

### 1.1 The Franchisor and its Parents.

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

We were formed on August 29, 2019, as a Delaware Limited Liability Company. We do business under our business name and the name “BLUE KANGAROO PACKOUTZ.” We do not do business under any other name. We do not conduct and have not conducted business in any other line of business. We do not and have not offered franchises in any other line of business. We previously offered franchises in this same line of business but under the name “PACKOUTZ” from August 2019 until December 2020.

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

Our parent, BELFOR Franchise Group, LLC (“BFG”) is a Michigan Limited Liability Company formed on July 3, 2007 and has a principal business address of 731 Fairfield Ct, Ann Arbor, MI 48108. BFG is a wholly owned subsidiary of BELFOR (USA) Group, Inc. (“BELFOR”), a Colorado corporation formed on June 9, 1995, and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR is a wholly owned subsidiary of BELFOR Holdings, Inc., a Delaware corporation incorporated on May 24, 2006 and located at 185 Oakland Ave, Suite 150, Birmingham, MI 48009. BELFOR offers property and electronic restoration, machinery refurbishment, data and document restoration, mold remediation, emergency and rapid response. BELFOR does not currently operate any, nor has it offered, franchises in any line of business, although it reserves the right to do so in the future. As of December 31, 2022, BELFOR owns and operates 169 locations in the United States and Canada.

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

None of our affiliates have offered or currently offer franchises in the type of business being offered under this Disclosure Document. Our affiliates are listed in Sections 1.5 and 1.6 below.

### 1.2 Our Business and the Franchises Offered

We grant franchises for the establishment and operation of a business that offers to clients within a specific geographic area packing, storage, and restoration of residential, commercial, and industrial contents after an event or disaster causing water, fire, storm, or other damage (the “Services”) The BLUE KANGAROO PACKOUTZ Business will be operated from a commercial or industrial park in a space of at least 5,000 square feet. You will operate your BLUE KANGAROO PACKOUTZ Business under the trademarks, service marks, trade names, emblems,

signs, slogans, insignia and copyrights we have designated for use in connection with a BLUE KANGAROO PACKOUTZ Business (“Marks”).

Each BLUE KANGAROO PACKOUTZ Business will be awarded a geographic territory (the “Territory”) where you may advertise, and solicit business, and where you may also perform services under certain conditions as described in Section 1 of the Franchise Agreement. Under certain conditions, other franchisee(s), Company Store(s) (as defined below), we and/or PZNA (collectively referred to as “BLUE KANGAROO PACKOUTZ Affiliates”) may also solicit and perform services in the Territory, but only as described in Section 1 of the Franchise Agreement. A “Company Store” refers to a BLUE KANGAROO PACKOUTZ Business that is owned by us or PZNA. We grant franchises only in accordance with our Franchise Agreement (the “Franchise Agreement”). A copy of it is attached as Exhibit A-1. Conversion Franchisees (as defined in Item 5) are also required to enter into our standard Conversion Addendum, which is currently attached as Exhibit H to the Franchise Agreement.

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

The BLUE KANGAROO PACKOUTZ Business includes a unique method of process and systems for providing inventorying, packing, moving, cleaning, deodorizing and storage services, all of which we (or our affiliates) may improve, further develop or otherwise modify from time to time (collectively, the “System”). We intend to develop, promote, and award BLUE KANGAROO PACKOUTZ Businesses to establish a franchised network of local owners across the United States which together with Company Stores will conduct the Services under the Marks using methods and operating systems as defined in our operations manual and other manuals or similar written materials. You must operate your BLUE KANGAROO PACKOUTZ Business according to the System. We have no other business activities although they reserve the right to do so in the future.

The various elements of the System are incorporated into the Operations Manual, online training modules and the BLUE KANGAROO PACKOUTZ owner’s intranet website (collectively, the “Operations Manual”). We also have a set of system standards that will contain mandatory and suggested specifications, standards, operating procedures, and rules (the “System Standards”) that we prescribe periodically for the operation of a BLUE KANGAROO PACKOUTZ Business, and information on your other obligations under the Franchise Agreement and related agreements. We may modify the Operations Manual and System Standards periodically to reflect changes in the System.

We may continue to develop new Services. We are not obligated to develop or offer you the right to provide new Services, but if they are offered, we may impose requirements in addition to those described in this Disclosure Document, which may include, among others, completion of additional training, the purchase of additional equipment, payment of additional fees and the execution of additional agreements. You will be required to participate in these new Services as instructed by us. We may also discontinue services in our sole discretion and you would then be required to also discontinue offering such services.

### 1.3. Market and Competition

Following the System, you will market your BLUE KANGAROO PACKOUTZ Business services directly to residences, commercial entities and governments/municipalities that require the Services. We encourage you to study potential markets and the competition that may already exist. You will experience competition for from other independent businesses and national franchisors that provide similar services and products.

The market for inventorying, packing, moving, cleaning, deodorizing and storage services is developed in most geographic areas and competition will depend upon the number of businesses in your area capable of performing similar services, and the number of people in the area aware of the availability and benefits of such services.

1.4 Laws and Industry Regulations

You must comply with all federal, state, and local laws and regulations that apply to business providing inventorying, packing, moving, cleaning, deodorizing and storage services in general. You should investigate these laws and regulations, and keep apprised of changes that are made in areas that you service. You are solely responsible to investigate and determine licensing requirements in the area you would like to service before signing the Franchise Agreement. It is your sole responsibility to investigate and comply with these laws and regulations. If you will be operating in California, you may be required to obtain and maintain a California Household Movers Permit with the Bureau of Household Goods and Services.

1.5 Prior Business Experience and Predecessor.

On April 1, 2018, BFG purchased O'Donnell Brothers' Professional Furniture Service Inc., a Michigan corporation, which did not offer franchises in this or any line of business, and transferred such entity to PACKOUTZ North America, LLC (“PZNA”). PZNA is our affiliate and is a company that operates businesses that provide the complete restoration and storage of salvageable contents from a structure damaged by water, fire, or flood. PZNA does not offer franchises in any line of business at this time, although they reserve the right to do so in the future. Its principal address is 731 Fairfield Ct, Ann Arbor, MI 48108.

1.6 Affiliates

BELFOR, or our parent, BFG, also owns the companies that offer franchises in the chart below. The franchising companies have offered franchises since their year of formation, only offer franchises in the line of business in the chart, and have never offered franchises in any other line of business. All of the franchising companies in the chart below have the following principal business address: 731 Fairfield Court, Ann Arbor, MI, except the Canadian companies, which have the following principal business address: 3300 Bridgeway Street, Vancouver, British Columbia V5K 1H9.

<b>Company</b>	<b>State/Type of Entity</b>	<b>Date of Formation</b>	<b>Number of Outlets</b>	<b>Franchise Offering</b>
HOODZ International, LLC (“HOODZ”)	Delaware LLC	Oct. 3, 2008	128	Performing commercial kitchen exhaust system cleaning, inspection, maintenance and restoration services.
DUCTZ International, LLC (“DUCTZ”)	Michigan LLC	Mar. 30, 2004	67	HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects.
1 800 WATER DAMAGE International, LLC (“1 800 WD”)	Delaware LLC	Apr. 16, 2015	167	Water damage restoration services, carpet cleaning services, mold remediation, odor removal, fire and smoke and related cleaning services.
PLUMBERZ International, LLC (“Z PLUMBERZ”)	Delaware LLC	Mar. 25, 2019	30	Plumbing, sewer, and drain service to residential, commercial, and industrial buildings.

Company	State/Type of Entity	Date of Formation	Number of Outlets	Franchise Offering
Patch Boys International, LLC (“THE PATCH BOYS”)	Delaware LLC	May 6, 2020	298	Performing light restoration and reconstruction services in residential homes and commercial businesses.
RedBox+ International, LLC (“REDBOX+”)	Michigan LLC	May 28, 2021	277	Dumpster and portable restroom rental services
1-800 BOARDUP International, LLC* (“1-800 BOARD UP”)	Delaware LLC	July 8, 2022	90	Emergency structural stabilization services
Cool Binz International, LLC (“COOL BINZ”)	Michigan LLC	September 29, 2022	0	Temperature-controlled portable storage solutions
Safer Home Services International, LLC (“SAFER HOME SERVICES”)	Michigan LLC	September 29, 2022	2	Residential and commercial pest control
HOODZ Canada, Inc.	Federal company (Canada)	Oct. 4, 2011	1	Performing commercial kitchen exhaust system cleaning, inspection, maintenance and restoration services.
DUCTZ Canada, Inc.	Federal company (Canada)	Jan. 12, 2018	2	HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects.
Patch Boys Canada, Inc.	Federal company (Canada)	Jan. 12, 2018	0	Performing light restoration and reconstruction services in residential homes and commercial businesses.

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

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
<b>BFG</b>					
1 800 WATER DAMAGE North America, LLC (“WDNA”)	Delaware LLC	Sept. 28, 2015	731 Fairfield Court, Ann Arbor, MI 48108	0	Water damage restoration services, carpet cleaning services, mold remediation, odor removal, fire and smoke and related cleaning services.
DUCTZ North America, LLC (“DZNA”) (predecessor is DUCTZ-NST Ventures, LLC, formed on March 15, 2006)	Delaware LLC	July 24, 2007	731 Fairfield Court, Ann Arbor, MI 48108	5 (company-owned DUCTZ Businesses)	HVAC restoration and duct cleaning services to various large volume, emergency, and rapid response projects.
HOODZ North America, LLC (“HZNA”)	Delaware LLC	Nov. 12, 2009	731 Fairfield Court, Ann Arbor, MI 48108	6 (company-owned HOODZ Businesses)	Commercial exhaust hood system and oven cleaning, inspection, maintenance and restoration services.

<b>Company</b>	<b>State/Type of Entity</b>	<b>Date of Formation</b>	<b>Principal Address</b>	<b>Number of Outlets</b>	<b>Industry</b>
PACKOUTZ North America, LLC (“BLUE KANGAROO PZNA”) (predecessor is O'Donnell Brothers' Professional Furniture Service Inc.)	Michigan LLC	March 25, 2019	731 Fairfield Court, Ann Arbor, MI 48108	1	Contents restoration, packing, cleaning, and permanent climate-controlled storage.
PLUMBERZ North America, LLC (“Z PLUMBERZ NA”)	Michigan LLC	March 25, 2019	731 Fairfield Court, Ann Arbor, MI 48108	7	Plumbing, sewer, and drain service to residential, commercial, and industrial buildings.
Cool Binz North America, LLC (“CBNA”)	Michigan LLC	September 29, 2022	731 Fairfield Court, Ann Arbor, MI 48108	1	Pest protection, termite control, rodent control, and other related services to residential and commercial customers
Safer Home Services North America, LLC (“SHSNA”)	Michigan LLC	September 29, 2022	731 Fairfield Court, Ann Arbor, MI 48108	3	Portable storage containers, devices and equipment, including, climate-controlled and non-climate-controlled storage containers, mobile offices, mobile refrigeration units and freezers
BHI Distribution, LLC (“BHI”)	Delaware LLC	Feb. 19, 2008	731 Fairfield Court, Ann Arbor, MI 48108	1	Procurement and distribution of vehicles, equipment and supplies for BELFOR USA and its affiliates and subsidiaries.
CS Holdings, LLC d/b/a Colman Wolf (“Colman Wolf”)	Michigan LLC	June 29, 2009	185 Oakland Ave, Birmingham, Michigan 48009	1	Supplier of certain sanitary and paper products.
DRIPLOC, LLC (predecessor is DRIPLOC, LLC, formed on June 4, 2002)	Delaware LLC	May 12, 2010	731 Fairfield Court, Ann Arbor, MI 48108	1	Grease containment, may provide equipment and related services to franchisees.
Colman Wolf Supply, LLC (“Colman Wolf”)	Michigan LLC	June 29, 2009	15201 E 11 Mile Road Roseville, MI 48066	1	Procurement and distribution of equipment and supplies for BELFOR USA and its affiliates and subsidiaries.
Winmar (Canada) International Ltd. (“Winmar”) (predecessor is Winmar International, Inc.)	Federal company (Canada)	Dec. 7, 2018	Stonach Crescent, London, ON N5V 3G5..	91	Restoration services for residential and commercial properties across Canada that specialize in water damage, fire and smoke restoration services, mold inspection and removal as well as damage restoration and recovery.
BELFOR FRANCHISE GROUP UK LIMITED	Private Limited	Aug. 20, 1987	Curzon Street	3	Commercial exhaust hood system and oven cleaning,

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
	Company (United Kingdom)		Business Centre, Curzon Street, Burton-On-Trent, Staffs, DE14 2DH		inspection, maintenance and restoration services.

\*1-800 BOARDUP International, LLC is a “fractional franchise” as it is defined in 16 CFR §436,2(d)(2007). In some states, 1-800 BOARDUP, International, LLC is not considered a franchise.

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

Company	State/Type of Entity	Date of Formation	Principal Address	Number of Outlets	Industry
Chem-Dry, Inc. (“CDI” formerly known as Harris Research, Inc.)	Utah Corp.	March 1994  (originally a California Corp. formed in Nov. 1977)	3310 West End Ave., Suite 620, Nashville, TN 37203	1,437	Offers Chem-Dry franchises, which is a carpet cleaning and upholstery cleaning franchise, since 1978. Offered N-Hance franchises in the U.S. and Canada from May 2003 until August 2017.
NHance, Inc. (“NHI”)	Delaware Corp.	Dec. 31, 2012	1530 North 1000 West, Logan, UT 84321	317  (plus 1 Master franchisee in Canada)	Wood cleaning, coating, protection and other wood care and renewal products and services for wood flooring, cabinetry, trim and other wood furnishings
Devere International, Inc. (“DII”)	California Corp.	Sept. 1987	3310 West End Ave., Suite 620, Nashville, TN 37203	51 Chem-Dry	Offers Chem-Dry and N-Hance master franchises outside of the United States and Canada
Delta Development Group, LLC (“DDG”)	Colorado LLC	Mar. 14, 2018	3310 West End Ave., Suite 620, Nashville, TN 37203, as of June 1, 2021.	0	Commercial and residential property mitigation, reconstruction, remodeling and consulting services.

## ITEM 2: BUSINESS EXPERIENCE

### President: Timothy Fagan

Mr. Fagan has served as the President of PACKOUTZ International, LLC, located in Ann Arbor, MI, since of June 2020. Mr. Fagan also has been serving as the President of 1-800-WATER DAMAGE International, LLC in Ann Arbor, MI since August 2018 and of 1-800 BOARD UP in Ann Arbor, MI since September 2022, each company is located in Ann Arbor, MI. Prior to his

position as President of 1-800-WATER DAMAGE International, LLC, Mr. Fagan was the General Manager of BELFOR Property Restoration located in Livonia, MI from October 2010 until August 2018.

President of BELFOR Franchise Group, LLC: Rusty Amarante

Mr. Amarante has served as President of BELFOR Franchise Group, LLC located in Ann Arbor, MI from March 2012 to the present. Mr. Amarante also served as President of 1 800 WATER DAMAGE International, LLC, and 1 800 WATER DAMAGE North America, LLC, both located in Ann Arbor, MI from October 2015 to August 2018. Mr. Amarante has served as Director of Operations for BELFOR USA Group, Inc., located in Birmingham, MI, from November 1999 to the present. Mr. Amarante also serves as Executive Chairman of BFG Holdco, located in Nashville, TN from July 2019 to the present and as President of Redbox+ International, LLC in Ann Arbor, MI since September 2022.

Chief Executive Officer of Belfor Franchise Group, LLC: Sheldon Yellen

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

Treasurer and Secretary: Chris Jones

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

Senior Vice President of Legal and Franchise Administration: Melanie Parker

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

### Senior Vice President of Franchise Sales and Development: Doug Smith

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

### Senior Vice President of Marketing: William Zinke

Mr. Zinke has been the Senior Vice President of Marketing for all brands owned by BELFOR Franchise Group, LLC since December 2019. Mr. Zinke joined CDI as Vice President of Marketing for Chem-Dry in May 2012 and was named Senior Vice President of Marketing for CDI in January 2018 and has served in the same capacity for DDG since March 2018.

### Vice President of Operations: Michael Case

Mr. Case became the Vice President of Operations for PACKOUTZ International, LLC, located in Ann Arbor, MI, on March 31, 2023. Previously, Mr. Case was the General Manager of our affiliate, BLUE KANGAROO PZNA, in Mount Clemons, MI, from January 2021 to March 30, 2023. He joined BLUE KANGAROO PZNA in April 2020 as Operations Manager. Prior to that, Mr. Case was employed by Art Van Furniture, in Warren, MI, as the Senior Director of Loss Prevention from March 2005 to April 2020.

### Vice President of Franchise Development: Ken Osness

Mr. Osness has served as Vice President of Franchise Development for BELFOR Franchise Group, LLC, whose main offices are located in Ann Arbor, MI from October 2019 to the present. Prior to that Mr. Osness served as the Director of Franchise Development for BELFOR Franchise Group, LLC, from December 2015 to September 2019.

## **ITEM 3: LITIGATION**

No litigation is required to be disclosed in this Item.

## **ITEM 4: BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

## **ITEM 5: INITIAL FEES**

### 5.1. Initial Fees for Franchises

#### *Standard Franchise*

Upon signing of the Franchise Agreement for a Standard Franchise, you must pay an initial franchise fee of \$59,900 (the “Initial Franchise Fee”). The Initial Franchise Fee is deemed fully earned upon payment and non-refundable under any circumstances. The Initial Franchise Fee purchases a Territory that will encompass between 750,000 people to a maximum of 1,000,000 people (“Standard Franchise”).



If you wish to purchase multiple Standard Franchise Territories at the time you sign your first Franchise Agreement with us, then we will discount the Initial Franchise Fee for the additional Franchise Agreement(s) by \$10,000. The discount is only applicable if you purchase additional Standard Franchise Territories at the same time as your initial Standard Franchise purchase, and the discount will be applied to the Initial Franchise Fee for the additional territories only. The discount cannot be combined with any other discount, and will not be granted toward any future Territory expansions.

#### *Small Market Franchise*

Upon signing of the Franchise Agreement for a Small Market Franchise, you must pay an initial franchise fee of \$44,925 (the “Initial Franchise Fee”). The Initial Franchise Fee is deemed fully earned upon payment and non-refundable under any circumstances. The Initial Franchise Fee purchases a Territory that will encompass between 400,000 people to no more than 749,000 people (“Small Market Franchise”). If you wish to purchase multiple Small Market Territories at the time you sign your first Franchise Agreement with us, then we will discount the Initial Franchise Fee for the additional Franchise Agreement(s) by \$10,000. The discount is only applicable toward your initial purchase of a Small Market Franchise, cannot be combined with any other discount, and will not be granted toward any future Territory expansions.

We also offer additional financing to those franchisees that meet our credit standards. Our financing is described in more detail in Item 10. From time to time, we may offer incentives of cash grants, equipment, product, or other items as an inducement to prospective franchisees when business circumstances warrant and in states where such incentives can be offered without restrictions. We reserve the right to change or cancel any offer at any time.

#### *Initial Package Fee*

You must also obtain an initial package (“Initial Package”) that will cost \$49,900 (the “Initial Package Fee”). The Initial Package includes equipment and supplies needed to begin operation, which will include logo wear, stationery, digital marketing, tools, equipment, storage containers, consumables, promotional items, safety items, and a \$749 convention allowance (the “Convention Allowance”) for the BLUE KANGAROO PACKOUTZ annual convention (the “Annual Convention”). The Convention Allowance cannot be used to offset any other expenses or requirements associated with your BLUE KANGAROO PACKOUTZ Business.

The Initial Franchise Fee offsets the expenses we incur in registering, marketing, awarding, training, and opening new franchises. Except for the Convention Allowance described above, the Initial Franchise Fee and Initial Package Fee is non-refundable and deemed fully earned upon payment.

We provide a 20% discount on the Initial Franchise Fee for the first Standard Franchise and Small Market Territory to veterans of U.S. Armed Forces who have been honorably discharged or otherwise meet the requirements of IFA’s VetFran program. We reserve the right to require proof that the applicant qualifies for this discount.

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

## 5.2 Initial Fees for Conversion Franchises

If you are an existing building contents packing, cleaning, and storage business that has grossed at least \$100,000 in annual sales in your two (2) most recent fiscal years, then you may qualify to purchase a BLUE KANGAROO PACKOUTZ Business as a conversion franchise (“Conversion Franchise”). To be eligible to purchase a Conversion Franchise, you must provide two (2) years’ worth of tax returns (Form 1040 with schedule C, E, or F, Form 1065, Form 1120S, or Form 1120) and any other information that we reasonably request. The Initial Franchise Fee for a Conversion Franchise will be reduced according to the chart below.

<b>Conversion Tiers</b>	<b>Grossed Annual Sales</b>	<b>Initial Franchise Fee</b>	<b>Re-Branding Credit*</b>
<b>Tier One</b>	\$100,000 - \$249,999	\$40,000	\$5,000
<b>Tier Two</b>	\$250,000 - \$499,999	\$35,000	\$10,000
<b>Tier Three</b>	\$500,000 - \$749,999	\$30,000	\$15,000
<b>Tier Four</b>	\$750,000 - \$999,999	\$25,000	\$20,000
<b>Tier Five</b>	\$1,000,000+	\$20,000	\$25,000

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

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we may discount the Initial Franchise Fee for the second Franchise Agreement by \$5,000.

Depending on the types and condition of the equipment you already own, the Initial Package Fee may be waived or reduced in our sole discretion. At minimum, you will be required to purchase the Marketing and Operations Package component of the Initial Package for \$7,000, which includes logowear, stationery, digital marketing kit, and Convention Allowance to be used at the first convention or regional meeting following the signing of your Franchise Agreement. We reserve the right to require Conversion Franchises to purchase a complete Initial Package if we deem it necessary. Conversion Franchises are not eligible for any other discounts to the Initial Fee.

As stated in Item 1, Conversion Franchisees are required, in addition to the Franchise Agreement, to enter into our standard Conversion Addendum, which is currently attached as Exhibit H to the Franchise Agreement.

## 5.3 Related Franchisee Package

If you are currently a franchisee in good standing, as determined by us, with one of our franchising affiliates (a “Related Franchisee”), then you may qualify to purchase a BLUE KANGAROO PACKOUTZ Business with a discounted Initial Franchise Fee. The initial fees for a Related Franchisee will be twenty-five percent (25%) off of the then-current Initial Franchise Fee, and such discounted fee is limited to up to two (2) Franchises, which must be purchased at the same time.

A Related Franchisee cannot use any other discounts, including for a Conversion Franchise. The Initial Franchise Fee offsets the expenses we incur in registering, marketing, awarding, training, and opening new franchises. Except for the Convention Allowance described

above, the Initial Franchise Fee and Initial Package Fee is non-refundable and deemed fully earned upon payment.

#### 5.4 Renewals and Transfers

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

If you are acquiring your BLUE KANGAROO PACKOUTZ Business via transfer, then (a) we currently waive the Initial Franchise Fee, (b) you or the seller must pay our then-current Transfer Fee, and (c) you may be required to purchase some or all of the Initial Package, in our discretion.

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

<b>Name of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks (Note 1)</b>
Royalty (Note 3)	The following percentages of Gross Sales, but no less than \$500 per month, 7% of Gross Sales generated; Conversion Franchises will pay 4% of Gross Sales generated for the first year of the Term and 7% of Gross Sales generated in the remaining years of the Term.	This fee is due by automatic debit each month by the 10 <sup>th</sup> (or another day we may designate) for Gross Sales generated during the preceding month (Note 2)	See Note 5
National Marketing Fee	2% of Gross Sales, beginning in month 13 of the Term	This fee is due by automatic debit each month by the 10 <sup>th</sup> (or another day we may designate) for Gross Sales generated during the preceding month	Your contribution to our National Marketing Fund for the common benefit of System franchisees.
Additional Training or Hosting Fee	\$25 per person, per day, of any training conducted at our headquarters, or our then-current fee, plus all travel, lodging, and meal expenses.	Due by automatic debit the following Friday (or any other day we may designate) after the completion of training	Initial Training to you or your Designated Manager and one other person is included with the franchise. You may designate, with our approval and on a "space available basis," additional persons to attend initial training for the Hosting Fee.

<b>Name of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks (Note 1)</b>
Technology Fee	Our then-current fee, which is presently \$460 per month	Deducted monthly	Fees for website hosting, required software licensing, telephone service, email hosting, and other required technology related expenses. See Note 9.
Annual Convention, Regional Meetings and/or Additional Training	The then current fee, which is currently (a) \$1,000 maximum per person to attend the Annual Convention, and (b) \$0 - \$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.
Transfer Fee	25% of the then-current Initial Franchise Fee	Due upon the transferee signing the new Franchise Agreement	Due upon transfer to a third party. We reserve the right to increase this fee. These fees are non-refundable.
Transfer of Corporation Fee	\$500	Due upon signing transfer documents	Due if you change the legal entity that owns the Franchise more than once
Broker Fee - Resale	If you authorize us to enlist a third party broker to locate the transferee, there will also be a broker fee, which currently \$30,000	Due upon closing of the sale of the BLUE KANGAROO PACKOUTZ Business	Payable only if the third party broker located the transferee. Payable to and imposed and collected by us if a broker fee was paid by us to the third party. Payable to and imposed and collected by the broker if we do not pay a broker fee to the third party.

<b>Name of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks (Note 1)</b>
Outstanding Royalties, Support Fees, and other fees of Transferor	Will vary under circumstances	Due 6 weeks from the transferee's execution of is Franchise Agreement	In a transfer, the transferee promises to pay us at the time of closing the following fees if they are not timely paid by the transferor: Royalties, Referral Fees, amounts owed for purchases from us, Late Payment Fees, Late Report Fees, Interest Fees, NSF Fees and any other fees owed, plus interest, as well as any applicable broker fees.
Renewal Term Fee	10% of the then-current Initial Franchise Fee	At the time you sign a Franchise Agreement for a renewal term	You will sign our then-current Franchise Agreement for the renewal term, which may include materially different terms, including the Royalty rate and/or Territory.
Renovation, Refurbishing, and Remodeling Fees	Actual Costs	When incurred	We may require you to replace, renew, refurbish, or remodel your leased premises, vehicles, vehicle wrap, and equipment to meet our current System Standards and condition requirements at any time during the Term, in our sole discretion, and at your expense. You must maintain all vehicles in good working condition at all times.
Late Report Fee	\$50 per day that a report is late	Due by automatic debit the Friday after the report is late	Due for each day a report is late.
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.
Administrative Fee	Our then-current fee, which is presently \$500 per transaction.	As incurred	Due upon your request or when we are required due to your actions or request, to amend the Franchise Agreement or when you ask

Name of Fee (Note 1)	Amount	Due Date	Remarks (Note 1)
			us to consent to various transactions or to services for which a specific fee is not imposed elsewhere in this agreement or the System.
Collection Fee	Our then-current fee, which is presently up to 35% of gross amounts collected on your behalf	As incurred	Due when we collect payment on your behalf for customers who are delinquent in their payment of 90 days or more
Non-Sufficient Funds (NSF) Fee	Our then current fee, which is presently \$50 per NSF	Due by automatic debit the Friday after the NSF occurs	Due if and when we debit your account for monies owed and there are insufficient funds available.
Convention Non-Attendance Fee	Our then current fee, which is presently \$1,000	Due to us if you fail to attend the Annual Convention and did not receive our prior written permission.	See Note 6
Out of Territory Fee	The current fee for advertising or establishing an office outside of your Territory and in another franchisee's Territory without permission is \$5,000	Due by automatic debit 30 days after written notice	Due after default of advertising or establishing an office outside of your Territory. See Note 7
Audit	Due only if an inspection is necessary. Cost of inspection or audit estimated at \$2,500-\$3,500, plus 100% of understated Royalty and interest, at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is greater, and all late fees, from the date originally due until the date of payment; if an understatement of Royalty is greater than 3%, you also must pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales	Due by automatic debit 15 days after billing	Due if an inspection or audit is made necessary by your failure to (a) furnish reports, supporting records, or other information as required, (b) furnish these items on a timely basis, (c) use the BLUE KANGAROO PACKOUTZ /Required Software for scheduling and invoicing, or if an understatement of Royalty is greater than 3% for any period reviewed.

<b>Name of Fee (Note 1)</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks (Note 1)</b>
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.	As invoiced	You are required to maintain the types and amounts of insurance specified in Item 8 and, as more detailed, the Franchise Agreement.
Interest Fee	18% per annum 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.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims directly or indirectly arising out of your BLUE KANGAROO PACKOUTZ Business's operation. Your obligation to indemnify us will survive the termination or expiration of your Franchise Agreement.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	See Note 8.
Optional Upgrade to RingCentral Premium	\$27.99	Monthly	Paid to us or an affiliate if you wish to upgrade to premium RingCentral telephone services. See Note 9
NORA Fee	None currently assessed; if we manage accounts through a national or regional accounts program you will pay up to 3% of Gross Sales	As incurred	See Note 10

Notes:

The preceding table describes other reoccurring or isolated fees or payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party, in whole or in part.

1. All fees, unless otherwise specified, are uniformly imposed and collected by and payable to us. All fees are non-refundable and deemed fully earned upon payment.

2. Before opening the BLUE KANGAROO PACKOUTZ Business, you must sign and deliver to us the prescribed form of authorization to debit the BLUE KANGAROO PACKOUTZ Business's checking account automatically for all fees due us which is attached to the Franchise Agreement as Exhibit F.

3. You will pay the Royalty based on a percentage of your Gross Sales. Beginning on the Transition Date, you will be required to pay at least the minimum monthly payment of \$500, if that sum is higher than the percentage Royalty, and you must generate minimum monthly gross sales as stated below in the below chart. The “Transition Date” is the first day of the thirteenth (13<sup>th</sup>) month of operation. There is no minimum level of Gross Sales or minimum monthly payment required for the first 12 months. For the following months, the minimum level of Gross Sales will be:

#### Standard Franchise

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Standard Franchise</b>	<b>Minimum Monthly Royalty Required</b>
13 to 24 months	\$12,500	\$500
25 to 36 months	\$25,000	\$500
37 to 48 months	\$37,500	\$500
49 to 60 months	\$50,000	\$500
Greater than 61 months	\$55,000	\$500

#### Small Market Franchise

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Standard Franchise</b>	<b>Minimum Monthly Royalty Required</b>
13 to 24 months	\$9,375	\$500
25 to 36 months	\$18,750	\$500
37 to 48 months	\$28,125	\$500
49 to 60 months	\$37,500	\$500
Greater than 61 months	\$41,250	\$500

4. For purposes of paying the Royalty, we follow the calendar month. The Royalty will be assessed to you upon the earlier of (a) receipt of funds from the customer, or (b) 180 days after the date an original invoice is issued to the customer, regardless of whether the invoice is paid in full. If you transfer the Franchise Agreement to a new owner, the Royalty for all jobs completed prior to the transfer must be paid on the day of closing, regardless of whether the invoice(s) is paid in full. On the effective date of termination of the Franchise Agreement, either by you or us, you must pay us the Royalty for all jobs completed prior to termination. We will draft the Royalty from your bank account on the tenth (10<sup>th</sup>) day of the calendar month (or another day we may designate) for the preceding month. You must pay the Royalty by electronic funds transfer or by such other means as we may specify. We may periodically specify other dates for payment of the Royalty. We will conduct an accounting every six months of the total Royalties paid from the Gross Sales of each BLUE KANGAROO Business. In the event of a deficiency in your payment of the Royalty, National Marketing Fund Contribution, or Technology Fee, or any other amounts required to be paid under this Agreement, you shall immediately, upon notice, pay the deficiency to us. Your completion of such payment shall not be considered a waiver of any default by you or of any of our available remedies for such default afforded to us under this Agreement. In the event



that any bi-annual accounting discloses that your payments have exceeded the amounts due pursuant to this Agreement during that six month period, we will apply the overpayment as a credit on your Royalty account within forty-five (45) days of completion of the accounting, to offset amounts due in the following six month period.

5. Royalties are payment for the use of the Marks, System, Territory, and Manuals. “Gross Sales” means all revenue generated from operating the BLUE KANGAROO PACKOUTZ Business, whether in cash, in services in kind, from barter and/or exchange, or otherwise, less any sales tax or refunds for non-salvageable items. Commissions paid to lead sources are subject to the Royalty.

6. If you fail to attend the Annual Convention, without our prior written permission, you must pay the Convention Non-Attendance Fee of \$1,000. If you miss your first Annual Convention, the Convention Allowance included in the Initial Package will be applied toward the Convention Non-Attendance Fee.

7. You may not advertise or establish an office location outside the Territory without our prior written consent. If you do so, then you must pay us a fee of \$5,000 for each incident of unauthorized advertising (the “Out of Territory Fee”). This fee is in addition to, and not in lieu of, any other rights we have under the Agreement.

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

9. The Technology Fee is currently \$460 per month and is based on two user licenses and six email accounts. If you will require additional licenses, you will be charged an additional fee, which is currently \$250 per license, per month.

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

## ITEM 7: ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

#### A. Standard Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$59,900	\$59,900	Lump sum	On signing the Franchise Agreement	Us
Initial Package Fee <sup>(2)</sup>	\$49,900	\$49,900	Lump sum	On signing the Franchise Agreement; not applicable for additional franchises awarded to you	Us
Rent <sup>(3)</sup>	\$6,000	\$18,000	As agreed	As specified in lease	Lessor
Leasehold Improvements <sup>(4)</sup>	\$0	\$20,000	As agreed	Before opening as incurred	Contractors and Vendors
Exterior Signage	\$500	\$3,000	As incurred	Before opening as incurred	Vendors
Licenses/Permits	\$0	\$5,000	As incurred	Before opening as incurred	Governmental Entities
Technology System <sup>(5)</sup>	\$4,100	\$6,000	As incurred	Before opening as incurred	Vendors
Initial Supplies <sup>(6)</sup> and Inventory	\$20,000	\$80,000	As incurred	Before opening as incurred	Vendors
Insurance <sup>(7)</sup>	\$7,200	\$15,000	As agreed	Annually, before opening as incurred	Insurance Companies
Vehicles <sup>(8)</sup>	\$5,000	\$54,000	As arranged	Before opening	Third Parties
Vehicle Wrap <sup>(9)</sup>	\$3,000	\$6,000	As arranged	Before opening	Third Parties
Full time Service Technician <sup>(10)</sup>	\$5,760	\$15,360	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee <sup>(11)</sup>	\$150	\$1,050	Lump sum	As incurred	Third Parties
High Speed Internet Anti-Virus Software and Electronic Mail	\$210	\$600	Lump sum	As incurred	Third Parties
Security Deposits / Utility Deposits <sup>(12)</sup>	\$2,500	\$6,500	Lump sum	As incurred	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
Global Positioning System/Data Communications Services Fee <sup>(13)</sup>	\$86	\$86	Monthly-60 month contract	As incurred	Third Parties
Costs Incurred While Attending Training <sup>(14)</sup>	\$2,000	\$5,000	As incurred	Before opening as incurred	Airlines, Hotels, Restaurants, Employees
Grand Opening Advertising and Marketing <sup>(15)</sup>	\$0	\$6,000	As incurred	Before opening as incurred	Third Parties
Miscellaneous Pre-opening Expenses <sup>(16)</sup>	\$500	\$5,000	As incurred	Before opening as incurred	Third Parties
Additional Funds – 3 months <sup>(17)</sup>	\$55,000	\$75,000	As incurred	As incurred	Vendors, Employees and Third Parties
<b>TOTALS <sup>(18)</sup></b>	<b>\$221,806 to \$431,396</b>				

### B. Small Market Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$44,925	\$44,925	<b>Lump sum</b>	On signing the Franchise Agreement	Us
Initial Package Fee <sup>(2)</sup>	\$49,900	\$49,900	<b>Lump sum</b>	On signing the Franchise Agreement; not applicable for additional franchises awarded to you	Us
Rent <sup>(3)</sup>	\$6,000	\$18,000	<b>As agreed</b>	As specified in lease	Lessor
Leasehold Improvements <sup>(4)</sup>	\$0	\$20,000	<b>As agreed</b>	Before opening as incurred	Contractors and Vendors
Exterior Signage	\$500	\$3,000	As incurred	Before opening as incurred	Vendors
Licenses/Permits	\$0	\$5,000	As incurred	Before opening as incurred	Governmental Entities
Technology System <sup>(5)</sup>	\$2,100	\$4,000	As incurred	Before opening as incurred	Vendors
Initial Supplies <sup>(6)</sup> and Inventory	\$20,000	\$80,000	As incurred	Before opening as incurred	Vendors

Insurance <sup>(7)</sup>	\$7,200	\$15,000	As agreed	Annually, before opening as incurred	Insurance Companies
Vehicles <sup>(8)</sup>	\$5,000	\$54,000	As arranged	Before opening	Third Parties
Vehicle Wrap <sup>(9)</sup>	\$3,000	\$6,000	As arranged	Before opening	Third Parties
Full time Service Technician <sup>(10)</sup>	\$5,760	\$15,360	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee <sup>(11)</sup>	\$150	\$1,050	Lump sum	As incurred	Third Parties
High Speed Internet Anti-Virus Software and Electronic Mail	\$210	\$600	Lump sum	As incurred	Third Parties
Security Deposits / Utility Deposits <sup>(12)</sup>	\$2,500	\$6,500	Lump sum	As incurred	Third Parties
Global Positioning System/Data Communications Services Fee <sup>(13)</sup>	\$86	\$86	Monthly-60 month contract	As incurred	Third Parties
Costs Incurred While Attending Training <sup>(14)</sup>	\$2,000	\$5,000	As incurred	Before opening as incurred	Airlines, Hotels, Restaurants, Employees
Grand Opening Advertising and Marketing <sup>(15)</sup>	\$0	\$6,000	As incurred	Before opening as incurred	Third Parties
Miscellaneous Pre-opening Expenses <sup>(16)</sup>	\$500	\$5,000	As incurred	Before opening as incurred	Third Parties
Additional Funds – 3 months <sup>(17)</sup>	\$55,000	\$75,000		As incurred	Vendors, Employees and Third Parties
<b>TOTALS <sup>(18)</sup></b>	<b>\$204,830 to \$414,421</b>				

### C. Conversion Franchise

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee	\$3,725	\$34,900	Lump sum	On signing the Franchise Agreement	Us
Initial Package Fee <sup>(2)</sup>	\$7,000	\$49,900	Lump sum	On signing the Franchise Agreement; not applicable for	Us

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
				additional franchises awarded to you	
Rent <sup>(3)</sup>	\$0	\$18,000	As agreed	As specified in lease	Lessor
Leasehold Improvements <sup>(4)</sup>	\$0	\$20,000	As agreed	Before opening as incurred	Contractors and Vendors
Exterior Signage	\$500	\$3,000	As incurred	Before opening as incurred	Vendors
Licenses/Permits	\$0	\$5,000	As incurred	Before opening as incurred	Governmental Entities
Technology System <sup>(5)</sup>	\$2,100	\$4,000	As incurred	Before opening as incurred	Vendors
Initial Supplies <sup>(6)</sup> and Inventory	\$5,000	\$80,000	As incurred	Before opening as incurred	Vendors
Insurance <sup>(7)</sup>	\$7,200	\$15,000	As agreed	Annually, before opening as incurred	Insurance Companies
Vehicles <sup>(8)</sup>	\$4,200	\$16,194	As arranged	Before opening	Third Parties
Vehicle Wrap <sup>(9)</sup>	\$3,000	\$6,000	As arranged	Before opening	Third Parties
Full time Service Technician <sup>(10)</sup>	\$5,760	\$15,360	Payroll	Per your standard payroll policy	Employee
Business Telephone Fee <sup>(11)</sup>	\$150	\$1,050	Lump sum	As incurred	Third Parties
High Speed Internet Anti-Virus Software and Electronic Mail	\$210	\$600	Lump sum	As incurred	Third Parties
Security Deposits / Utility Deposits <sup>(12)</sup>	\$0	\$6,500	Lump sum	As incurred	Third Parties
Global Positioning System/Data Communications Services Fee <sup>(13)</sup>	\$86	\$86	Monthly-60 month contract	As incurred	Third Parties
Costs Incurred While Attending Training <sup>(14)</sup>	\$2,000	\$5,000	As incurred	Before opening as incurred	Airlines, Hotels, Restaurants, Employees
Grand Opening Advertising and Marketing <sup>(15)</sup>	\$0	\$6,000	As incurred	Before opening as incurred	Third Parties

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment Is To Be Made
Miscellaneous Pre-opening Expenses <sup>(16)</sup>	\$0	\$5,000	As incurred	Before opening as incurred	Third Parties
Additional Funds – 3 months <sup>(17)</sup>	\$55,000	\$75,000	As incurred	As incurred	Vendors, Employees and Third Parties
<b>TOTALS</b> <sup>(18)</sup>	<b>\$95,931 to \$366,590</b>				

### Notes

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

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

In general, none of the expenses listed in the above charts are refundable, except security or utility deposits may be refundable.

1. See Item 5 for an explanation of the amount and refundability of the Initial Franchise Fee for a Standard Franchise, Small Market Franchise, Related Franchisee, and Conversion Franchise. We may offer you financing for a portion of the Initial Franchise Fee if you meet our qualifications. We may finance up to 50% of the Initial Franchise Fee for a Standard, Small Market, or Related Franchise, with a minimum down payment of 50% of the Initial Franchise Fee, or up to 75% of the Initial Franchise Fee for a Conversion Franchise, with a minimum down payment of 25% of the Initial Franchise Fee, for a term of three (3) years with 10% interest. The interest rate depends on your credit history. The monthly payment will vary depending on the exact term and the amount financed. See Item 10 for further details.

2. See Items 5 and 11. You must purchase from our Approved Supplier an Initial Package consisting of logo wear, stationery, digital marketing, tools, equipment, storage containers, consumables, promotional items, safety items, and a \$749 Convention Allowance. For Conversion Franchises, the amount of the Initial Package may be reduced or waived.

3. You must operate your BLUE KANGAROO PACKOUTZ Business from an industrial park or commercial space. We estimate that the average monthly rent for an industrial park space ranges from \$2,000 to \$6,000 per month. Landlords typically require a lease deposit of one or two months' rent. We will not evaluate the location of your commercial space. Your rent may be subject to escalation clauses based on inflation or other factors as provided in your lease. The annual rent amount may vary significantly depending on the area of the country, condition, location and size of the location and the demand for the location among prospective tenants. The rent could exceed the estimated amounts in major metropolitan markets. Your initial investment will be much greater if you purchase real estate and construct your premises and we do not have any estimate of those costs.

4. We require that you build your facility to our specific requirements and specifications, which will be more fully described in the System Standards. Currently, we require the following, which is subject to change in our discretion: (a) the building must have a minimum of 5,000 square feet, with 1,000 square feet of that space consisting of an office and such office must contain at least two (2) small offices and a conference room; (b) the warehouse must have at least a fourteen (14) foot drive-in door or loading dock plus sixteen (16) foot ceilings; (c) must include signage that meets our specifications and in accordance with local laws, rules and regulations; and (d) must have a 24-hour security system, proper lighting for cleaning, an ozone chamber, plumbing with a large double sink, and plumbing for a washer and dryer. These estimates include contractor and sub-contractor expenses and in some cases an architect you may engage. The amount of leasehold improvements required will depend on the condition of the location you select. If the location that you choose already meets our requirements, then you will not be required to expend additional funds, which is why the low estimate in this Item is \$0.

5. This includes operational and accounting software and computer equipment as described in Item 11. If you are a Conversion Franchise, you may be required to pay our approved software vendors for the conversion of your business data into the approved service business software.

6. You must furnish your premises in a manner that we direct. This will include certain required equipment and tools. This estimate includes both necessary and optional equipment, supplies and inventory necessary to operate your BLUE KANGAROO PACKOUTZ Business in one territory over the first three months of operation, including a computer system; IOS phone or tablet, or approved equivalent for use in connection with your BLUE KANGAROO PACKOUTZ Business. These costs will vary depending on the size and condition of the premises. You may include some of these items in a finance or lease package if you finance a portion of your initial investment.

7. You must procure, maintain and provide from our approved vendors, liability and other insurance policies for your box trucks and your BLUE KANGAROO PACKOUTZ Business as described in the Franchise Agreement. These costs will increase if you operate more than one Territory or if you choose to accept and perform National Account work. See Item 8 of this

Disclosure Document for more information regarding our insurance requirements. Your vehicle lease may require higher limits or additional coverages. Each specified policy of insurance must meet the following requirements: (a) the policy must name us, BELFOR USA Group, Inc., and BELFOR Franchise Group, LLC (and any of our affiliates that we reasonably specify) as an additional insured; (b) the policy must not be subject to cancellation, modification or amendment except after 30 days written notice to us; (c) the insurance must be placed with an approved vendor and an insurance carrier with an AM Best's Rating of not less than A; and (d) the policy must provide that failure by you to comply with any term, condition or provision of the insurance contract, or other conduct by you, will not void or otherwise affect the coverage afforded us.

8. You must purchase or lease at least one box truck for use in connection with each Territory that complies with our standards and specifications. The vehicle must be in good operating condition regardless of age of vehicle. All vehicles must be rust and dent free. We reserve the right to inspect and approve all vehicles used in your BLUE KANGAROO PACKOUTZ Business, and we may require you to upgrade, refurbish or remodel your vehicles such that they comply with our System Standards at any time. The low range in the above chart assumes that you have an existing white vehicle that complies with our standards and specifications that does not have wrapping that needs to be removed. The high range in the above chart assumes that you are purchasing a brand new vehicle and includes a down payment, administrative fee, and three (3) months' lease payments, but does not include sales tax.

9. You are required to only use vehicle signs and wrapping we permit. All vehicle wraps may only be performed by our authorized vendors. The low end of this estimate is for a van that does not need decals removed before adding our approved decals and the high end of this estimate is for a truck that needs decals removed and also our approved decals added.

10. You must dedicate a full-time Service Technician to perform the actual cleaning services for the BLUE KANGAROO PACKOUTZ Business. The low range estimate is based on a Managing Owner working as the Service Technician and the high range estimate is based on employing a certified crew leader and a Service Technician.

11. We will provide you with the business phone number and fax number to be used by the BLUE KANGAROO PACKOUTZ Business. The number will be forwarded to any device that you choose. The low estimate is based on having this business number forwarded to your existing device(s). The high range estimate is based on the BLUE KANGAROO PACKOUTZ Business acquiring a second landline with a separate phone service provider.

12. You may be required to pay a security deposit. The cost will vary depending on your landlord. You may also be required to pay utility deposits. The costs will vary depending on the provider in your area.

13. You are required to have installed and maintain a GPS unit in each vehicle throughout the term of the Franchise Agreement. Currently, the monthly service fees for three (3) months are \$86. There is no unit or installation fee.

14. Although we do not charge any additional fees for the Initial Training program for up to two people, you must pay any wages due to your employees as well as travel, food and lodging expenses incurred by you and your employees during Initial Training. The cost will



depend on the distance you and your employees must travel and the type of accommodations you choose.

15. You will be required to spend at least \$24,000 in the first twelve (12) months of operation on local advertising and marketing for your BLUE KANGAROO PACKOUTZ Business (“Grand Opening Advertising”). This estimate is the amount we expect you to spend within the first three (3) months. See Item 11 for more requirements.

16. Your miscellaneous pre-opening expenses may include utility deposits, installation of telephones, legal or accounting services, office supplies, internet access and email account.

17. These estimates represent the additional funds necessary for the first three (3) months of your BLUE KANGAROO PACKOUTZ Business operations, if you are developing one Territory. You will need more funds if you are developing more than one Territory. Your costs depend on factors such as: how closely and effectively you follow our methods and procedures; your sales skill, experience and franchised business acumen; economic conditions; the local market for the products and services you offer; credit terms available to you based on your credit rating; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during this initial period. This item includes a variety of expenses and working capital items during your start-up phase such as legal and accounting fees, the cost of additional supplies, the costs of business licenses or permits, security deposits usually required by electric, gas, water and telephone companies, and other miscellaneous costs.

18. These estimates are amounts needed for each Territory in which you operate your BLUE KANGAROO PACKOUTZ Business. We relied on our Affiliate’s experience to compile these estimates. You should review these figures carefully with a franchised business advisor before making any decision to purchase the franchise. The availability and terms of financing from third parties will depend on such factors as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions.

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

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

You must purchase the Initial Package from us or our affiliate(s) as described and listed above in Item 5 and in the Franchise Agreement. The items included in the Initial Package may change to reflect the changing needs of the BLUE KANGAROO PACKOUTZ Business in accordance with System procedures, and changes in suppliers and/or product specifications. The Initial Package may be modified or waived for Conversion Franchises, but only with our prior written approval. If we remove some of the items required to be purchased, the purchase price of which will be prorated in accordance with which items you need not purchase. We retain the right to derive revenue or other material consideration from required purchases and leases of products and services.

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

The marketing materials and trademarked office supplies that are included in the Initial Package are shipped, F.O.B. from our approved supplier(s).

If you are a Related Franchisee, in lieu of an Initial Package, you shall purchase from us or our affiliate(s) the Marketing and Operations Package Fee, which includes logo wear, stationery, digital marketing kit, and Convention Allowance to be used at the first convention or regional meeting following the signing of your Franchise Agreement; and depending on the equipment, tools, consumables, promotional items and safety items you currently have, you may be required to purchase, equipment, tools, consumables, promotional items and safety items for a fee (“Equipment and Product Package Fee”). We have the right, in our sole discretion, to waive the Equipment and Product Package Fee in its entirety. You will not be able to purchase a partial Equipment and Product Package Fee.

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

### 8.2 Standards and Specifications and Services

You must operate your BLUE KANGAROO PACKOUTZ Business according to our standards, specifications, and operating procedures and the System. We will formulate and modify standards and specifications based on our and our franchisees’ experiences in operating the BLUE KANGAROO PACKOUTZ Business. Our standards and specifications may impose requirements for performance, reputation, quality, and appearance. Our Manuals or other communications identify our standards and specifications and/or names of designated or approved suppliers. We may require you to remodel or refurbish your leased premises, vehicles, and other branded items to meet our then-current System Standards at any time during the Term, in our sole discretion.

You must offer all of and may only offer the services approved by us (“Services”), as set forth in the System Standards, through your BLUE KANGAROO PACKOUTZ Businesses.

### 8.3 Vehicle Standards and Specifications

Currently, you are not required to purchase or lease the initial vehicle from our then-current approved supplier(s), but we reserve the right to require you to do so in the future. We also reserve the right to require that you purchase all additional vehicles through our approved supplier(s). BLUE KANGAROO PACKOUTZ Businesses will use vehicles for the BLUE KANGAROO PACKOUTZ Business that meet our design and operating specifications for model type, color, trademark representation, and appearance. These specifications are included in our Manuals. All vehicles purchased or leased for the BLUE KANGAROO PACKOUTZ Business are to be, and maintained, in a “good” condition as defined by KELLEY BLUE BOOK (“good” condition means that the vehicle is free of any major defects). The paint, body and interior must have only minor (if any) blemishes, and there may not be any major mechanical problems. In states where rust is a problem, this should be very minimal. All vehicles used in connection with the BLUE KANGAROO PACKOUTZ Business are to be decaled as required by us and the decals are to be free of defects. We may require that you purchase/lease a new vehicle or remodel/refurbish your existing vehicles to meet our then-current System Standards at any time during the Term, at your expense.

In addition, you are required to install, use and maintain a GPS for your vehicle(s), including payment of then-current monthly fees to a designated GPS vendor.

#### 8.4 Business Phone

BLUE KANGAROO PACKOUTZ Businesses may be required to use the phone models and type from the supplier(s) that we designate. We will provide you, at no charge, the business phone number and fax number to be used by the BLUE KANGAROO PACKOUTZ Business. This number will be forwarded to any device(s) that you choose.

#### 8.5 Purchase Arrangements

Aside from certain intangible benefits associated with group buying, you receive no material franchise benefits (for example, the award of additional franchises or a renewal term) for using an approved supplier.

#### 8.6 Email and Web Site

You must also maintain, on your business computer, an electronic mail account that must enable you to receive and send electronic mail and transfer computer files with us. You must also maintain a DSL, cable or satellite high speed internet connection. To enhance the brand and the Marks, you must use an email name that we have approved that will have “@bluekangaroopackoutz.com” as its suffix for all business related correspondence.

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

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

#### 8.7 Insurance

Before attending the Initial Training Program, you promise to purchase and maintain in full force and effect throughout the term of the Franchise Agreement and at your expense, insurance protecting you, your employees, and us, our officers, and our employees, against loss, liability, fire, personal injury, death, property damages, or theft arising from, or occurring in connection with, the operation and promotion of the BLUE KANGAROO PACKOUTZ Business as specified in detail in the Franchise Agreement or otherwise in writing from us, including, but not limited to, a commercial umbrella liability insurance policy with a limit of at least \$2,000,000 general aggregate, \$2,000,000 products and completed operations aggregate, \$1,000,000 personal and advertising injury limit and \$1,000,000 per occurrence limit, automobile liability insurance with a combined single limit of at least \$1,000,000, workers’ compensation and employers’ liability insurance, Bailee insurance, inland marine insurance, pollution insurance and any other insurance as required by any state, county, local, or other municipal insurance requirements. . We may modify the types and amounts of insurance you are required to purchase as we deem appropriate in our reasonable discretion. You acknowledge and agree that (a) the insurance you

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

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

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

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

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

You may not commence your BLUE KANGAROO PACKOUTZ Business until you have provided the certificates of insurance or other acceptable proof of all insurances. You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

You must provide us with copies of any insurance claims or insurance cancellations within 24 hours. You have a 24 hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except

upon at least 30 days prior written notice from the insurance carrier to us. We have the right to increase or otherwise modify the minimum insurance requirements upon 30 days prior written notice to you, and you shall comply with any such modification within the time specified in said notice.

#### 8.8 Approval of Alternative Suppliers

All products must meet System Standards for representation of the Marks, and must be pre-approved by us regardless of the supplier. In the event you wish to purchase an unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us a proof of the materials you wish to order to us and a written request for approval. We will notify you in writing of our approval or disapproval within ten days of receipt of the materials and your written request. We have no obligation to approve any particular products, service or supplier. If you do not receive approval within ten days, you should consider the materials disapproved. All materials must meet the quality of our current suppliers, and correctly bear the Marks. Standards and specifications are periodically modified to meet changing market conditions and are published in our Manuals and on our website. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments and financial stability. Standards and specifications are updated periodically at our sole determination and are made available to you in our Manuals, other publications, and on our web site. There is no fee to secure approval to purchase from alternative suppliers, but you must reimburse us our reasonable costs, regardless of if we subsequently approve your request. At our discretion, we may, with notice to you, revoke our approval of any previously approved products due to changes in standards and specifications or if such products subsequently fail to meet the quality of our current suppliers.

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

#### 8.9 Revenues from Franchisee Purchases

In the fiscal year ending December 31, 2022, we derived \$8,684.54 or approximately 1.01% of our total revenues of \$856,122.00 from required purchases and leases. In 2022, our affiliate Colman Wolf derived \$93,474.89 from the sale of initial equipment and supplies to franchisees.

We estimate that the cost of the items purchased according to our specifications will be approximately 40% to 60% of the overall purchases in establishing the business and approximately 5% to 25% of the total purchases during the operation of the business. If you purchase a Conversion Franchise, the items purchased according to our specifications will be approximately 20% to 25% of the overall purchases in establishing the business, and approximately 5% to 25% of the total purchases during the operation of the business.

We reserve the right to mark up and earn a profit from the products purchased from us, our affiliates, or our suppliers.

#### 8.10 Cooperatives

As of the date of this offering, we do not have any purchasing or distribution cooperatives, but we reserve the right to establish them in the future.

## 8.11 Advertising

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

### ITEM 9: FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Franchise Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Section 1.D	Item 6 and 12
b. Pre-opening purchases/leases	Sections 2.A and 2.B	Items 6, 7 and 8
c. Site development and other pre-opening requirements	Sections 1.D, 2.F, 2.G and 3.A	Items 7 and 11
d. Initial and ongoing training	Section 3	Items 6, 7 and 11
e. Opening	Sections 2 and 3	Item 11
f. Fees	Sections 2, 10.B, 11.D, 13.A, 15.C and 16	Items 5 and 6
g. Compliance with Standards and Policy	Sections 1.C, 2, 3, 4 and 7	Items 8, 9, 13, and 16
h. Warranty and customer service requirements	Section 7.A	None
i. Trademarks and proprietary information	Sections 4, 5, 6, 13.B and 13.C	Items 8, 13 and 14
j. Restrictions on products/services offered	Sections 1.C, 1.E, 1.F and 7	Items 8, 12 and 16
k. Territorial development and sales quotas	Sections 1.D and 2.F	Item 6 and 12
l. Ongoing product/service purchases	Sections 2 and 7	Item 8
m. Maintenance, appearance and remodeling requirements	Sections 7, 11.B and 11.C	None
n. Insurance	Section 7.C	Items 6, 7, and 8
o. Advertising	Sections 1.D, 1.E, 2.G, 3.B and 7.A	Items 6, 8 and 11
p. Indemnification	Section 14.C	Items 6, 8 and 12
q. Owner's participation/management/ staffing	Sections 1.C and 7.A	Items 11 and 15
r. Records/reports	Sections 2.D, 7.D and 8	Item 6 and 11
s. Inspections and audits	Section 8	Item 6, 11 and 17
t. Transfer	Section 10	Items 6 and 17
u. Renewal	Section 11	Item 6 and 17
v. Post-termination obligations	Sections 6 and 13	Item 17
w. Non-competition covenants	Sections 6 and 13.D	Item 17
x. Dispute resolution	Section 15.F	Item 17
y. Personal Guaranty	Exhibit D	None

## ITEM 10: FINANCING

### 10.1 Initial Franchise Fee

If we grant you the right to open and operate a BLUE KANGAROO PACKOUTZ Business for a Standard Franchise, we may offer you financing for a portion of the Initial Franchise Fee if you meet our qualifications. The following table summarizes the financing we may offer you for Initial Franchise Fee.

Source of Financing	Us
Amount Financed	Up to 50% of the Initial Franchise Fee for Standard, Small Market, and Related Franchise / Up to 75% of the Initial Franchise Fee for Conversion Franchise
Down Payment	Minimum of 50% of the Initial Franchise Fee for Standard, Small Market, and Related Franchise / Minimum of 25% of the Initial Franchise Fee for Conversion Franchise
Term (number of years)	Up to 36 months
Rate of Interest plus Finance Charge	0% first 12 months / 10% beginning month 13
Monthly Payment	Varies depending on amount financed and term.
Prepayment Penalty	None
Payment Start Date	Principal payments start the month after training, but no longer than three months after signing the Franchise Agreement
Security Required	Personal Guaranty
Guaranty	Personal Guaranty
Liability upon Default	Termination or other loss of Franchise; you must also pay entire amount due and our attorneys' fees and court costs in collecting debt
Loss of Legal Rights Upon Default	You must waive presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise)

If you would like to finance a portion of the Initial Franchise Fee, and you meet our credit standards, you may do so through a promissory note (the "Note"), which is currently attached as Exhibit A-2 to the Franchise Agreement. You must make a down payment of at least fifty percent (50%) of the Initial Franchise Fee if you are purchasing a Standard, Small Market, or Related Franchise and twenty-five (25%) of the Initial Franchise Fee if you are purchasing a Conversion Franchise. We are currently offering a rate of 0% for the first twelve (12) months, 10% in months thirteen (13) to thirty-six (36). We will not adjust APR of the Note once your Franchise Agreement has been signed. If you fail to make timely payments or your payments are returned to us with non-sufficient funds, then we have the option to either (a) require that the balance of the Note be paid in full upon notice to you or (b) charge a late fee of 5% or \$50, per week, whichever is greater. The only security we require is a personal guaranty of the Note by you and by all the owners, as well as all respective spouses, of the company, although we reserve the right to request additional security in our sole discretion.

The term of the Note will be up to 36 months, as agreed between you and BLUE KANGAROO PACKOUTZ. You may prepay the Note without penalty at any time during its

term. If you fail to make any payment, we can call the Note and demand immediate payment of the full outstanding balance. We can also terminate your Franchise Agreement if you fail to make payments as agreed; however, before your Franchise Agreement can be terminated, you will receive a notice of default and have a ten-day period to cure the default. The Note shall survive termination of the Franchise Agreement.

## 10.2 Additional Information

We have been deemed eligible for Small Business Association (“SBA”) loan processing. We provide certain information and assist in facilitating SBA loans including 7(a) and 504 loans.

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

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

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

### 11.1 Our Pre-Opening Obligations

Before you open your BLUE KANGAROO PACKOUTZ Business, we will:

1. Designate the Territory for a BLUE KANGAROO PACKOUTZ Business (Section 1.D and the Summary Page of the Franchise Agreement). We do not provide any assistance with (a) selecting a business site or negotiation of any lease or purchase of any site, (b) conforming the site to local ordinances and codes and obtaining any required permits, or (c) hiring and training employees (other than the required training discussed in Section 3.A of the Franchise Agreement). Your business site must be located within the Territory and must contain at least the minimum square feet we recommend and must adhere to our standards and specifications. Your BLUE KANGAROO PACKOUTZ Business site must be approved by us, in our sole discretion, which we will not unreasonably withhold provided that the site meets our minimum specifications. (Section 1.D of the Franchise Agreement). We will use commercially reasonable efforts to approve a suggested site in 30 days. Failure to find a site and commence operation of the BLUE KANGAROO PACKOUTZ Business within four months of signing the Franchise Agreement may result in termination of the Franchise Agreement (Section 12.B of the Franchise Agreement). We do not generally (a) own the premises from which franchisees operate the BLUE KANGAROO PACKOUTZ Business or (b) lease any premises to franchisees to operate the BLUE KANGAROO PACKOUTZ Business.
2. Provide your Initial Package that includes logowear, stationery, digital marketing, tools, equipment, consumables, promotional items, safety items and the Convention Allowance as described in Item 5 and in the Franchise Agreement (Section 2.B of the Franchise Agreement). The items in the Initial Package are provided by us and by designated suppliers named by us. Other than providing the Initial Package we do not provide, install or supply any signs, fixtures, equipment, opening inventory, signs, or other inventory or supplies.



3. Loan to you a copy of our copyrighted Operations Manual and System Standards, and other proprietary materials or manuals as we may publish and distribute to you periodically (Section 3.C of the Franchise Agreement).
4. Give prior approval for use of business forms, business stationery, business cards, advertising materials, permanent materials, and forms that you intend to use (Section 7.A of the Franchise Agreement). We will continue to do this after you open the BLUE KANGAROO PACKOUTZ Business.
5. Give prior approval to all marketing, advertising, and promotional materials prepared by you within ten days of our receipt of the proposed materials for Franchises (Section 2.G of the Franchise Agreement). We will continue to do this after you open the BLUE KANGAROO PACKOUTZ Business.
6. Specify minimum policy limits for certain types of insurance coverage (Section 7.C of the Franchise Agreement). We will continue to do this after you open the BLUE KANGAROO PACKOUTZ Business.
7. Provide you with a training program (described in more detail below) to (a) the Managing Owner, if he or she is managing the BLUE KANGAROO PACKOUTZ Business, and (b) the Designated Manager, if applicable at no additional fee or other charge (Section 3.A of the Franchise Agreement).
8. Provide you with the business phone number to be used by the Business. (Section 2.I. of the Franchise Agreement).

### 11.2 Franchisor's Obligations After the Opening of the BLUE KANGAROO PACKOUTZ Business

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

1. New products, services and methods that we may have discovered or have developed for the System (Sections 3 and 7 of the Franchise Agreement);
2. The purchase and use of supplies and products (Sections 3 and 7 of the Franchise Agreement);
3. The formulation and implementation of marketing, advertising, and promotional programs using the merchandising, advertising, and research data and advice as we may, periodically, develop for use in your local market (Sections 3 and 7 of the Franchise Agreement);
4. The financial and daily operation of the BLUE KANGAROO PACKOUTZ Business including its accounting and record keeping functions (Sections 3 and 7 of the Franchise Agreement);
5. Other business and marketing advice (Sections 3 and 7 of the Franchise Agreement);
6. Support for our required franchise software management system, as defined in the Licensing Agreement (Exhibit B of Franchise Agreement);

7. A 24-hour contact telephone number, which may be used by you for communications with us (Section 2.I of the Franchise Agreement);
8. Periodic modifications to the Operations Manuals and periodic modifications to the System Standards (Section 3.E of the Franchise Agreement); and
9. Periodic refresher training courses and conferences, not to exceed one per year. (Section 3.A of the Franchise Agreement).

### 11.3 Estimated Typical Length of Time to Open the BLUE KANGAROO PACKOUTZ Business

The estimated typical length of time between the signing of the Franchise Agreement and payment of any consideration for the BLUE KANGAROO PACKOUTZ Business, and the opening of the BLUE KANGAROO PACKOUTZ Business, is approximately 60 to 90 days. Factors affecting this length of time usually include normal business startup considerations, completion of training, the vehicle delivery date, whether or not you have an existing Office Site in the Territory, and whether or not you obtain outside financing. However, you must commence operation of the BLUE KANGAROO PACKOUTZ Business within four (4) months of signing the Franchise Agreement and if you do not, then we may terminate the Franchise Agreement. (Section 12.B.2 of the Franchise Agreement).

### 11.4 Local Marketing and Advertising

We are not required to conduct advertising for you or the System. We may provide you with advertising, promotional or marketing materials for you to use in local advertising, but we are not obligated to do this. We will provide you, at no charge, the business phone number and fax number to be used by the BLUE KANGAROO PACKOUTZ Business. This number will be forwarded to any device(s) that you choose.

You will be required to spend at least \$24,000 in the first twelve (12) months of operation on local advertising and marketing for your BLUE KANGAROO PACKOUTZ Business (“Grand Opening Advertising”). You must use our approved advertising and marketing materials, or receive our written approval of any and all other advertising and marketing materials before their first use. In order to obtain approval of advertising and marketing materials, you must submit such proposed advertising material to us for review at least ten business days before the proposed first use. If we take no action within such ten business day period, the materials shall be deemed disapproved and you may not use such materials. The approval or disapproval is in our sole discretion. We also may, in our sole discretion, require you to immediately discontinue use of any advertising or marketing materials at any time, even if previously approved or provided by us. All advertising and marketing materials must meet our then-current standards and specifications. We may, in our sole discretion, offer and sell advertising, marketing, and promotional materials at any time. Certain items, such as your truck, yard signs and furnace stickers must reference the BLUE KANGAROO PACKOUTZ national toll free number. You may not alter or remove reference to the national toll free number. You have no obligation to purchase any of these materials or forms from us, but you may be required to purchase such materials from approved or designated suppliers, or participate in our local marketing programs, like our call center and/or direct mail solicitations at your expense. (Section 2.G of the Franchise Agreement).

Following the System, primarily through affinity marketing programs, direct mail, networking, and sales calls, you will market your BLUE KANGAROO PACKOUTZ Business’s services directly to residences, commercial entities and governments/municipalities that require inventorying, packing, moving, cleaning, deodorizing and storage services, and the general public located within the Territory. Included in your Initial Package is an opening inventory of

promotional materials to initiate your marketing program. The primary marketing media we have found to be effective are affinity marketing programs, direct mail and face to face meetings, networking and partner development. We may vary the source of advertising by using one or a combination of in-house, national agencies and/or regional agencies. The Managing Owner must follow up on the Partner Development Program as described in the Operations Manuals, the System Standards and/or otherwise in writing.

We do not currently require you to participate in an advertising cooperative, however we reserve the right to implement cooperatives in the future, and require you to participate. The area of the cooperative will be determined on a regional basis depending on where our future franchisees operate. We, along with franchisees that are members of the cooperative will determine the amount contributed and each will contribute equally or on a pro-rata basis, as determined by the cooperative. Company Stores are not required to contribute, but may do so. We will administer the cooperatives and the cooperatives will operate from written governing documents that will be available for review to franchisees. If two or more BLUE KANGAROO PACKOUTZ Businesses and/or Company Stores are serviced by the same telephone directory, we will require you to list all businesses under one BLUE KANGAROO PACKOUTZ heading. Should this instance arise, you promise to pay your pro-rata share of the total expense of the joint listing. Any other forms of advertising that would also advertise to zip-codes both inside and outside of the Territory must be pre-approved by BLUE KANGAROO PACKOUTZ in writing. We will notify you within ten days of our receipt of your written request. If we do not respond within ten days, the material is unapproved. Additionally, if we implement local marketing programs, like a call center and/or direct mail solicitations, you may be required to participate, at your expense.

You are also required to be a member of at least one local or community-based business organization, such as your local Chamber of Commerce, BNI, Caerusnet, or similar organization. We reserve the right to change this requirement from time to time. (Section 2.G of the Franchise Agreement).

We have the right to formulate and design the content of the materials, and to discontinue the materials if, in our sole business judgment, we determine a more effective alternative method of advertising. Any other forms of advertising must be approved by us in writing. (Section 2.G of the Franchise Agreement).

We encourage our franchisees to partner with third party administrators that represent insurance companies and consumer services (“TPA”). When an insurance claim arises or a consumer contacts the TPA for services, the TPA selects one of their partners and assigns the services needing to be done to that partner. If you elect to partner with one or more TPAs, then you may accept assignments outside of your Territory, even if the assignment location is in another franchisee’s Territory. You must strictly adhere to all TPA program guidelines and requirements as set forth in the Operations Manuals, System Standards and/or in other writings provided by us or the TPA directly. Your failure to adhere to program guidelines and requirements will constitute a default under the Franchise Agreement with us (for which you will receive notice and a 15-day cure period). Upon notice of default, we may require you to attend additional training, put you on hold with the TPA(s) or have you removed from a TPA program(s). Application fee and cost per referral will vary depending on which TPA(s) you select.

Other than the advertising requirements described above, there are no additional advertising fees required by us and we are not required to spend any particular amount in your Territory. It is at our discretion to determine how much to spend, and where to market, advertise and promote the System.

### 11.5 Franchise Assessment (not applicable to additional franchises)

To assist us in working with you, we may request that you complete and return to us a franchise assessment profile prior to your training.

### 11.6 Service Technician

You must employ a full-time experienced service technician ("Service Technician") to perform the actual inventorying, packing, moving, cleaning, deodorizing and storage services for the BLUE KANGAROO PACKOUTZ Business. It is your responsibility to train them to our specifications. If the Managing Owner is experienced, as determined by us, he or she may serve as the Service Technician. (Section 3.A of the Franchise Agreement).

### 11.7 National Marketing Fund

We have established and maintain a national marketing fund (the "National Marketing Fund") for the common benefit of System franchisees. Beginning in month 13 of your Franchise Agreement, you must contribute two percent (2%) of your Gross Sales monthly to the National Marketing Fund (the "National Marketing Fee") in the manner we prescribe. You must pay the National Marketing Fee on a monthly basis. (Section 2.G of the Franchise Agreement).

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

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

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

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

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

There are currently no requirements for participation in an advertising council or any local or regional advertising cooperatives and, accordingly, you are not required to participate in one. However, we reserve the right to establish an advertising council or advertising cooperatives in the future and require your participation.

In the fiscal year ended December 31, 2022, National Marketing Fund were spent as follows: 66% on media placement, 11% on production, and 23% on administrative expenses.

#### 11.8 Computer Software, Internet, and Systems

We may develop “BLUE KANGAROO PACKOUTZ Software”, which will consist of software program(s) which you must use to maintain customer records, bid on jobs, create estimates and operate the BLUE KANGAROO PACKOUTZ business system. Until we do, you are required to use our designated software for business management, which will be detailed in the Operations Manual, System Standards or otherwise in writing, unless we approve an alternate software supplier. You are also required to use our then-current designated accounting software, which is currently QuickBooks Online, which is subject to change, and I-CAT, an inventory management software. In addition, you are required to follow our specified chart of accounts. We have the right to change these requirements at our discretion.

We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a compatible “back office” computer system that complies with our standards and specifications; (ii) a custom and proprietary point of sale system (the “POS System”), if we make such a POS System part of our proprietary operating system in the future; (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the “Computer System”). Currently, your Computer System must include a DSL or cable modem high-speed Internet connection located at your Office Site that meets the requirements of the System Standards and for handling of our then-current BLUE KANGAROO PACKOUTZ Software or other Required Software. We estimate the cost of the computer system to be approximately \$4,000. Computer specifications for hardware and Internet connectivity are provided in Sections 2.H and 2.I of the Franchise Agreement.

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

for the payment of all fees associated with the Required Software (including the BLUE KANGAROO PACKOUTZ Software), Computer System and POS System.

At our request, you shall purchase or lease, and thereafter maintain, the Computer System, BLUE KANGAROO PACKOUTZ Software, and the Required Software. We may also require you to use certain internet and cloud-based services or subscriptions as may become relevant as the System and technology changes, at your sole expense. You agree to pay all fees associated with the use of BLUE KANGAROO PACKOUTZ Software and any other Required Software, which may be payable to us or our approved or designated suppliers. You expressly agree to strictly comply with our then-current standards and specifications for all items associated with your Computer System, BLUE KANGAROO PACKOUTZ Software and any other Required Software, including any security software, and internet and cloud-based products. You agree, at your own expense, to keep your Computer System in good maintenance and repair and install such upgrades, additions, changes, modifications, substitutions, and/or replacements to your Computer System or Required Software as we direct from time to time in writing. You agree that your compliance with these requirements shall be at your sole cost and expense. We currently do not require that you purchase a maintenance, repair, upgrade or update service contract for the Computer System, but we reserve the right to do so in the future.

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the BLUE KANGAROO PACKOUTZ Business to us. We shall also have the right to, at any time without notice, electronically connect with your Computer System to monitor or retrieve data stored on the Computer System or for any other purpose we deem necessary. There are no contractual limitations on our right to independently access the information and data on your POS System, BLUE KANGAROO PACKOUTZ Software, and Computer System. You shall deliver to us all access codes, static Internet protocol (“IP”) addresses and other information to facilitate our access to the data described in this Section within 30 days of opening the BLUE KANGAROO PACKOUTZ Business. All client and customer data is our property and any data not accessible to us upon termination or expiration of the Franchise Agreement must be provided to us immediately.

You must obtain the computer hardware necessary to implement the BLUE KANGAROO PACKOUTZ Software and any Required Software, and comply with all specifications and standards prescribed by us regarding the BLUE KANGAROO PACKOUTZ Software and any Required Software as provided in the Operations Manuals, System Standards or otherwise in writing. We reserve the right to create additional proprietary software programs (to be included as part of the Required Software), which you must use in connection with the BLUE KANGAROO PACKOUTZ Business. The Required Software, including the BLUE KANGAROO PACKOUTZ Software, will be our proprietary product, and the information collected therefrom will be deemed our confidential information.

You are required to participate in any System-wide computer network, intranet system, or extranet system that we implement and may be required by us to use such computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us online; (ii) view and print portions of the System Standards and Operations Manuals, including any updates or modifications thereto; (iii) download approved local advertising materials; (iv) communicate with us and other BLUE KANGAROO PACKOUTZ franchisees; and (v) to complete any initial or ongoing training. You agree to use the facilities of any such computer network, intranet system or extranet system in strict

compliance with the standards, protocols, and restrictions that we include in the System Standards and/or Operations Manuals, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements.

As technology advances, you may be required to upgrade your hardware to meet changing software requirements as we deem necessary. The BLUE KANGAROO PACKOUTZ Software is web-based and we do not charge you for software updates and upgrades. We may require you to upgrade your computer hardware, software and web-based applications in our sole discretion and at your expense, which we estimate to be less than \$500 per year.

You promise to subscribe to, maintain, and utilize a DSL, cable, or satellite high speed Internet connection and email network account with independent suppliers which periodically we approve. If you do not receive written approval within ten days of our written receipt of your request, such supplier will be considered disapproved. You must use an email name that we have approved that will have “@bluekangaroopackoutz.com” as its suffix for all business-related correspondence. You also promise to use, subscribe to, and pay for, as directed by us, a customized website connected to our website and managed by our website provider. You may not attempt to redirect the customized website. You also promise to subscribe to, maintain, and utilize the phone model, type and provider that we designate as well as the phone service from the company we designate. As technology advances and new discoveries are made, we have the right to require that you use other technological items, as well as to designate the specific companies, models and/or types that you must use for these technological services.

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

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

You agree to establish and maintain a separate profile, page or other presence on social media in connection with the BLUE KANGAROO PACKOUTZ Business in accordance with the System Standards. Prior to establishing such social media page(s), you are required to obtain our prior written approval of the content to be posted on such social media page(s). If such approval is granted by us, you must: (i) establish and operate such social media page(s) in accordance with System Standards and any other policies we designate in the Operations Manuals or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). We recommend, but do not require, that you update the social media page(s) at least monthly.

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

We may use a portion of the National Marketing Fund or the weekly usage/support/upgrade fee to pay or reimburse ourselves for the costs incurred in connection with the development, maintenance and update of our website.

### 11.9 Telephone Listings

We will provide you, at no charge, the business phone number and fax number to be used by the Business. This number will be forwarded to any device that you choose. As part of your local marketing, this number must be dedicated to your BLUE KANGAROO PACKOUTZ Business. You must maintain a 24-hour answering system on this business number, use an approved script for answering calls, and you must continually list the BLUE KANGAROO PACKOUTZ Business in the primary Internet and telephone directory servicing the Territory and, at a minimum, to maintain a trademark listing advertising your Business in the primary directory servicing the Territory

We currently offer a service through which selected phone calls to our toll-free phone number will be forwarded to you or us. In the offering of this service, we will use commercially reasonable efforts to maintain this service 24 hours per day, seven days per week, subject to acts of God or circumstances beyond our reasonable control, including power outages and the unavailability of telephone services. In the phone routing process, we use commercially reasonable efforts to route calls from prospective customers requesting service in the Territory to you. We do not guarantee that every phone call requesting service in the Territory will be routed to you. We reserve the right to modify or terminate this service at any time, in our sole discretion, including, without limitation, the right to require that all customer calls be directed through our toll-free line or any other telephone number we designate. Currently, the cost of this toll-free number and forwarding call is including in the Technology Fee. (Section 2.I of the Franchise Agreement).

### 11.10 Reference Guides

We maintain Operations Manuals and System Standards that contain mandatory and suggested specifications, standards, operating procedures, and rules that we prescribe periodically for the operation of a BLUE KANGAROO PACKOUTZ Business, and information on your other obligations under the Franchise Agreement and related agreements. We may modify the Operations Manual and System Standards periodically to reflect changes in the System and you will be required to follow the revised Operations Manual and System Standards.

You must keep your copies of the Operations Manuals and System Standards current and in a secure location in the principal office of the BLUE KANGAROO PACKOUTZ Business. If there is a dispute over the contents, the master copy of each of the Operations Manuals/System Standards that we maintain at our principal office will be controlling. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manuals or System Standards. If all or any of the Operations Manuals or System Standards are lost, destroyed, or significantly damaged, you promise to obtain replacements at our then applicable charge. The Operations Manuals and System Standards are specifically incorporated by reference into the Franchise Agreement, and you must comply with the Operations Manuals and System Standards as essential aspects of your obligations under the Franchise Agreement. Failure to substantially comply with the Operations Manuals and/or System Standards may be considered a breach of the Franchise Agreement.



The following is the current table of contents of our Operations Manual:

<b><u>Topic</u></b>	<b><u>Pages</u></b>
Services	2
Building Requirements	2
Equipment & Supplies	5
Uniforms & After Hours Protocol	2
Packing, moving, cleaning, storage, delivery	10

### 11.11 Site Approval

You must also select your business office site within the Territory (as previously defined as the “Office Site”), and we must approve such Office Site in our sole discretion. You may not locate your office outside of the Territory without our express written consent. If your Office Site is located outside of the Territory (pursuant to our prior permission), you agree that if a BLUE KANGAROO PACKOUTZ franchisee purchases the Territory where your Office Site is located, or if a Company Store is opened, you will move the location of your Office Site to another site approved in writing by us, unless you have obtained written authorization from us, as well as from the new BLUE KANGAROO PACKOUTZ franchisee.

Your Office Site must meet our standard and specifications, which will be more fully described in the System Standards. Currently, we require the following, which is subject to change in our discretion: (a) the building must have a minimum square footage that meets with our current specifications, with 1,000 square feet of that space consisting of an office and such office must contain at least two (2) small offices and a conference room; (b) the warehouse must have at least a fourteen (14) foot drive-in door or loading dock plus sixteen (16) foot ceilings; (c) must include signage that meets our specifications and in accordance with local laws, rules and regulations; and (f) must have a 24-hour security system, proper lighting for cleaning, an ozone chamber, plumbing with a large double sink, and plumbing for a washer and dryer.

### 11.12 JumpStart Training and Initial Training (Section 3.A of the Franchise Agreement)

You must successfully complete our JumpStart Initial Training program (hereinafter, “JumpStart,” Section 3.A of the Franchise Agreement) within two (2) months of signing the Franchise Agreement, before attending in-person business operations and managerial Training (hereinafter, “Initial Training”) and before the opening of the BLUE KANGAROO PACKOUTZ Business. This includes our comprehensive preparation program that includes numerous pre-opening activities and may last six to eight weeks, depending on the pace you establish to complete activities. During the JumpStart training program, with guidance from our training team, along with training manuals and online modules, you must prepare a comprehensive financial plan, review the Operations Manuals, complete a territory review, coordinate your initial advertising program, acquire proper insurance, select and lease office space (if applicable), and acquire all permits, licenses, and approved vehicles. Most JumpStart activities are conducted in your hometown with assistance from our home office staff. You begin JumpStart immediately upon your execution of the Franchise Agreement and payment of the Initial Franchise Fee. During JumpStart, we will schedule Initial Training for you to attend. Initial Training sessions are

typically offered each month. Final confirmation of your scheduled classroom training may be contingent upon your successful completion of the JumpStart program and activities.

Initial Training takes place at our headquarters in Ann Arbor, Michigan, the BFG headquarters, or another location designated by us. It may be attended by you and the Managing Owner or, if applicable, the Designated Manager, at no additional fee. You may designate, with our approval and on a “space available basis,” additional persons to attend Initial Training for our then-current fee, which is currently \$25 per person, per day. The Managing Owner or, if applicable, the Designated Manager must complete the Initial Training to our satisfaction. Failure to do so will result in the termination of the Franchise Agreement. Initial Training will last up to ten (10) days in duration and must be completed within four (4) months of signing the franchise agreement. Although we do not charge a fee for attending training, you will be responsible for all travel and living expenses that you and your employees/owners incur. Additional persons employed by you may attend on a space available basis, contingent upon our receipt of our training fee to offset the expenses we incur. All attendees who are not a party to the Franchise Agreement must sign our prescribed form of confidentiality and non-disclosure agreement (Exhibit A-3 of the Franchise Disclosure Document). After you return from Initial Training, you are ready to open for business.

Our Operations Manuals, videos, and other handouts comprise the instructional materials for our Initial Training. Initial Training will be led by David Gavilanes and Ted Foster, but we may involve other employees of us or our affiliates or other industry experts from time to time. Each training instructor will have a minimum of one month experience with us. Mr. Gavilanes joined our staff as Director of Training in March 2020. He has over 11 years’ experience in contents and property restoration in addition to small business ownership. Mr. Foster has been the Director of Training for one or more of our affiliates for 10 years and has 45 years’ experience in contents and property restoration.

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

### TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Sales / Marketing	6.75	0	Ann Arbor, Michigan, BFG headquarters, or another location we designate
Software / Technology	4	0	Ann Arbor, Michigan, BFG headquarters, or another location we designate
Business Operations	8.25	0	Ann Arbor, Michigan, BFG headquarters, or another location we designate
Technical Operations – Safety, Equipment, Chemicals	5	0	Ann Arbor, Michigan, BFG headquarters, or another location we designate

Technical Operations – Standards, Guidelines, Implementation	24.5	36	Ann Arbor, Michigan, BFG headquarters, or another location we designate
TOTALS	48.5	36	

### 11.13 Additional Training

If this is a renewal term or if this is an additional BLUE KANGAROO PACKOUTZ Business being awarded to you, and your Managing Owner or, if applicable, the Designated Manager, have already attended Initial Training, the requirement that you attend Initial Training is waived, except as with respect to the JumpStart online training modules and continuing training obligations. In such cases, if your Managing Owner or, if applicable, the Designated Manager do attend Initial Training, you will be assessed our then-current training fee, which is currently \$500 per person, per event. You will also be responsible for all travel and living expenses that you and your employees/owners incur while training.

The Managing Owner or, if applicable, the Designated Manager, must attend the Annual Convention every year and pay our then-current fee, which is currently (a) \$1,000 maximum per person to attend the Annual Convention, and (b) \$0 to \$500 per person per event for Regional Meetings. The Managing Owner or, if applicable, Designated Manager also must attend periodic refresher training courses and conferences, not to exceed one convention/conference per year, at the times and locations we determine, and for which we may charge the fees described above, including \$0 to \$500 per person for additional training. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that are incurred by you or your employees/owners while attending such session. Some of these events may occur outside of your home state. We will determine the duration, curriculum, and location of any of these sessions. The curriculum for online training and these events can include, but is not limited to, technical training, business plan analysis, marketing, profitability, and maximizing your business opportunities. You must pay for all registration fees, travel and living expenses that you incur while attending such sessions. Provided you are in full compliance with the Franchise Agreement you do not have to attend any refresher training courses or conferences more than once a year.

### 11.14 Accounting and Financial Reporting

You promise to establish and maintain, at your expense, an accounting system that conforms to the requirements and formats that, from time to time, we prescribe in the Operations Manuals and/or System Standards. You shall furnish to us, in the manner and format that we require:

1. at our request, a complete employee list;
2. on the 15th day of each month of the BLUE KANGAROO PACKOUTZ Business' operation, an un-audited income statement for the preceding calendar month, in a form satisfactory to us, and such additional reports as we may require;
3. within 90 days after the close of your fiscal year, a complete income statement and other financial statements in a form we may prescribe in our sole discretion;

4. within ten days of our request, exact copies of any state, federal, or other income tax returns covering the operation of the BLUE KANGAROO PACKOUTZ Business, as well as the state, federal and other income tax returns from your existing business(es) that provide inventorying, packing, moving, cleaning, deodorizing and storage services , which we may need to review to assure all Gross Sales have been accurately reported;
5. by November 1 of each year, financial projections and a marketing plan for the upcoming year in the form we may prescribe in our sole discretion; and
6. any other reports we may require in the future.

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

If you fail to provide the information listed above as requested, we may require you to give us independent access to your specific online accounting software, so we may obtain the required financial reports, for which there may be a fee.

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

#### 11.15 System Standards

You must adhere to and follow BLUE KANGAROO PACKOUTZ standards taught during training (previously defined as “System Standards”) and other industry standards as well as the standards and specifications as set forth in the Operations Manuals or otherwise in writing by us. Adhering to these industry standards is required to assure consistency and quality service throughout the BLUE KANGAROO PACKOUTZ network of owners and to verify compliance to standards for customers.

### **ITEM 12. TERRITORY**

#### 12.1 The Territory

You will operate the BLUE KANGAROO PACKOUTZ Business from a location within the Territory that we approve and that will be identified in Summary Page to the Franchise Agreement. Your “Territory” will consist of specific zip-code(s) that have been awarded to you. We identify your Territory zip codes as determined by Census Bureau statistics.

A Standard Territory will have between 750,000 people to a maximum of 1,000,000 people. A Small Market Territory will have between 400,000 people to no more than 749,000 people. As of the date of this Disclosure Document, we are utilizing data that has been collected by a national demographics company to determine the number of people in each Territory. During the term of the Franchise Agreement, we will not allow you to relocate the Territory; however, the exact boundaries of the Territory may change in the future, as future zip code changes are made by the United States Postal Service or Census Bureau.

We have the right to restrict the number of Territories in any given geographic area.

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

## 12.2 Advertising and Servicing of Customers for Franchises

**Territory Protections.** You will receive the following protected rights in your Territory.

1. **Protected Advertising.** No other BLUE KANGAROO PACKOUTZ business may advertise in your Territory in print, media, door-to-door, mass electronic communication, or direct web-based advertising within your Territory. You may experience some indirect/carry-over advertising from other franchisees in media where the reach of advertising is difficult to restrict to zip codes, such as radio or indirect web-based advertising.

2. **Protected TPA and NORA Referrals.** You will receive TPA and NORA (defined below in Section 12.4) referrals for your assigned zip codes in accordance with program requirements. We cannot guarantee your participation in these programs. If you are not compliant with your Franchise Agreement, program requirements, or fail to perform program work adequately, we may direct TPA or NORA referrals to another franchisee or ourselves.

3. **Protected Call Center Referrals.** You will receive Call Center leads for your assigned zip codes. If you are not compliant with your Franchise Agreement, we may direct these leads to another franchisee or ourselves.

4. **Protected Office Location.** No other BLUE KANGAROO PACKOUTZ Business may establish an office location within your Territory.

You may not advertise or establish an office outside your Territory without our prior written consent. Within the Territory, you have the right to advertise, market, solicit and service any customer desiring inventorying, packing, moving, cleaning, deodorizing and storage services except as described in this section. Advertising, soliciting customers, or establishing an office location outside of your Territory without our written consent is a default under the Franchise Agreement, and we may require that you pay to us the Out of Territory Fee.

Should you not be in full compliance with your Franchise Agreement, we have the right to allow other compliant BLUE KANGAROO PACKOUTZ franchisees or Company Stores to advertise in your Territory.

There are no Territory protections related to providing services to customers located within your Territory. Other BLUE KANGAROO PACKOUTZ franchisees, or outlets we own, may accept jobs and service customers in your Territory without restriction or limitation. You are not entitled to compensation for the services we or other franchisees provide to customers within your Territory.

Although we have not done so, we and our affiliates may sell products under the Marks within and outside the Territory through any method of distribution, although within your Territory it may not be through a BLUE KANGAROO PACKOUTZ Business. This includes sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales (collectively, the “Alternative Distribution Channels”). You may not use Alternative Distribution Channels to make sales outside or inside the Territory and you may not receive compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

If we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other Alternative Distribution Channel, and we receive orders for any System products or residential Services calling for delivery or performance in your Territory, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements, or if you are otherwise unable to fulfill the order, then

we, or another BLUE KANGAROO PACKOUTZ Affiliate may fulfill the order, and you will be entitled to no compensation in connection therewith.

We and our affiliates may use Alternative Distribution Channels to make sales within the Territory of products or services under trademarks different from the Marks you will use under the Franchise Agreement.

### 12.3 Relocation

You may relocate the Office Site within the Territory at your sole discretion but must immediately notify us of the change in address.

### 12.4 National or Regional Accounts (“NORAs”)

We have the exclusive right to negotiate and enter into agreements or approve forms of agreement to provide services to National or Regional Account (“NORA”) customers. The term NORA includes any customer which on its own behalf or through agents, licensees, or other third parties owns, manages, controls or otherwise has responsibility for a business in more than one (1) location, including but not limited to national insurance companies, third-party administrators, and other similar organizations, for the benefit of the System, and regardless of the aggregate contract amount of the services to be performed. Any dispute as to whether a particular customer is a NORA shall be determined by us in our sole discretion and our determination shall be final and binding. Following the execution of a contract with or the acceptance of a bid by a NORA customer which contemplates the provision of services to one (1) or more NORA customers who are located in your Territory, we may, if you are qualified to perform the services and conditioned upon your substantial compliance with the terms of the Agreement and any other applicable agreements, provide you the opportunity to perform such services pursuant to the terms and conditions of the NORA contract or on such terms and conditions as we, at our sole discretion, determine are appropriate. You agree to provide services to all NORA customer referrals within your Territory. You further agree to provide all services in strict adherence to the BLUE KANGAROO PACKOUTZ performance and process standards and all service guidelines and performance standards of the NORA. You may be required to enter into a service agreement to participate in certain NORA programs.

If you are not able or not willing to provide services to a NORA customer in conformity with the terms and conditions of the NORA contract, or fail to make an election within the time we specify after being offered the opportunity, we have the right, exercisable in our sole discretion, to (i) provide, directly or through any affiliate or other franchisee or Managing Operator, services to the NORA customer; and/or (ii) contract with another party to provide such services to the NORA customer. In either event, neither you nor the Business shall be entitled to any proceeds from the provision of Services provided to the customer of a NORA.

### 12.5 Restrictions

Any project or enterprise undertaken jointly by two or more BLUE KANGAROO PACKOUTZ franchisees will be known as “Co-Venturing”. Co-Venturing with other franchisees must be managed through us and you may not negotiate directly with other BLUE KANGAROO PACKOUTZ franchisees without our prior written approval.

## 12.6 Our Rights within the Territory

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

1. establish, and allow other BLUE KANGAROO PACKOUTZ franchisees to establish, BLUE KANGAROO PACKOUTZ Businesses at any location outside of the Territory on any terms and conditions, but subject to the same marketing restrictions upon their servicing in the Territory that you are subject to when servicing in their Territory; under no circumstances will another BLUE KANGAROO PACKOUTZ Business or Company Store advertise in print, media, door-to-door, mass electronic communication, or direct web-based marketing in the Territory, without your prior written consent, except only as provided in the Franchise Agreement;
2. establish solicit, market to and build regional and national account relationships, whose offices may be located in the Territory as is further outlined in the Franchise Agreement;
3. offer and sell services and products anywhere that do not comprise a part of the System and, in connection with this right, to exploit our Marks, name, reputation, and know-how;
4. solicit and perform inventorying, packing, moving, cleaning, deodorizing and storage services in any geographic market;
5. acquire businesses providing services similar to those provided under the System and to be acquired by such a business; and
6. use and license to engage in any other activities not expressly prohibited in the Franchise Agreement.
7. sell products under the Marks within and outside the Territory through any method of distribution. This includes sales of products using the Marks through alternative distribution channels. You may not use alternative distribution channels to make sales outside or inside the Territory and you may not receive compensation for sales of products using the Marks through alternative distribution channels except as described in the following paragraph.
8. make sales within the Territory of products or Services under trademarks different from the Marks you will use under the Agreement.

At this time, we do not have plans to operate or franchise a business under a different trademark selling similar goods and services as provided by a BLUE KANGAROO PACKOUTZ Business.

## 12.7 Additional Franchises and Expansions

Upon your request, we may, but are not obligated to, award you an additional BLUE KANGAROO PACKOUTZ Business or additional Territory, but any decision to do so will be in our sole discretion and judgment. At a minimum, to be considered for an additional Franchise you

must be in compliance with your Franchise Agreement and have sufficient capital, service technicians, and equipment to market and service both your Territory and the additional Territory.

If you are approved for an expansion territory, you must sign a new Franchise Agreement and pay the appropriate fee in full within 14 days of receiving the documents. The Initial Package Fee may be waived for franchisees who qualify to expand; however, you need to pay the Initial Franchise Fee and sign a new Franchise Agreement, which may contain materially different economic terms than the initial Franchise Agreement you sign. You may not, without our prior written permission, solicit or perform services for customers geographically located within the proposed Territory until you have purchased the Territory and signed a then current Franchise Agreement.

### 12.8 Minimum Gross Sales Requirement

Beginning on the Transition Date, you must maintain the following minimum levels of monthly Gross Sales (the “Minimum Gross Sales”) in the Territory:

#### **Standard Franchise**

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Standard Franchise</b>	<b>Minimum Monthly Royalty Required</b>
13 to 24 months	\$12,500	\$500
25 to 36 months	\$25,000	\$500
37 to 48 months	\$37,500	\$500
49 to 60 months	\$50,000	\$500
Greater than 61 months	\$55,000	\$500

#### **Small Market Franchise**

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Standard Franchise</b>	<b>Minimum Monthly Royalty Required</b>
13 to 24 months	\$9,375	\$500
25 to 36 months	\$18,750	\$500
37 to 48 months	\$28,125	\$500
49 to 60 months	\$37,500	\$500
Greater than 61 months	\$41,250	\$500

Beginning on the Transition Date and continuing each month thereafter, you must pay the greater of (i) the Royalty due or (ii) the Minimum Monthly Royalty of \$500. We will conduct an accounting every six months of the total Royalties paid from the Gross Sales of each BLUE KANGAROO Business. In the event of a deficiency in your payment of the Royalty, National Marketing Fund Contribution, or Technology Fee, or any other amounts required to be paid under this Agreement, you shall immediately, upon notice, pay the deficiency to us. Your completion of such payment shall not be considered a waiver of any default by you or of any of our available remedies for such default afforded to us under this Agreement. In the event that any bi-annual



accounting discloses that your payments have exceeded the amounts due pursuant to this Agreement during that six month period, we will apply the overpayment as a credit on your Royalty account within forty-five (45) days of completion of the accounting, to offset amounts due in the following six month period.

If the BLUE KANGAROO PACKOUTZ Business fails to achieve the required Minimum Gross Sales Requirement during any consecutive three-month period, we reserve the right to terminate the Franchise Agreement. You agree that any franchise or Company Store we designate may provide Services in the Territory. Neither the franchise, Company Store nor we are liable or obligated to pay you any compensation for doing so, and neither the franchise nor we will be considered in breach of any provision of this Agreement or any other agreement between you and us regardless if minimum sales are achieved in the future.

If this is a renewal term, you will be required to meet the Minimum Gross Sales requirement for the greater than 61 month level for the first year of the Renewal Term. For all subsequent years of the Renewal Term, you must achieve Minimum Gross Sales growth of at least three percent (3%) per year, each year.


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

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

### ITEM 13: TRADEMARKS

Our parent, BFG, owns the common law trademarks, service marks, trade names, logotypes, and numerical symbols listed below and licensed us the right to use such marks for promotion, use, license, and sale throughout the United States, its territorial possessions, and the District of Columbia. The Franchise Agreement grants to you the license to operate the System under the BLUE KANGAROO PACKOUTZ and BLUE KANGAROO names and under any other trade names, trade dress, indicia, trademarks, service marks, and logos currently used or that may be used in the operation of the System.

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

MARK	SERIAL/REGISTRATION NUMBER	APPLICATION DATE/REGISTRATION DATE	REGISTER
	90/307,108 (serial number)	November 9, 2020 (application date)	Principal
BLUE KANGAROO	90/284,394 (registration number)	September 6, 2022 (registration date)	Principal

We do not have a federal registration for one of our principal trademarks. Therefore, the logo mark above does 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.

We or our parent have filed all required affidavits and renewals with respect to these registrations.

We or our parent intend to commence an on-going practice of registering new trademarks for promotional or related advertising activities.

No state trademark registrations have been filed.

There are no pending proceedings or material litigation involving Marks that are relevant to their use.

There are no agreements currently in effect that significantly limit our rights within the United States, to use, or license the use, of the above-mentioned Marks in any manner material to the Franchise.

You will follow our rules when you use the Marks. You may not use any Mark (including the name BLUE KANGAROO PACKOUTZ) as part of your corporate or legal business name or with modifying words, terms, designs, or symbols (except for those we license to you). You may not use any Mark in selling any unauthorized services or products or in any other way we have not expressly authorized in writing.

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

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

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

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

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

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

### 14.1 Patents and Copyrights

You do not receive the right to use any item covered by a patent. There are no pending patent applications that are material to the franchise. We do not own any registered copyrights which are material to the franchise; however, we claim copyrights in the Operations Manuals, System Standards, advertising materials, BLUE KANGAROO PACKOUTZ Software, business forms, videos, CDs and other printed and advertising material used in operating the System. We have not registered these copyrights with the United States Registrar of Copyrights. You must use these items only in the way we specify and only while operating your BLUE KANGAROO PACKOUTZ Business. You do not have any rights, including rights to compensation, under the Franchise Agreement if we require you to modify or discontinue using the subject matter covered by any patent or copyright.

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

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

The Operations Manuals, System Standards and other materials we possess contain our confidential information and/or trade secrets. This information may include (a) general operating procedures for a BLUE KANGAROO PACKOUTZ Business; (b) the proprietary BLUE KANGAROO PACKOUTZ Software and any other Required Software; (c) personnel guidelines for hiring, training, retaining, promoting, and supporting the marketing and sales staff; (d) the

training programs; (e) written marketing and advertising materials, audiotapes, videos, and programs for their utilization; (f) knowledge of specifications and suppliers of certain equipment and supplies for the BLUE KANGAROO PACKOUTZ Business; (g) information on operating results and financial performance of BLUE KANGAROO PACKOUTZ Businesses other than your own; (h) the Operations Manuals and the BLUE KANGAROO PACKOUTZ owners internet site and its contents; (i) sales guidelines and strategies for developing business relationships in the insurance industry; (j) Customer Information, as defined below; and (k) any other information we deem confidential. We also own any and all customer lists and their contents that we provide to you and/or that you subsequently develop during the normal course of operating the Business. You are required to keep an up-to-date list of all current and former customers in the BLUE KANGAROO PACKOUTZ Software, including their name, telephone number, complete mailing address, frequency of service, last date serviced, and price of service (“Customer Information”).

#### 14.2 Proprietary Information

You must disclose to us all ideas, concepts, methods, techniques and products concerning the development and operation of the BLUE KANGAROO PACKOUTZ Business that you, the Managing Owner, the Designated Manager, or employees conceive or develop during the term of the Franchise Agreement.

We shall own the rights to all such ideas, concepts, methods, techniques and products, regardless of the source, and you must grant to us and agree to procure from your affiliates, owners or employees a perpetual, exclusive and worldwide right to use such ideas, concepts, methods, techniques and products concerning the development and operation of the BLUE KANGAROO PACKOUTZ Business that you or your employees conceive or develop during the term of the Franchise Agreement.

You must sign all documents we request to evidence our ownership or to assist us in securing intellectual property rights in such ideas, concepts, techniques or materials. We will have no obligation to make any lump sum or on-going payments to you with respect to any such idea, concept, method, technique or product. You must agree that you will not use, nor will you allow any other person or entity to use any such concept, method, technique or product without obtaining our prior written approval.

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

You must at all times faithfully, honestly, and diligently perform your obligations under the Franchise Agreement. Except as stated herein, you must designate at least one managing owner (the “Managing Owner”) who will be our primary individual contact with the BLUE KANGAROO PACKOUTZ Business and who we will approve in our sole discretion. A Managing Owner may, in our sole discretion, serve as the Managing Owner of more than one BLUE KANGAROO PACKOUTZ Business that is owned by you; provided, however, that we may, in our sole discretion, require you to designate a person who will serve as the primary individual contact for this BLUE KANGAROO PACKOUTZ Business (the “Designated Manager”). We must approve of the Designated Manager in writing, which we may grant in our sole discretion. The Managing Owner and, if applicable, the Designated Manager, must successfully complete our JumpStart and Initial Training Programs as described in and required by the Franchise Agreement. The Designated Manager is not required to have an ownership interest in the BLUE KANGAROO

PACKOUTZ Business. The Managing Owner or, if applicable, the Designated Manager must continuously exert her/his full-time best efforts to manage, promote and enhance the BLUE KANGAROO PACKOUTZ Business, and such other BLUE KANGAROO PACKOUTZ Businesses as we permit in our sole discretion. Without our prior written permission, the Managing Owner and, if applicable, the Designated Manager, must not engage in any other business or activity that conflicts with their obligations to operate the BLUE KANGAROO PACKOUTZ Business on a full-time, year round basis. In the case of multiple owners, the owner with day-to-day responsibility and authority to run the BLUE KANGAROO PACKOUTZ Business and with whom we will communicate shall be identified on the signature line as the first Managing Owner.

Before commencing operation of the BLUE KANGAROO PACKOUTZ Business, you must employ at least one person who has completed the Initial Training. Before you begin operating the BLUE KANGAROO PACKOUTZ Business, you must also hire one Service Technician who will be responsible for performing and overseeing your inventorying, packing, moving, cleaning, deodorizing and storage services. At all times during the term of the Franchise Agreement, you must have employed at the BLUE KANGAROO PACKOUTZ Business a person who has completed the Initial Training.

Before attending the Initial Training and/or upon any change to the legal entity ownership, you must submit to us a corporate resolution, or similar action, which states the name of the corporation or LLC, the legal names of all of the partners or shareholders, the percentage of ownership that each member controls, their place of residence and their agreement to be bound by the terms of the Franchise Agreement. In the case of multiple owners, you must submit a dispute resolution procedure acceptable to us in our sole discretion that states what you will do in the event that there is a conflict between any owners of the franchisee entity. In addition, at all times, the owners who have executed the Franchise Agreement must control 67% of the franchisee entity. The remaining owners must sign a written confidentiality and non-compete agreement in the form we prescribe.

During the term of the Agreement, you and your immediate family may not engage in any other business or activity and cannot have an interest in or business relationship with any competitor of BLUE KANGAROO PACKOUTZ. Additionally, if you are a corporation, limited liability company, partnership, or other entity, each of your owners, owner's spouses, members and member's spouses, or officers must personally guaranty your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete.

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

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

You must offer and provide only and all of the services that we periodically require for BLUE KANGAROO PACKOUTZ franchisees in the manner that we prescribe, and you may only provide the inventorying, packing, moving, cleaning, deodorizing and storage services that we have authorized (“Services”). You may not market or perform any other services, except the Services, without our express, prior written approval. There are no limits on our right to periodically change required and/or authorized services and service categories, and we may do so at our discretion. Other than the advertising and territorial restrictions (See Item 12), we do not restrict the types of customers that you may service through your BLUE KANGAROO PACKOUTZ Business.

## ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

### THE FRANCHISE RELATIONSHIP

	Provisions	Section in Franchise Agreement	Summary
a.	Length of the franchise term	Section 1.C	10 years.
b.	Renewal or extension of the term	Section 11.A	Two additional, consecutive terms of 10 years each.
c.	Requirements for franchisee to renew or extend	Section 11	In order to renew you must: (i) be in compliance with your Franchise Agreement; (ii) not have made certain repeated defaults of your Franchise Agreement; (iii) provide us with notice of your intent to renew within the required time; (iv) sign our then-current franchise agreement, which may contain materially different terms; (v) upgrade and remodel the BLUE KANGAROO PACKOUTZ Business, as necessary; (vi) sign a general release (such requirement to sign a general release is subject to change in our sole discretion); and (vii) pay us a renewal fee. “Renewal” means entering into a new franchise agreement with us, which may contain materially different terms and conditions from the original franchise agreement.
d.	Termination by franchisee	Not Applicable	Not Applicable. You may terminate the Franchise Agreement by any grounds permitted by state law.
e.	Termination by franchisor without cause	Not Applicable	Not Applicable
f.	Termination by franchisor with cause.	Section 12.B	We may terminate your Franchise Agreement with cause as described in (g)-(h) of this Item 17 Chart.
g.	“Cause” defined –	Section 12.C	We may terminate the Franchise Agreement after providing you with notice and a 15-day cure period if you: (i) fail to pay any amounts due to

	<b>Provisions</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
	curable defaults		us, or you do not record funds paid to you for jobs completed as required or you default on any loan made to you by us or our preferred lender for the purchase of the Territory; (ii) fail to employ for 2 consecutive months a Service Technician or a Designated Manager; (iii) fail to comply with any applicable law, regulation or ordinance; (iv) fail to comply with the Franchise Agreement, the intranet website, Manuals and/or other confidential materials; (v) fail to comply with modifications to the System Standards, intranet website, or Manuals; (vi) fail to make payments on the vehicle resulting in repossession; (vii) use products or materials that do not meet our System Standards; (viii) fail to provide any required report, statement, or return; (ix) fail to service all customers in a manner consistent with our System Standards; (x) market or advertise to a customer in another Territory without permission; (xi) establish an office location outside of your Territory without our prior written consent; (xii) fail to endorse any payments due to us that is erroneously made to you; (xiii) fail to maintain the hours of operation at the BLUE KANGAROO PACKOUTZ Business; (xiv) fail to personally supervise day-to-day operation or fail to employ a sufficient personnel; (xv) fail to maintain the strict quality controls; (xvi) conduct yourself in a manner that reflects adversely on the System, the Marks, or the products; or (xvii) fail to procure or maintain any required licenses, certifications, or permits.
h.	“Cause” defined – non-curable defaults	Section 12.A & B	<p>The Franchise Agreement will automatically terminate without notice or an opportunity to cure if: (i) you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent; (ii) proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any bankruptcy or insolvency law, and are not dismissed within 60 days, or a trustee or receiver is appointed for you or the BLUE KANGAROO PACKOUTZ Business without your consent, and is not vacated within 60 days; or (iii) you make or attempt to make an unauthorized transfer.</p> <p>We may terminate the Franchise Agreement, immediately, and without an opportunity to cure, effective upon notice, if: (i) your Managing Owner/Designated Manager, fail to attend or successfully complete the required training or the pre-training requirements; (ii) you fail to commence operation of the BLUE KANGAROO PACKOUTZ Business within the required time period; (iii) you have made a material misrepresentation; (iv) you receive 3 or more notices to cure a similar defaults, within any 2-year period; (v) you are convicted, or plead no contest to, a felony; (vi) you understate your Royalty by 3% or more on 3 or more occasions, during any 2-year period; (vii) you engage in any dishonest or unethical conduct; (viii) you violate any provision regarding confidentiality or non-disclosure; (ix) you abandon; (x) you fail to acquire or maintain the required insurance; (xi) you fail to attend the Annual Convention as required; (xii) your Managing Owner/Designated Manager fails to attend required refresher training; (xiii) you fail to train your Service Technician; (xiv) any other franchise agreement you have with us or our affiliate is terminated; (xv) you commit 3 or more defaults-in any 12 month period; (xvi) you materially breach any other agreement with us or our affiliates, or any lease, and fail to cure such</p>

	<b>Provisions</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			breach within any cure period; (xvii) you materially violate any provision pertaining to Marks or Confidential Information; (xviii) you violate any safety or sanitation law, ordinance or regulation; (xix) you violate the in-term restrictive covenant; (xx) a levy or writ of attachment or execution or any other lien is placed against you and not released or bonded within 30 days; (xxi) you become insolvent; (xxii) you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xxiii) you misuse or make unauthorized use of any BLUE KANGAROO PACKOUTZ /Required Software; (xxiv) you fail to comply with the anti-terrorism provision; (xxv) you take for your own personal use any assets or property of the BLUE KANGAROO PACKOUTZ Business; or (xxvi) if there are insufficient funds in your bank account to cover a check or EFT payment 3 or more times within any 12-month period or you fail to achieve minimum sales for 3 consecutive months.
i.	Franchisee's obligations on termination/n on-renewal	Section 13	Upon termination or early expiration of the Franchise Agreement, your obligations include: (i) pay all amounts owed to us; (ii) de-identify and otherwise stop using the Marks in any manner, including in business names and telephone listings; (iii) return all Confidential Information and customer lists to us; (iv) comply with post-term non-competition covenants; and (v) deliver proof of compliance.
j.	Assignment of contract by franchisor	Section 10.A	No restriction on our right to assign.
k.	"Transfer" by franchisee – definition	Section 10.B	Includes transfer or assignment of the Franchise Agreement, the BLUE KANGAROO PACKOUTZ Business or any part thereof, and change of your ownership in the franchisee entity and/or BLUE KANGAROO PACKOUTZ Business.
l.	Franchisor's approval of transfer by franchisee	Section 10.B	We must approve all transfers, but we will not unreasonably withhold our approval if you meet our conditions.
m.	Conditions for franchisor approval of transfer	Section 10.B	Conditions to transfer: (i) you are in full compliance with the Franchise Agreement or any other related agreement and you have paid all accrued monetary obligations; (ii) the transferee meets our then current standards; (iii) the transferee is not operating a competitive business, unless all competitive services as part of the BLUE KANGAROO PACKOUTZ Business; (iv) you permit us to release to the transferee information about the BLUE KANGAROO PACKOUTZ Business; (v) transferee signs the then-current form of franchise agreement; (vi) you pay us a transfer fee, all Royalties and other fees owed, and all commissions and broker fees, if applicable; (vii) transferee completes training; (viii) you and the transferee sign a general release (such requirement to sign a general release is subject to change in our sole discretion); (ix) we have approved the material terms of the purchase agreement; (x) any of transferee's financing obligations are subordinate to payments to us; (xi) if transferred to a wholly owned company, then you retain a required percentage of such company; (xii) you have attended training and the BLUE KANGAROO PACKOUTZ Business



	<b>Provisions</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
			is open; (xiii) you comply with all post-term obligations; (xiv) transferee obtains all required permits and licenses; (xv) lessors have consented to transfer, if applicable; (xvi) transfer is made in compliance with all laws; and (xvii) transferee purchases an Initial Package if required.
n.	Franchisor's right of first refusal to acquire franchisee's business	Section 10.D	Before transferring your interest in the Franchise Agreement, you must first offer us the right to purchase the interest on the same terms and conditions contained in any bona fide offer and we have 30 days to decide.
o.	Franchisor's option to purchase franchisee's business	Not Applicable	We do not have an option to purchase your business.
p.	Death or disability of franchisee	Section 10.C	You must transfer within 12 months of your death or disability. If you are an individual, your heirs may continue to operate your BLUE KANGAROO PACKOUTZ Business.
q.	Non-competition covenants during the term of the franchise	Section 6.A	During the Term, you, your Managing Owner, your Designated Manager, and Service Technician (if applicable), and your immediate family members shall not: (i) engage in any capacity in any other business offering inventorying, packing, moving, cleaning, deodorizing and storage services(except for other franchises or authorizations we enter into with you); (ii) use our Confidential Information, System, intranet website, Manuals, Marks, customer lists, Customer Information, or any colorable imitations, in connection with any business other than the BLUE KANGAROO PACKOUTZ Business; (iii) attempt to or divert any business or customer of the BLUE KANGAROO PACKOUTZ Business to any competitor, or do any other act injurious or prejudicial to the goodwill of the Marks or the System. This provision is subject to state law.
r.	Non-competition covenants after the franchise is terminated or expires	Section 13.D	For 18 months from expiration or termination of the Franchise Agreement, you, your owners and, your Designated Manager, and your immediate family members shall not (a) engage in any capacity in any business offering inventorying, packing, moving, cleaning, deodorizing and storage services or any services offered by our affiliates, (b) solicit business from customers of your former BLUE KANGAROO PACKOUTZ Business, or (c) attempt to or divert any business or customer of the BLUE KANGAROO PACKOUTZ Business or do any other act injurious to the goodwill of the Marks or the System or engage in any business relationship with any of your customers or former customers, within: (i) the Territory; (ii) the Territories of any BLUE KANGAROO PACKOUTZ franchisees, BLUE KANGAROO PACKOUTZ Company Store, or any other BLUE KANGAROO PACKOUTZ business operator; or (iii) a radius of 50 miles from the Territory. This provision is subject to state law.

	<b>Provisions</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
s.	Modification of Agreement	Section 15.J	Modification of the Franchise Agreement must be in writing and agreed upon by both parties.
t.	Integration/merger clause	Section 15.L	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Sections 15.F.1 and 15.F.2	You must bring any disputes arising out of the Franchise Agreement or any other agreement with us to our President prior to bringing a claim before any third party in an attempt to resolve the dispute internally. After exhaustion of this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to non-binding mediation in Ann Arbor, Michigan, in accordance with the American Arbitration Association’s Commercial Mediation Rules then in effect. This provision is subject to state law.
v.	Choice of forum	Section 15.F.3	All claims not subject to mediation must be commenced in the state, or federal court of general jurisdiction in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan (subject to state law).
w.	Choice of law	Section 15.H	Except federal law, Michigan law applies (subject to state law).

## **ITEM 18: PUBLIC FIGURES**

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

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

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

The following representation is a historical financial performance representation based upon the actual results of businesses substantially similar to the franchise offered, which are currently operated by our affiliate, BLUE KANGAROO PZNA, located in Mt. Clemens, Michigan (“Mt. Clemens Location”), six (6) franchisees that were open and operating for all twelve (12) months in 2022, and four (4) franchisees that were open and operating for at least six (6) months in 2022 (“Start Up Franchisees”). Two (2) franchisees were excluded for not operating in accordance with the system being offered, and two (2) franchisees were excluded because they had not been open and operating a total of six (6) months. For the purposes of this Item 19, January 1, 2022 through December 31, 2022, will be referred to as the “Measurement Period.”

Table 1 below represents the Gross Sales Collected Per Franchise and the Mt. Clemens Location in 2022. “Gross Sales Collected” means all revenue collected from operating the location, whether in cash, in services in kind, from barter and/or exchange, or otherwise, less any sales tax or refunds for non-salvageable items.

**TABLE 1**

<b>LOCATION<sup>2</sup></b>	<b>GROSS SALES COLLECTED IN 2022</b>
Mt. Clemens, MI <sup>1</sup>	\$2,720,108
Denver, CO	\$1,925,479
Portland, OR	\$1,037,240
Fresno, CA	\$531,014
Grand Junction, CO	\$403,454
Birmingham, AL	\$310,391
Boise, ID	\$205,613
Raleigh, NC	\$65,771
Cincinnati, OH	\$92,097
Ypsilanti, MI	\$400,647
Grand Rapids, MI	\$77,771
<b>Total Gross Sales Collected</b>	<b>\$7,238,571</b>
<b>Average of Gross Sales Collected</b>	<b>\$723,857</b>

Notes:

1. As stated above, the Mt. Clemens location is operated by our affiliate.
2. As shown in the chart, the average Gross Sales Collected during the Measurement Period was \$7,238,571. Of the eleven (11) locations in this Item 19, three (3) locations exceeded the average and eight (8) earned less than the average. The median Gross Sales amount for the eleven (11) locations was \$355,519.

Table 2 below represents the data collected from survey responses received from the four (4) Start Up Franchisees. The Start Up Franchisees were open for at least six (6) months 2022. Reported information is based upon survey responses from each Franchisee. We have not independently verified the information. “Gross Sales Billed” includes all amounts invoiced to the customer in 2022. Total Gross Sales Collected in 2022 by the Start Up Franchisees is included in Chart 1 above.

**TABLE 2**

<b>Franchise<sup>1</sup></b>	<b>Gross Sales Billed<sup>2</sup></b>	<b>Average Job Size</b>	<b># of Jobs</b>	<b>Warehouse Sq Ft./ Price Per Sq Ft.</b>	<b>Month/ Year Business Opened</b>	<b>Largest Single Job</b>	<b>Smallest Single Job</b>
Raleigh, NC	\$503,456	\$16,667	30	5,000/.99	May 2022	\$63,679	\$630
Cincinnati, OH	\$619,587	\$19,363	32	10,054/.81	July 2022	\$86,487	\$658
Ypsilanti, MI	\$607,676	\$26,420	23	12,900/.72	April 2022	\$114,000	\$3,500
Grand Rapids, MI	\$122,109	\$13,568	9	12,090/.72	May 2022	\$25,895	\$4,980

## Notes:

1. These Franchises were not open for the full calendar year in 2022.
2. The Average Gross Sales Billed in Chart 2 is \$463,207. Of the four (4) Start Up Franchisees, three (3) exceeded the average and one (1) billed less than the average. The Median Gross Sales Billed in Chart 2 is \$555,566.

The sales information presented in this Item was provided by the locations through monthly Gross Sales, other reports, or survey. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

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

Other than the foregoing information, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 Franchisor's management at 731 Fairfield Court, Ann Arbor, MI 48108, 734-864-9799, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

### TABLE NUMBER 1

#### Systemwide Outlet Summary For Years 2020 to 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	3	+3
	2021	3	10	+7
	2022	10	22	+12
Company Owned	2020		1	0
	2021	1	1	0
	2022	1	1	0
<b>Totals</b>	2020	1	4	+3
	2021	4	11	+7
	2022	11	23	+12

### TABLE NUMBER 2

#### Transfers of Outlets from Franchisees to New Owners (other than to Franchisor) For Years 2020 to 2022

State	Year	Number of Transfers
<b>Totals</b>	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>

**TABLE NUMBER 3****Status of Franchised Outlets  
For Years 2020 to 2022**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Alabama	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	0	0	0	0	0	2
California	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Colorado	2020	0	1	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	3	0	0	0	0	6
Idaho	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
North Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Ohio	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
Oklahoma	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Oregon	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Utah	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
Washington	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	0	3	0	0	0	0	3
	2021	3	7	0	0	0	0	10
	2022	10	12	0	0	0	0	22

**TABLE NUMBER 4**

**Status of company-owned outlets  
For Years 2020 to 2022**

<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired from Franchisees</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisees</b>	<b>Outlets at End of the Year</b>
Michigan	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
<b>Totals</b>	<b>2020</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2021</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
	<b>2022</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**TABLE NUMBER 5**

**Projected Openings as of December 31, 2022**

<b>State</b>	<b>Franchise Agreements Signed but Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Alabama	0	1	0
Arizona	0	1	0
Arkansas	0	1	0
Colorado	0	1	0
Connecticut	0	1	0
Florida	3	1	0
Georgia	3	1	0
Indiana	0	1	0
Kansas	0	1	0
Louisiana	0	1	0
Minnesota	0	1	0
Missouri	1	1	0
Nebraska	0	1	0
Nevada	2	0	0
New Jersey	0	1	0
New Mexico	1	0	0
New York	3	1	0
North Carolina	2	1	0
Ohio	0	1	0

<b>State</b>	<b>Franchise Agreements Signed but Outlet Not Opened</b>	<b>Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Oregon	0	1	0
South Carolina	0	3	0
Tennessee	2	1	0
Texas	10	2	0
Virginia	1	0	0
Wisconsin	0	1	0
<b>Total</b>	<b>28</b>	<b>25</b>	<b>0</b>

Exhibit F to this Disclosure Document includes the names, addresses and telephone numbers of all franchise owners as of December 31, 2022. Exhibit G includes the name, city and state, and the current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement between January 1, 2022 and December 31, 2022, or who has not communicated with us within ten weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

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

Exhibit H-1 lists, to the extent known, the names, addresses, telephone numbers, email addresses and web addresses of each trademark-specific franchisee organization associated with the franchise system that we have created, sponsored or endorsed. Exhibit H-2 lists the independent franchisee organizations that have asked to be included in this Disclosure Document. As of the date of this issuance, there are no organizations that have asked to be included in this Disclosure Document.

## **ITEM 21: FINANCIAL STATEMENTS**

Exhibit B contains our audited financial statements for the years ending December 31, 2022, December 31, 2021, and December 31, 2020. Our fiscal year-end is December 31.



## **ITEM 22: CONTRACTS**

The following contracts are exhibits within this Disclosure Document:

Exhibit A: Form of Agreements:

A-1 - Franchise Agreement and Addenda

A-2 - Promissory Note

A-3 - Confidentiality / Non-Disclosure Agreement

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

Exhibit E: State-Specific Addenda

Exhibit I—Disclosure Questionnaire

## **ITEM 23: RECEIPTS**

The final pages of this Disclosure Document (Exhibit I of the Disclosure Document) are detachable receipt pages acknowledging your receipt of the Disclosure Document. If these pages, or any other pages or exhibits are missing from your copy, please notify us immediately. You should sign both copies of the receipt. You should retain one signed copy for your records and return the other signed copy to: Stephanie Stevens-Barbatano, Legal Administrator, 731 Fairfield Court, Ann Arbor, MI 48108, 734-864-9799.

**EXHIBIT A  
TO FRANCHISE DISCLOSURE DOCUMENT**

**EXHIBIT A-1**

**BLUE KANGAROO PACKOUTZ FRANCHISE AGREEMENT**



**BLUE KANGAROO PACKOUTZ FRANCHISE AGREEMENT  
(the “Franchise Agreement”)**

**SUMMARY PAGE**

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

1. PACKOUTZ International, LLC, a Michigan Limited Liability Company, with its principal place of business at 731 Fairfield Court, Ann Arbor, Michigan 48108 (referred to in this Agreement as “we,” “us,” “ourselves,” “Franchisor,” or “Licensor”).

2. \_\_\_\_\_ (together referred to as the “Owners”), residents of the State of \_\_\_\_\_, and \_\_\_\_\_, a \_\_\_\_\_ company to be formed or already existing whose principal address is \_\_\_\_\_ (referred to in this Agreement as “you,” “your,” “Franchisee,” or “Licensee”).

3. This Franchise Agreement is made and entered into on the date executed by an authorized representative of Franchisor , (the “Effective Date”).

4. The “Initial Franchise Fee” referred to in Section 2.A. of the Franchise Agreement is \$\_\_\_\_\_.

5. The “Initial Package Fee” referred to in Section 2.B. of the Franchise Agreement is \$\_\_\_\_\_.

6. The “Territory” referred to in Section 1.D of the Franchise Agreement will be defined by the following zip codes, as located on the attached map:

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

In the event a new ZIP code is created entirely within your existing geographic Territory, it will become a part of the Territory, and you may market in it. If a new ZIP code is created along the boundary of the Territory, and if at least one-third of the new ZIP code area is within the Territory, as indicated on the attached map, then you can market to the new ZIP code, with the understanding an adjoining BLUE KANGAROO PACKOUTZ owner, who also has one-third of the new ZIP code in their previous Territory, may also be able to market in this new ZIP code. \_\_\_\_\_ [INITIAL]

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### **Exhibits:**

Exhibit A – Designated Personnel

Exhibit B – Franchise Management Software License Agreement

Exhibit C – Telephone and Other Listing Agreement

Exhibit D – Guaranty and Assumption of Franchisee's Obligations

Exhibit F – Electronic Funds (EFT) Authorization

Exhibit G – State Addenda to the Franchise Agreement

Exhibit H – Conversion Addendum

# **Franchise Agreement**

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

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

### **A. INTRODUCTION.**

We use, promote and license certain trade and service marks and other commercial symbols in operating businesses that offer inventorying, packing, moving, cleaning, deodorizing and storage services in the United States, including the trade and service mark(s) “BLUE KANGAROO PACKOUTZ” and “BLUE KANGAROO” (collectively, the “Marks”). These Marks have gained and continue to gain public acceptance and goodwill, and we may continue to create, use, and franchise additional trademarks, service marks, and commercial symbols in operating BLUE KANGAROO PACKOUTZ Businesses, as defined below.

Through the expenditure of considerable time, we have established a system of marketing, promoting, advertising, managing, conducting and operating businesses that perform inventorying, packing, moving, cleaning, deodorizing and storage services, and any other service that we authorize for sale (the “Services”) under the Marks for both residential and commercial buildings (the “BLUE KANGAROO PACKOUTZ Business,” or “Business”).

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

Following your evaluation of the System, you have expressed to us your desire to obtain the right to develop, own, and be franchised to operate a BLUE KANGAROO PACKOUTZ Business.

This Agreement governs the ongoing relationship between you and us.

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

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

*Affiliate:* any person or entity directly or indirectly owned or controlled by, under common control with, or owning or controlling you or us. For purposes of this definition, “control” means the power to direct or cause the direction of management and policies.

*BLUE KANGAROO PACKOUTZ Affiliates:* A collective reference for BLUE KANGAROO PACKOUTZ franchisee(s), Company Store(s), us and/or PZNA.

*BLUE KANGAROO PACKOUTZ Corporate Territory:* The zip-codes that are owned by us, and have not been awarded to a BLUE KANGAROO PACKOUTZ franchisee or a Company Store.

*Chain Customer:* A non-residential customer, a group of customers, a partner or group of partners that operate under a common ownership or control, under the same trademarks or service marks through independent franchises, or some other association located at multiple addresses.

*Company Stores:* A BLUE KANGAROO PACKOUTZ office that is owned by PZNA.

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

*Residential Work:* Any structure serving as a dwelling unit or a home, in which a person lives or resides.

*Territory:* The specific area where the BLUE KANGAROO PACKOUTZ Business is to be operated, which consists of a set of zip codes.

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

You have applied for a franchise to own and operate a BLUE KANGAROO PACKOUTZ Business. Subject to all of the terms and conditions of this Agreement, we hereby award you a franchise (the “Franchise”) to operate a BLUE KANGAROO PACKOUTZ Business utilizing the System and the Marks in the Territory that you and we have agreed to as described on the Summary Page and in Section 1.D below. We will not allow another BLUE KANGAROO PACKOUTZ franchisee or Company Store to perform work within your Territory, except as outlined in Section 1.D below, unless you are not in full compliance with this Agreement. Further, no other BLUE KANGAROO PACKOUTZ franchisee or Company Store may advertise in print, media, door-to-door, mass electronic communication, or direct web-based advertising within your Territory. Should you not be in full compliance with this Agreement, we reserve the right to allow other compliant BLUE KANGAROO PACKOUTZ franchisee or Affiliate to perform work in your Territory. Additionally, you may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The Franchise Agreement grants you the right to operate the BLUE KANGAROO PACKOUTZ Business only within the Territory defined in the Franchise Agreement.

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

You must at all times faithfully, honestly, and diligently perform your obligations under this Agreement. Except as stated herein, you must designate at least one (1) managing owner (the “Managing Owner”) who will be our primary individual contact with the BLUE KANGAROO PACKOUTZ Business and who we will approve in our sole discretion. A Managing Owner may, in our sole discretion, serve as the Managing Owner of more than one (1) BLUE KANGAROO PACKOUTZ Businesses that are owned by you; provided, however, that we may, in our sole discretion, require you to designate a person who will serve as the primary individual contact for this BLUE KANGAROO PACKOUTZ Business (the “Designated General Manager”). We must approve of the Designated General Manager in writing, which we may grant in our sole discretion. The Managing Owner and, if applicable, the Designated General Manager, must (a) successfully complete the training program as described in and required by this Agreement and (b) possess all required certifications and licenses within 30 days of the completion of training. The Designated General Manager is not required to have an ownership interest in the BLUE KANGAROO

PACKOUTZ Business. The Designated General Manager must sign our prescribed form of confidentiality and non-compete agreement. The Managing Owner or, if applicable, the Designated General Manager must continuously exert her/his full-time best efforts to manage, promote and enhance the BLUE KANGAROO PACKOUTZ Business, and such other BLUE KANGAROO PACKOUTZ Businesses as we permit in our sole discretion. Without our prior written permission, the Managing Owner and, if applicable, the Designated General Manager, must not engage in any other business or activity that conflicts with their obligations to operate the BLUE KANGAROO PACKOUTZ Business on a full-time, year round basis.

Before commencing operation of the BLUE KANGAROO PACKOUTZ Business, you must employ at least one (1) person who has completed the Business Manager and Technical Operations Training as described and defined in Section 3.A of this Agreement.

Before attending the Business Manager and Technical Operations Training and/or upon any change to the legal entity ownership, you must submit to us a corporate resolution, or similar action, which states the name of the corporation or LLC, the legal names of all of the partners or shareholders, the percentage of ownership that each member controls, their place of residence, and their agreement to be bound by the terms of this Agreement. We charge a fee of \$500 (the "Transfer of Corporation Fee") to process all changes to the legal entity subsequent to the submission of an initial corporate resolution prior to the commencement of the BLUE KANGAROO PACKOUTZ Business. In the case of multiple Owners, you must submit a dispute resolution procedure acceptable to us in our sole discretion that states what you will do in the event that there is a conflict between any owners of the franchisee entity. In addition, at all times, the Owners who have executed this Agreement must control 67% of the franchisee entity. The remaining Owners must sign a written confidentiality and non-compete agreement in the form we prescribe.

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

Within the Territory, you have the right to (1) advertise, market, and provide any Customer with the Services, except as otherwise described in this Agreement; (2) you have the right to TPA and NORA referrals for zip codes assigned to your Territory, except as provided in Sections 1.F and 7.A of this Franchise Agreement. We cannot guarantee your participation in these programs. If you are not compliant with your Franchise Agreement, program requirements, or fail to perform program work adequately, we may direct TPA or NORA referrals to another franchisee or ourselves; (3) you have the right to Call Center referrals for ZIP codes assigned to your Territory, subject to Section 2.I. below; and (4) you have the right to have the only BLUE KANGAROO PACKOUTZ office location in your Territory. You may not advertise via print, media, door-to-door, mass electronic communications, or direct web-based advertising outside of the Territory without our approval, and we reserve the right to charge a penalty fee if you do so. Advertising outside of your Territory is a default of this Agreement and if you do so, then we may charge you a fee of \$5,000 ("Out of Territory Fee"), and/or termination of your Franchise Agreement. There are no Territory protections related to providing Services to customers located within your Territory. Other BLUE KANGAROO PACKOUTZ franchisees, or outlets we own, may accept jobs and Service customers in your Territory without restriction or limitation.

BLUE KANGAROO PACKOUTZ franchisees and Company Stores may not advertise within your Territory without your and our written approval, except as provided in Sections 1.D and 2.F of Franchise Agreement. If you are not in full compliance with this Agreement, then we



have the right to allow another compliant BLUE KANGAROO PACKOUTZ franchisee or Company Store to advertise in your Territory.

You may not advertise in any way, any Customers outside the Territory, even if the area has not been awarded to another BLUE KANGAROO PACKOUTZ Affiliate, without our prior written permission. All ZIP codes that have not been awarded to a BLUE KANGAROO PACKOUTZ franchisee or Company Store are corporately owned (“BLUE KANGAROO PACKOUTZ Corporate Territory”) and you may not advertise there without our prior written permission.

You must also select your business office site within the Territory (“Office Site”), and we must approve such Office Site in our sole discretion. You may not locate your office outside of the Territory without our express written consent and if you do so, then we may charge you an Out of Territory Fee. If your Office Site is located outside of the Territory (pursuant to our prior permission), you agree that if a BLUE KANGAROO PACKOUTZ franchisee purchases the Territory where your Office Site is located, or if a Company Store is opened, you will move the location of your Office Site to another site approved in writing by us, unless you have obtained written authorization from us, as well as from the new BLUE KANGAROO PACKOUTZ franchisee.

You may relocate the Office Site within the Territory at your sole discretion but must immediately notify us of the change in address.

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

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

1. establish, and allow other BLUE KANGAROO PACKOUTZ franchisees to establish, BLUE KANGAROO PACKOUTZ Businesses at any location outside of the Territory on any terms and conditions, but subject to the same marketing restrictions upon their servicing in the Territory that you are subject to when servicing in their Territory; under no circumstances will another BLUE KANGAROO PACKOUTZ Business or Company Store advertise in print media, door-to-door, mass electronic communication, or direct web-based marketing in the Territory, without your prior written consent, except only as provided in Section 1.D and 2.F of this Agreement;
2. establish, solicit, market to and build regional and national account relationships, whose offices may be located in the Territory as is further outlined in Sections 1.F and 1.H of this Agreement;
3. offer and sell services and products anywhere that does not comprise a part of the Territory and, in connection with this right, to exploit our Marks, name, reputation, and know-how;
4. solicit and perform inventorying, packing, moving, cleaning, deodorizing and storage services in any geographic market within or outside your Territory, in accordance with Section 1.E (7) and (9) and Section 1F below;

5. acquire businesses providing services similar to those provided under the System and to be acquired by such a business;
6. sell products under the Marks within and outside the Territory through any method of distribution. This includes sales of products using the Marks through alternative distribution channels. You may not use alternative distribution channels to make sales outside or inside the Territory and you may not receive compensation for sales of products using the Marks through alternative distribution channels except as described in the following paragraph.
7. if we engage in electronic commerce through any Internet, World Wide Web, or other computer network site, or sell through any other alternative distribution channel, and we receive orders for any System products or Services calling for delivery or performance in the Territory, we will offer the order to you at the price we establish. If you choose not to fulfill the order, if you do not meet the requirements, or otherwise are unable to fulfill the order, then we, or another Affiliate may fulfill the order, and you will be entitled to no compensation in connection with this.
8. make sales within the Territory of products or Services under trademarks different from the Marks you will use under this Agreement.
9. use and license to engage in any other activities not expressly prohibited in this Agreement.

Although we have not done so, we and our Affiliates may sell products under the Marks within and outside the Territory through any method of distribution, although within your Territory it may not be through a BLUE KANGAROO PACKOUTZ Business so long as you are in compliance with the Franchise Agreement. This includes sales through such channels of distribution as the Internet, catalog sales, telemarketing, or other direct marketing sales (collectively, the “Alternative Distribution Channels”). You may not use Alternative Distribution Channels to make sales outside or inside the Territory and you may not receive compensation for our sales through Alternative Distribution Channels except as described in the following paragraph.

We and our affiliates may use Alternative Distribution Channels to make sales within the Territory of products or services under trademarks different from the Marks you will use under this Agreement.

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

One of our company-wide objectives is to activate NORA programs for insurance companies, third-party administrators, and other similar organizations for the benefit of the System. The locations of some of the NORA programs may be in the Territory awarded to you and they may have locations in other geographic areas. Our pursuit of these programs may involve solicitations, marketing and other related activities by us within the Territory. You are not to solicit, service or otherwise pursue any NORA or other relationships, whether the contacts for

these relationships are in the Territory or not, without our prior written consent. You may not service, solicit or otherwise pursue a relationship with a Chain Customer or any of its members for non-residential jobs without our prior written permission.

If a NORA is established in your Territory, you will receive exclusive referrals by us of any residential jobs we receive to be performed within your Territory, provided that you service these accounts consistent with the terms and conditions of our NORA relationship(s), and to the satisfaction of these NORAs. If a non-residential NORA job occurs within your Territory, you will also be given the exclusive referral provided you can meet the completion deadlines with your staff to the satisfaction of the NORA and are in full compliance with this Agreement.

If a NORA job is referred to you, you agree to abide by the System, methods and procedures, as outlined in the Operations Manual and System Standards or otherwise in writing (as defined in Section 3.E of this Agreement), which include, but are not limited to the following:

1. Respond to the Customer within 60 minutes with acceptance and scheduling information. If a call comes in after your normal operating hours, you must respond within 60 minutes of opening. If you do not make contact with the Customer within two (2) hours of receiving a job (or two (2) hours of opening if it came in after hours), the job will be deemed to have been turned down. We may then assign the job to the closest Affiliate in compliance with their franchise agreement with no compensation to you.
2. If you are conducting a NORA project, and the Customer has additional requirements, you agree to follow those requirements, which will be provided to you in writing. You may be required to sign a contract with the Customer amending the base NORA national contract for that service location. All work is subject to the terms, conditions and pricing established by us for that national contract or the National Strategic Partner as a prerequisite for participation in these programs. These terms may vary depending on the situations and circumstances.
3. At your option, you may decide not to perform Services for any one (1) or more of the NORA(s) contracted in your Territory. You agree to allow us to select another BLUE KANGAROO PACKOUTZ Affiliate to perform the work with no further obligation to you.
4. In the event that you do not comply with all of the requirements in a NORA national contract, or if we are directed by a NORA Customer at any time for any reason to not have you perform a NORA job in the Territory, then we reserve the right to refer such NORA business to another BLUE KANGAROO PACKOUTZ Affiliate and you agree to fully indemnify us for any non-compliant work you perform on a NORA project. If a NORA Customer expresses a concern about you, we will cooperate with you to resolve the NORA's concerns. However, after we exercise what we believe to be reasonable efforts to rectify the problem, if the NORA continues to refuse to do business with you, or you decline to do business with them, then you agree that any Affiliate that we designate may provide services for that NORA in the Territory. In any event, neither the Affiliate nor we (a) are liable or obligated to pay you any compensation for doing so, and (b) will be considered in breach of any provision of this Agreement or any other agreement between you and us.

5. For purposes of coordinating efforts and results of NORA programs, you must provide us with copies of all reports, forms and notices relating to your pursuit and servicing of a NORA national contract, on a timely basis, using the forms we may specify from time to time. You also agree to coordinate with us any solicitations you conduct that may have potential for development as a NORA. If you are currently servicing a NORA Contract listed on our website, you must notify us in writing about each account, including the date of the last service and your NORA Contracts on the account, in the format that we provide. Copies of any contracts must be provided to us. This information must accompany this fully executed Agreement.

We or our designee may offer a job referred to you for less than what we are being paid for the job by the third party. This is to cover our administration responsibilities in securing the job, and is in addition to the normal Royalty that is due to us. You have the option to turn down the job, as described above.

#### **G. CO-VENTURING.**

Any project or enterprise undertaken jointly by two (2) or more BLUE KANGAROO PACKOUTZ franchisees will be known as “Co-Venturing”. Co-Venturing with other franchisees must be managed through us and you may not negotiate directly with other BLUE KANGAROO PACKOUTZ franchisees without our prior written approval.

#### **H. OTHER BUSINESSES.**

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

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

#### **A. INITIAL FRANCHISE FEE.**

You must pay us an initial franchise fee (the “Initial Franchise Fee”) in the amount of \$59,900 for a population of between 750,000 people to a maximum of 1,000,000 people (the “Standard Franchise”) or \$44,925 for a population of between 400,000 people to no more than 749,000 people (the “Small Market Franchise”) within the Territory. If you purchase two (2) Territories at the same time, you will receive a one-time \$10,000 discount on the Initial Franchise Fee of the second Territory. We provide a 20% discount on the Initial Franchise Fee for the first Territory to veterans of U.S. Armed Forces who have been honorably discharged or otherwise meet the requirements of IFA’s VetFran program. We also offer a \$2,500 discount on the Initial Franchise Fee on the first Territory to first responders, which include sworn police officers, paid firefighters, and paid emergency medical technicians and paramedics. We reserve the right to require proof that the applicant qualifies for these discounts. These discounts may not be used in conjunction with each other. From time to time, we may offer incentives of cash grants, equipment, product, or other items as an inducement to prospective franchisees when business circumstances warrant and in states where such incentives can be offered without restrictions. We reserve the right to change or cancel any offer at any time.

If you are an existing building contents packing, cleaning, and storage business that has grossed at least \$100,000 in annual sales in your two (2) most recent fiscal years, then you may qualify to purchase a BLUE KANGAROO PACKOUTZ Business as a conversion franchise (“Conversion Franchise”). To be eligible to purchase a Conversion Franchise, you must provide two (2) years’ worth of tax returns (Form 1040 with schedule C, E, or F, Form 1065, Form 1120S, or Form 1120). The Initial Franchise Fee for a Conversion Franchise will be shall be reduced according to the chart below.

<b>Conversion Tiers</b>	<b>Grossed Annual Sales</b>	<b>Initial Franchise Fee</b>	<b>Re-Branding Credit*</b>
<b>Tier One</b>	\$100,000 - \$249,999	\$40,000	\$5,000
<b>Tier Two</b>	\$250,000 - \$499,999	\$35,000	\$10,000
<b>Tier Three</b>	\$500,000 - \$749,999	\$30,000	\$15,000
<b>Tier Four</b>	\$750,000 - \$999,999	\$25,000	\$20,000
<b>Tier Five</b>	\$1,000,000+	\$20,000	\$25,000

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

If you wish to purchase multiple Territories at the time you sign your first Franchise Agreement with us, then we may discount the Initial Franchise Fee for the second Franchise Agreement by \$5,000.

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

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

The determination of people is only for the purposes of determining the Initial Franchise Fee and is not a representation as to the potential number of customers in the Territory, either at the commencement of or during the course of the Term of this Agreement.

Your Initial Franchise Fee shall be due and payable in full upon your execution of this Agreement. The Initial Franchise Fee is non-refundable and deemed fully earned upon payment.

Within two (2) months of the execution of this Agreement, we expect you to complete our Business Manager and Technical Operations Training to our satisfaction, as defined below in Section 3.A of this Agreement. In the event that you do not do so, in our discretion, we may terminate this Agreement pursuant to Section 12 of this Agreement.

If this is a renewal term (“Renewal Term”), the Initial Franchise Fee is waived. However, you must pay the renewal fee, as set forth in Section 11.D of this Agreement. The renewal fee is non-refundable and deemed fully earned upon payment. As a condition to entering into a Renewal

Term, we may require you to purchase new or additional equipment, remodel or refurbish your vehicle or retail space, or other perform other renovations, at your sole expense.

If this is a transfer term (“Transfer Term”), the Initial Franchise Fee is waived. However, you or the selling owner, will need to pay the then-current Transfer Fee. The Transfer Fee is fully earned upon payment. The transferee may be required to purchase some or all of the Initial Package, in our discretion, and remodel or refurbish your vehicle or retail space, or other perform other renovations, at its sole expense.

## **B. INITIAL PACKAGE FEE.**

You promise to pay us, or a vendor designated by us in our sole discretion, for specified equipment, products, supplies and services (the “Initial Package”) in the amount of \$49,900 (the “Initial Package Fee”), which monies shall be promptly due and payable before receipt of the Initial Package. The Initial Package consists of logo wear, stationery, digital marketing, tools, equipment, storage containers, consumables, promotional items, safety items, and a \$749 convention allowance. The Initial Package materials will be shipped to you F.O.B. from certain locations which may include West Bloomfield, MI, Exton, PA, Tecumseh, MI and Washington, DC. The Initial Package Fee is non-refundable and deemed fully earned upon payment.

You are required to purchase or lease a vehicle that meets our standards and specifications to be used to provide the Services to Customers. The vehicle must be up-fitted to include items such as; shelving, ladder rack, equipment racks, BLUE KANGAROO PACKOUTZ decals, etc. We hold the rights to change the approved vehicle and up-fitting items at any time. We also reserve the right to require you to purchase or lease the initial vehicle and any additional vehicle from an approved supplier.

The Convention Allowance is intended to offset expenses (primarily the convention fees, but any remaining balance may be applied towards travel, lodging, and/or meals) associated with attending the first Annual Convention that is scheduled to commence within one year of your successful completion of our training programs. If your convention expenses are less than \$749, as evidenced by written receipts and/or any other documentation that we may require, the difference will be rebated to you. The Convention Allowance cannot be used to offset any other expenses or requirements associated with your BLUE KANGAROO PACKOUTZ Business.

If this is a Conversion Franchise, depending on the types and condition of the equipment you already own, the Initial Package Fee may be waived or reduced in our sole discretion. At minimum, you will be required to purchase the Marketing and Operations Package component of the Initial Package for \$7,000, which includes logowear, stationery, digital marketing kit, and Convention Allowance to be used at the first convention or regional meeting following the signing of your Franchise Agreement. We reserve the right to require Conversion Franchises to purchase a complete Initial Package if we deem it necessary. Conversion Franchises are not eligible for any other discounts to the Initial Franchise Fee.

If this is a Transfer Term, you are not required to purchase the entire Initial Package; however, you must purchase a modified Initial Package, which will vary based on the equipment not included in the transfer necessary to provide all current services, and you must pay the \$749 Convention Allowance, which may be refundable as described above. If this is a Renewal Term

or if you are purchasing an additional franchise agreement, you are not required to purchase the Initial Package. The Initial Package may be modified or waived for Conversion Franchises, but only with our prior written approval. Conversion Franchisees may be required to secure data mining services to convert its current customer and client data into our approved software system as part of its start-up expense.

### **C. ROYALTY.**

You shall pay us a monthly royalty (the “Royalty”) equal to seven percent (7%) of Gross Sales, as defined below in Section 2.D. If you are a Conversion Franchise, then your Royalty shall be four percent (4%) in year one (1) of the Term, and seven percent (7%) for each year thereafter. Beginning on the Transition Date, as defined in Section 2.F., the Royalty payment due is subject to a required minimum monthly payment of \$500. If the percentage Royalty is less than \$500, you will be required to pay the minimum monthly royalty of \$500 instead. The Royalty will be assessed to you upon the earlier of the receipt of funds from the Customer or 180 days after the date of the original invoice issued to the Customer, regardless of whether the invoice is paid in full. For purposes of paying the Royalty, we follow the calendar month. If you transfer this Agreement to a new owner, the Royalty for all completed jobs must be paid on (a) the day of closing, or (b) on the effective termination date of this Agreement. Every month, we will scan the BLUE KANGAROO PACKOUTZ Software or other Required Software, as applicable, (defined below) and find all jobs which have had changes in the amounts paid by Customers since the previous month, and compute Royalties on the amount of the change. When amounts are paid on jobs, royalties will be charged on those amounts. We will provide an itemization of the jobs on which Royalties will be assessed, and the total of the Royalties, in the form, format, and medium we decide in our sole discretion. On the tenth (10<sup>th</sup>) of each month (or other date that we designate), we will initiate a transfer of funds between our bank accounts for the amount indicated in the itemization from the bank account designated by you in the electronic funds transfer (“EFT”) agreement attached to this Agreement as Exhibit F. We may specify different due dates periodically in our discretion.

You promise to sign and deliver to us, before the BLUE KANGAROO PACKOUTZ Business opens, the documents we require to authorize us to automatically debit your business checking account each month for the Royalty due on Gross Sales from the preceding month, including the EFT Agreement. You also promise to promptly and regularly report a correct statement of all of your Gross Sales in the BLUE KANGAROO PACKOUTZ Software or another software program within the Required Software that we designate, along with any other information we specify, in the form and on the schedule we require.

If you fail to report your Gross Sales for any month as required, or to record receipt of payments received within 48 hours of being received, we can debit your account on the tenth (10<sup>th</sup>) of the month for the same Royalty amount that we debited during the previous month. If the Royalty we debit from your account is greater than the Royalty you actually owe us (once we have determined your true and correct Gross Sales for the month), we will credit the excess against the amount we otherwise would debit from your account in the following month. If the Royalty we debit from your account is less than the Royalty you actually owe us, we will debit your account for the balance of the Royalty due on the following tenth (10<sup>th</sup>) of the month. Our debit of your account will not relieve you of your obligation to pay any late fees or interest due under Section 2.E of this Agreement.

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

In addition to the above, if you are in default of the Franchise Agreement, including but not limited to, delinquent in providing required reports, we reserve the right to revert and reset your Royalty fee to the highest tier currently required.

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

#### **D. DEFINITION OF GROSS SALES.**

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

#### **E. LATE REPORT FEE, LATE PAYMENT SERVICE FEE AND INTEREST.**

If the Royalty or any other fee that is due is not available in your account for debiting when due, a late payment fee will be imposed of \$50, whichever sum is greater, for each day past due (“Late Payment Fee”). If you do not report your Gross Sales as required and/or you fail to submit your Royalty reports when due, a fee will be imposed of \$50 per week for each week past due (“Late Report Fee”). Additionally, interest will be imposed at the rate of 18% per annum or the maximum rate permitted by applicable law, whichever is greater, from the date these amounts were originally due until the date paid (“Interest Fee”). If we debit your account for monies owed and there are insufficient funds available, we will also charge our current non-sufficient fund fee (“NSF Fee”). We can automatically debit your account for the Late Payment Fee, NSF Fee, Late Report Fee, Interest Fees and all other fees owed to us.

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

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

You acknowledge and agree that we have awarded you this BLUE KANGAROO PACKOUTZ Business and Territory with the expectation that you will be able to develop a BLUE KANGAROO PACKOUTZ Business that will achieve a minimum level of monthly Gross Sales



(the “Minimum Gross Sales”) in the Territory. Beginning on the first day of the thirteenth month of operation, following your first full year of operations (the “Transition Date”), the Business will be required to meet the following minimum monthly Gross Sales requirements (the “Minimum Gross Sales Requirement”) during the Term of this Agreement:

**Standard Franchise**

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Standard Franchise</b>	<b>Minimum Monthly Royalty Required</b>
13 to 24 months	\$12,500	\$500
25 to 36 months	\$25,000	\$500
37 to 48 months	\$37,500	\$500
49 to 60 months	\$50,000	\$500
Greater than 61 months	\$55,000	\$500

**Small Market Franchise**

<b>Months in Operation</b>	<b>Minimum Monthly Gross Sales Required in Standard Franchise</b>	<b>Minimum Monthly Royalty Required</b>
13 to 24 months	\$9,375	\$500
25 to 36 months	\$18,750	\$500
37 to 48 months	\$28,125	\$500
49 to 60 months	\$37,500	\$500
Greater than 61 months	\$41,250	\$500

Beginning on the Transition Date and continuing each month thereafter, you must pay the greater of (i) the Royalty due or (ii) the Minimum Monthly Royalty of \$500, whichever is higher. We will conduct an accounting every six months of the total Royalties paid from the Gross Sales of each BLUE KANGAROO PACKOUTZ Business. In the event of a deficiency in your payment of the Royalty, National Marketing Fund Contribution, or Technology Fee, or any other amounts required to be paid under this Agreement, you shall immediately, upon notice, pay the deficiency to us. Your completion of such payment shall not be considered a waiver of any default by you or of any of our available remedies for such default afforded to us under this Agreement. In the event that any bi-annual accounting discloses that your payments have exceeded the amounts due pursuant to this Agreement during that six month period, we will apply the overpayment as a credit on your Royalty account within forty-five (45) days of completion of the accounting, to offset amounts due in the following six month period.

If the Business fails to achieve the required Gross Sales Requirement during any consecutive three-month period, we reserve the right to terminate the Franchise Agreement, establish another BLUE KANGAROO PACKOUTZ franchisee or Company Store in the Territory or allow another BLUE KANGAROO PACKOUTZ franchisee to advertise in your Territory.

Neither the franchise or Company Store nor we are liable or obligated to pay you any compensation for doing so, and neither the franchise nor we will be considered in breach of any provision of this Agreement or any other agreement between you and us regardless if minimum sales are achieved in the future.

If you are awarded more than one (1) BLUE KANGAROO PACKOUTZ Business, the dollar values for the Minimum Gross Sales for each subsequent BLUE KANGAROO PACKOUTZ business would be half of the then-current Minimum Gross Sales Requirement for BLUE KANGAROO PACKOUTZ businesses throughout the initial term for the subsequent BLUE KANGAROO PACKOUTZ business. The Minimum Gross Sales must be met for each Territory as described in the Summary Page of the Franchise Agreement.

If this is a Renewal Term, you will be required to meet the Minimum Monthly Gross Sales requirement for the greater than 61 month level for the entirety of the Renewal Term in year 1 of the Renewal Term, and Gross Sales must continue to grow at a rate of at least three percent (3%) per year in each year of the Renewal Term

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

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

Recognizing the value of advertising to the image and growth of BLUE KANGAROO PACKOUTZ Business, we may, from time to time in our business judgment, provide you with sample advertising and promotional programs and select creative concepts and materials for use in connection with marketing the BLUE KANGAROO PACKOUTZ Business. These materials may include direct mailers, print advertising, brochures and other materials. The type, content, media, quality and amount of such advertising and promotional programs are within our best interest and judgment.

You must use our approved advertising and marketing materials, or receive our written approval of any and all other advertising and marketing materials before their first use. In order to obtain approval of advertising and marketing materials, you must submit such proposed advertising material to us for review at least ten (10) business days before the proposed first use. If we take no action within such ten (10) business day period, the materials shall be deemed disapproved and you may not use such materials. The approval or disapproval is in our sole discretion. We also may, in our sole discretion, require you to immediately discontinue use of any advertising or marketing materials at any time, even if previously approved or provided by us. All advertising and marketing materials must meet our then-current standards and specifications. We may, in our sole discretion, offer and sell advertising, marketing, and promotional materials at any time. Certain items, such as your truck, yard signs and water shut off tags must reference the BLUE KANGAROO PACKOUTZ national toll free number. You may not alter or remove reference to the national toll free number. You have no obligation to purchase any of these materials or forms from us, but you may be required to purchase such materials from approved or designated suppliers, or, if we implement local marketing programs, like a call center and/or direct mail solicitations, you may be required to participate, at your expense.

We have the right to formulate and design the content of the materials, and to discontinue the materials if, in our sole business judgment, we determine a more effective alternative method of advertising. Any other forms of advertising must be approved by us in writing. We may, with

30 days' notice to you, require that you use and pay for a call center that we authorize to answer incoming sales calls.

We will provide you, at no charge, the business phone number to be used by the BLUE KANGAROO PACKOUTZ Business. This number will be forwarded to any device(s) that you choose.

You will be required to spend at least \$24,000 in the first twelve (12) months of operation on local advertising and marketing for your BLUE KANGAROO PACKOUTZ Business ("Grand Opening Advertising"). You are also required to be a member of at least one local or community-based business organization, such as your local Chamber of Commerce, BNI, Caerusnet, or similar organization, at your expense. We reserve the right to change this requirement from time to time.

In addition, we have established a national marketing fund (the "National Marketing Fund") for the common benefit of System franchisees. Beginning the thirteenth (13<sup>th</sup>) month of the Term, you must contribute two percent (2%) of your Gross Sales monthly to the National Marketing Fund (the "National Marketing Fee") in the manner we prescribe.

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

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

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

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

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

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

Throughout the term of this Agreement, you must:

1. utilize our then-current franchise management software system in the operation of the BLUE KANGAROO PACKOUTZ Business, which may be developed by us or designated by us (the “BLUE KANGAROO PACKOUTZ Software”), unless we approve an alternate software supplier;
2. sign and maintain a quarterly renewable BLUE KANGAROO PACKOUTZ Software licensing agreement (attached as Exhibit B to this Agreement);
3. pay the then-current monthly technology fee for the BLUE KANGAROO PACKOUTZ Software (the “Technology Fee”) in the same manner and at the same time as you pay the monthly Royalty; and
4. utilize, sign a license agreement for, and pay for, any future proprietary software program we may designate for use with the System.

We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by you, including without limitation: (i) a compatible “back office” computer system that complies with our standards and specifications; (ii) a custom and proprietary point of sale system (the “POS System”), if we make such a POS System part of our proprietary operating system in the future; (iii) printers and other peripheral hardware or devices; (iv) archival back-up systems; (v) Internet access mode and speed; and (vi) physical, electronic, and other security systems (collectively, the “Computer System”). Currently, your Computer System must include a DSL or cable modem high-speed Internet connection located at your Office Site that meets the requirements of the System Standards and for handling of our then-current BLUE KANGAROO PACKOUTZ Software or other Required Software.

We shall have the right, but not the obligation, to develop or designate: (i) computer software programs and web-based applications you must use in connection with any component of the Computer System, including the BLUE KANGAROO PACKOUTZ Software, designated business management software and designated accounting software (the “Required Software”), which you shall install at your own expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you shall install at your own expense; (iii) the tangible media upon which you record data; and (iv) the database file structure of the Computer

System. You will be responsible for the payment of all fees associated with the Required Software, Computer System, BLUE KANGAROO PACKOUTZ Software and POS System.

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

We may require that your Computer System be programmed to automatically transmit data and reports about the operation of the BLUE KANGAROO PACKOUTZ Business to us. We shall also have the right to, at any time without notice, electronically connect with your Computer System to monitor or retrieve data stored on the Computer System or for any other purpose we deem necessary. There are no contractual limitations on our right to access the information and data on your POS System, BLUE KANGAROO PACKOUTZ Software, and Computer System. You shall deliver to us all access codes, static Internet protocol (“IP”) addresses and other information to facilitate our access to the data described in this Section within 30 days of opening the BLUE KANGAROO PACKOUTZ Business. All client and customer data is property of the Franchisor and at the termination or expiration of this Agreement, any data not previously obtained by us shall be transmitted to us immediately.

You must obtain the computer hardware necessary to implement the BLUE KANGAROO PACKOUTZ Software and any Required Software, and comply with all specifications and standards prescribed by us regarding the BLUE KANGAROO PACKOUTZ Software and any Required Software as provided in the Operations Manual. We reserve the right to create additional proprietary software programs, which you must use in connection with the BLUE KANGAROO PACKOUTZ Business and are to be included as part of the Required Software. This BLUE KANGAROO PACKOUTZ Software will be our proprietary product, and the information collected therefrom will be deemed our confidential information.

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

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

You promise to subscribe to, maintain, and utilize a DSL, cable, or satellite high speed Internet connection and email network account with independent suppliers which periodically we approve. If you do not receive written approval within ten (10) days of our written receipt of your request, such supplier will be considered disapproved. You must use an email name that we have approved that will have “@bluekangarooackoutz.com” as its suffix for all business related correspondence. You also promise to use, subscribe to, and pay for, as directed by us, a customized website connected to our website and managed by our website provider. You may not attempt to redirect the customized website. You also promise to subscribe to, maintain, and utilize the phone model, type and provider that we designate as well as the phone service from the company we designate. As technology advances and new discoveries are made, we have the right to require that you use other technological items, as well as to designate the specific companies, models and/or types that you must use for these technological services.

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

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

You agree to establish and maintain a separate profile, page or other presence on social media, such as with in connection with the BLUE KANGAROO PACKOUTZ Business in accordance with the System Standards. Prior to establishing such social media page(s), you are required to obtain our prior written approval of the content to be posted on such social media page(s). If such approval is granted by us, you must: (i) establish and operate such social media page(s) in accordance with System Standards and any other policies we designate in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify such site(s). We recommend, but do not require, that you update the social media page(s) at least monthly.

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

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

We will provide you, at no charge, the business phone number and fax number to be used by the Business. This number will be forwarded to any device that you choose. As part of your local marketing, this number must be dedicated to your BLUE KANGAROO PACKOUTZ Business. You must maintain a 24-hour answering system on this business number, use an approved script for answering calls, and you must continually list the BLUE KANGAROO PACKOUTZ Business in the primary Internet and telephone directory servicing the Territory and, at a minimum, to maintain a trademark listing advertising your Business in the primary directory servicing the Territory

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

**J. ADMINISTRATIVE FEE.**

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

**K. COLLECTION FEE.**

We retain, as we deem appropriate, the right to contact Customers who are delinquent in their payment of 180 days or more, initiate collection procedures on your behalf, and take the full amount of any Royalties owed to us from any amounts collected and apply collection fees up to an additional thirty-five percent (35%) (the “Collection Fee”) of the amounts collected on your behalf. We will credit you with any amounts collected, net of any Royalties and Collection Fees. You may not sue or otherwise hold us liable in any way for our pursuit of these collection procedures.

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

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

1. Our then-current Transfer Fee to defray expenses we incur in the transfer; and
2. Any and all outstanding Royalties, Referral Fees, amounts owed for purchases from us, Late Payment Fees, Late Report Fees, Interest Fees, NSF Fees and any other fees owed, plus interest, as well as any applicable broker fees, whether incurred by you or by your predecessor franchisee.

### **M. OUT OF TERRITORY FEE.**

As described in Section 1.D., advertising outside of your Territory is a default under the Franchise Agreement. A second incident or default for advertising outside your Territory will result in a fine of \$5,000 and/or termination of your Franchise Agreement.

### **O. NORA FEE.**

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

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

### **A. TRAINING.**

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

The JumpStart Training Program is a self-guided process, with additional guidance from our training team, along with our Operations Manual (as defined in Section 3.E of this Agreement) which we will loan to you. All JumpStart Training Program activities are to be completed before attending Business Manager and Technical Operations Training and before the opening of the BLUE KANGAROO PACKOUTZ Business and are conducted in your hometown by you with assistance from our home office staff. You shall begin the JumpStart Training Program immediately upon your signing and return to us of this Agreement and the initial fees. During the JumpStart Training Program, we will schedule a Business Manager and Technical Operations Training for you to attend at a later time. Business Manager and Technical Operations Training sessions are typically offered each month.

We may waive your attendance at the Business Manager and Technical Operations Training, in our discretion, if you already operate a BLUE KANGAROO PACKOUTZ Business and you purchase an additional franchise from us.

Before you begin operating the BLUE KANGAROO PACKOUTZ Business, we will furnish business manager and technical operations training (the “Business Manager and Technical Operations Training”) to the Managing Owner or, if applicable, the Designated General Manager, at no additional fee. The Managing Owner or, if applicable, the Designated General Manager must complete the Business Manager and Technical Operations Training to our satisfaction and failure to do so will result in the termination of this Agreement. The Business Manager and Technical



Operations Training may not commence until you have paid all fees due to us and must be completed within four (4) months of the effective date of this agreement.

The Business Manager and Technical Operations Training will last up to ten (10) days in duration at our headquarters or another location designated by us. You will be responsible for all travel and living expenses that you and your employees/owners incur for this Business Manager and Technical Operations Training.

In the event that you own multiple BLUE KANGAROO PACKOUTZ Businesses and have your Managing Owner already at another BLUE KANGAROO PACKOUTZ Business who has already completed the Business Manager and Technical Operations Training, the Managing Owner will still be required to successfully complete the most recent online training modules essential to the role of ownership.

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

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

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

If this is a Renewal Term or if this is an additional BLUE KANGAROO PACKOUTZ Business being awarded to you, and your Managing Owner or, if applicable, the Designated

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

Before you begin operating the BLUE KANGAROO PACKOUTZ Business, you must also employ a full-time experienced service technician (the “Service Technician”) who will be responsible for performing and overseeing your inventorying, packing, moving, cleaning, deodorizing and storage services. It is your responsibility to train the Service Technician to our specifications.

The Service Technician may be required attend periodic refresher training courses and conferences, not to exceed one (1) session per year, at the times and locations we determine, and for which we may charge fees. We will determine the duration, curriculum, and location of any such sessions. You will be responsible for all travel and living expenses that incurred while attending such session.

In the event that the Service Technician terminates his or her employment with you, you are required to designate a successor for our written approval, which shall be in our sole discretion, within ten (10) days of such termination. You are responsible for training any successor Service Technician. At all times during the term of this Agreement, you must have employed at the BLUE KANGAROO PACKOUTZ Business a person who has completed the Technical Operations Training program.

## **B. GENERAL GUIDANCE.**

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

1. new products, services, and methods which we may have discovered or have developed for the System;
2. the purchase and use of supplies, uniforms, equipment, and products;
3. the formulation and implementation of advertising and promotional programs using such merchandising, marketing, and advertising research data and advice as we may periodically develop for use in your local market;
4. the financial and daily operation of the BLUE KANGAROO PACKOUTZ Business including its accounting and record keeping functions; and
5. other business and marketing advice.

This guidance will, at our discretion, be furnished in our confidential Operations Manual, bulletins, or other written materials, conferences, conventions, or other training sessions, toll-free

telephone consultations, electronic communications, and in consultations at our office or the offices of the Business.

### **C. REFERENCE GUIDE.**

The various elements of the System are incorporated into the Operations Manual, online training modules and the BLUE KANGAROO PACKOUTZ owner's intranet website (collectively, the "Operations Manual"). We also have a set of system standards that will contain mandatory and suggested specifications, standards, operating procedures, and rules (the "System Standards") that we prescribe periodically for the operation of a BLUE KANGAROO PACKOUTZ Business, and information on your other obligations under the Franchise Agreement and related agreements. We may modify the Operations Manual and System Standards periodically to reflect changes in the System.

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

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

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

### **E. OPERATIONS MANUAL.**

Upon attendance at the Business Manager and Technical Operations Training, we will loan to you one (1) or more manuals, technical bulletins or other written or electronically recorded materials covering the proper operating and marketing techniques of the BLUE KANGAROO PACKOUTZ Business. Such written or electronically recorded materials, including the BLUE KANGAROO PACKOUTZ owner's intranet website, plus all directives, books, pamphlets, bulletins, memoranda, order forms, packing slips, invoices, letters, e-mail, Internet or Intranet data, or other publications, documents, software programs, video tapes, transmittances or communications, in whatever form (including electronic form) prepared by or on behalf of us for use by the BLUE KANGAROO PACKOUTZ franchisees generally or for you in particular, setting forth information, advice and standards, requirements, operating procedures, instructions or policies, as same may be added to, deleted or otherwise amended by us from time to time in our sole discretion, relating to the operation of the BLUE KANGAROO PACKOUTZ Business, are all considered as part of the "Operations Manual." You agree that the Operations Manual is specifically incorporated by reference into this Agreement and that it shall be considered a part hereof, and that you shall comply with the Operations Manual as an essential aspect of your obligations under this Agreement and failure by you to substantially comply with the Operations Manual may be considered a breach of this Agreement. To the extent that any terms in this Agreement conflict with those in the Operations Manual, this Agreement shall govern and supersede such conflicting terms.

You agree to use the Marks and System only as specified in the Operations Manual. The Operations Manual is the sole property of us and shall be used by you only during the term of this Agreement and in strict accordance with the terms and conditions hereof. You agree that such Operations Manual shall be deemed to be a trade secret and you shall not duplicate the Operations Manual nor disclose its contents to people other than your employees or officers who need the information contained therein to perform their jobs and who have signed a nondisclosure and noncompetition agreement in a form approved by us. You shall furnish copies of all such nondisclosure and noncompetition agreements to us immediately upon execution. You shall not make any paper or electronic copies of the Operations Manual without our prior written consent. You shall return the Operations Manual, together with all copies of any portion thereof, to us immediately upon the expiration, termination or assignment of this Agreement.

We reserve the right to revise the Operations Manual from time to time in our sole discretion as we deem necessary to update operating and marketing techniques or standards and specifications. You shall immediately update your copy of the Operations Manual as instructed by us and shall conform your operations with the updated provisions as soon as practicable, but no later than 30 days after receipt of receipt of any updated information, unless otherwise agreed to in writing us. You acknowledge that the master copy of the Operations Manual maintained by us at our principal office shall be controlling in the event of a dispute relative to the content of any Operations Manual.

If all or any of the Operations Manual is lost, destroyed, or significantly damaged, you promise to obtain replacements at our then applicable charge.

#### **4. MARKS.**

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

1. You acknowledge that we own and have all rights to the Marks.
2. Your right to use the Marks is derived only from this Agreement and is limited to your operation of the BLUE KANGAROO PACKOUTZ Business in accordance and in compliance with this Agreement and all System Standards we prescribe from time to time during its term.
3. You promise to use only the Marks that we designate in writing, and to use them only in the manner that we authorize.
4. You agree that your use of the Marks, and any goodwill established by this use, will be exclusively for our benefit and that this Agreement does not confer any goodwill or other interest in the Marks upon you (other than the right to operate a BLUE KANGAROO PACKOUTZ Business under this Agreement). Upon expiration or termination of this Agreement, no monetary amount will be assigned as attributable to any goodwill associated with your use of the System and the Marks,
5. All provisions of this Agreement applicable to the Marks apply to any additional proprietary trade and service marks and commercial symbols that we authorize you to use.
6. The right and license of the Marks awarded to you under this Agreement is non-exclusive, and we may:

- a. award other licenses and franchises for the Marks, in addition to those licenses and franchises already awarded;
- b. use the Marks in connection with marketing and selling of any products and services as we deem appropriate; and
- c. develop and establish other systems using the Marks, similar proprietary marks, or any other proprietary marks, and grant licenses thereto without providing any rights therein to you.

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

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

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

1. You promise to use the Marks as the only identification of the BLUE KANGAROO PACKOUTZ Business, except that you must identify yourself as the owner of an independent entity in the manner that we prescribe.
2. You promise to affix the Marks upon such vehicles, uniforms, equipment, containers, fixtures, signs, stationary, advertising, sales/promotional materials, and such other objects, in such size, color, lettering style and fashion, and at such places as we may designate in the Operations Manual.
3. You promise to not use the Marks, or any words or symbols confusingly similar to them, as part of any corporate or other legal name or with any prefix, suffix, or other modifying words, terms, designs, or symbols. You may not use the Marks in connection with the sale of any unauthorized product or service, on an Internet website of your own design, or in any other manner not explicitly authorized in writing by us.

4. Except as expressly provided in the Operations Manual, you may not display any other trademarks, logotypes, symbols, or service marks, nor may you use any other marks in connection with the Marks, or with the BLUE KANGAROO PACKOUTZ Business, without our prior written approval.
5. You promise that all advertising and promotional materials that you use will bear the appropriate “SM,” “TM,” “®,” or “©” registration symbol and/or such other appropriate notice of ownership, registration, or copyright as we may require.
6. You promise to submit to us, for our approval, the assumed or trade name (the “DBA”) you intend to use in the operation of the BLUE KANGAROO PACKOUTZ Business before filing for it as required by local laws. We may approve or disapprove such DBA at our discretion. All filings or affidavits, following your receipt from us of an approved DBA, must state that the filing or affidavit is made as “a franchisee of BLUE KANGAROO PACKOUTZ.” The approved DBA is the only DBA that you may use. You may not use a different name under any circumstances, including as a domain name, URL address, marketing, or for any other function.
7. Our parent is the lawful and sole owner of the domain name [www.bluekangaroopackoutz.com](http://www.bluekangaroopackoutz.com). You cannot register any of the Marks that are now or in the future owned by us or any abbreviation, acronym or variation of the Marks, or any other name that could be deemed confusingly similar, as Internet domain names. We retain the sole right to advertise the System on the Internet and to create, operate, maintain and modify, or discontinue using of website using the Marks. You may access our website. Except as we authorize in writing in advance, you may not: (i) link or frame our website; (ii) conduct any business or offer to sell or advertise any products or services on the worldwide web; or (iii) create or register any Internet domain names in connection with your BLUE KANGAROO PACKOUTZ Business. The only exception is that you may list the BLUE KANGAROO PACKOUTZ Business in an online directory.
8. In order to obtain approval of any use of the Marks, including all advertising containing any Marks, your identification or your DBA, you must submit such proposed use, identification or DBA to us for review at least ten (10) business days before the proposed first use. If we take no action within such ten (10) business day period, such use, identification or DBA shall be deemed disapproved. The approval or disapproval is at our sole discretion. We also may, at our sole discretion, require you to immediately discontinue use of any Mark, advertising, identification or DBA at any time, even if previously approved or provided by us.
9. You must submit and receive our written approval in advance for any person that you desire to act as a representative for you in connection with local promotion of the BLUE KANGAROO PACKOUTZ Business or Marks in a public media.

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

If it becomes advisable at any time in our sole discretion to modify or discontinue the use of any Mark and/or use one (1) or more additional or substitute names or marks, you must comply

with our direction no later than ten (10) days after you have received notice. We will not be liable to you for any expenses, losses, or damages you sustain as the result of any such addition, modification, substitution, or discontinuance of a Mark, and you must not commence or join in any litigation or other proceeding against us for any such expenses, losses, or damages.

**5. CONFIDENTIAL AND PROPRIETARY INFORMATION.**

**A. CONFIDENTIAL INFORMATION.**

1. We possess (and will continue to develop and acquire) certain confidential information (the “Confidential Information”) relating to the development and operation of BLUE KANGAROO PACKOUTZ Businesses. The Confidential Information includes (without limitation):
  - a. general operating procedures for a BLUE KANGAROO PACKOUTZ Business;
  - b. the proprietary BLUE KANGAROO PACKOUTZ Software;
  - c. personnel guidelines for hiring, training, retaining, promoting, and supporting the marketing and sales staff;
  - d. the Business Manager and Technical Operations Training;
  - e. written marketing and advertising materials, audiotapes, videos, and programs for their utilization;
  - f. knowledge of specifications and suppliers of certain equipment and supplies for the BLUE KANGAROO PACKOUTZ Business;
  - g. information on operating results and financial performance of BLUE KANGAROO PACKOUTZ Businesses other than your own;
  - h. The Operations Manual and the BLUE KANGAROO PACKOUTZ owners intranet website and its contents;
  - i. sales guidelines and strategies for developing business relationships in the insurance industry;
  - j. The Customer Information, as defined in Section 5.B below; and
  - k. Any other information we deem confidential.
2. You acknowledge and agree that you do not acquire any interest in Confidential Information, other than the right to utilize that which is disclosed to you in operating the BLUE KANGAROO PACKOUTZ Business during the term of this Agreement, and that the use or duplication of any Confidential Information in any other business would constitute an unfair method of competition. You also acknowledge and agree that the Confidential Information is proprietary, includes our trade secrets,

and is disclosed to you only on the condition that you promise to, during and at all times after the term of this Agreement:

- a. not use Confidential Information in any other business or capacity;
- b. maintain the absolute confidentiality of Confidential Information;
- c. not make unauthorized copies of any portion of Confidential Information disclosed via electronic medium or in written or other tangible form;
- d. adopt and implement all reasonable procedures that we prescribe from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restrictions on disclosure to employees of the BLUE KANGAROO PACKOUTZ Business and others; and
- e. immediately upon the expiration of termination of this Agreement, return and cease using in any way all Confidential Information and provide us with immediate access to all computer or other electronic or other storage media, including without limitation, hard drives, memories, CDs, floppy disks, DVDs, zip drives, PDAs, jump drives or other peripheral drives and memory cards, containing any Confidential Information for the purpose of removing such Confidential Information or, if mutually agreed upon, surrender such devices to us.

3. The foregoing restrictions will not apply to the information that:

- a. is now public knowledge or hereafter becomes public knowledge through no fault of yours;
- b. is properly provided to you without restriction by a third party having no such restriction;
- c. is required to be disclosed by order of a competent court or governmental authority, provided, however, that you provide us with prompt written notice of any claim or litigation that could give rise to such a requirement, you furnish only that portion of the Confidential Information that you are required to disclose, and you advise the governmental authority of your confidentiality obligations under this Agreement and seek to obtain appropriate protective orders or other assurance satisfactory to us of confidential treatment for the information required to be so disclosed.

5 You must disclose to us all ideas, concepts, methods, techniques and products concerning the development and operation of the BLUE KANGAROO PACKOUTZ Business that you, the Managing Owner, the Designated General Manager, or employees conceive or develop during the term of this Franchise Agreement. We shall own the rights to all such ideas, concepts, methods, techniques and products, regardless of the source, and you must grant to us and



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

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

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

**6. COVENANTS NOT TO COMPETE.**

**A. FOR YOU.**

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

1. engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering inventorying, packing, moving, cleaning, deodorizing and storage services that are the same as or similar to the services sold by the BLUE KANGAROO PACKOUTZ Business (except for other franchises or authorizations we enter into with you);

2. use our Confidential Information, System, BLUE KANGAROO PACKOUTZ owners' intranet website, Operations Manual, Marks, Customer lists, Customer Information, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or operation of any business other than the BLUE KANGAROO PACKOUTZ Business franchised hereunder, unless specifically authorized by us;
3. Divert or attempt to divert any business or customer of the BLUE KANGAROO PACKOUTZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System.

## **B. YOUR EMPLOYEES.**

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

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

You agree and acknowledge that a violation of the covenants not to compete as listed in this Section and/or in Section 13.D will result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, you consent to the entry of an injunction prohibiting any conduct by you in violation of the terms of the covenants not to compete. Further, you expressly agree that the existence of any claims you may have against us, whether or not arising from this Agreement or otherwise, will not constitute a defense to the enforcement by us of these covenants not to compete. You promise to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by us in connection with the enforcement of these covenants not to compete, if you are found to be in violation of your confidentiality and/or your non-competition obligation(s) under this Agreement. The protection awarded in this Section and/or in Section 13.D will be in addition to, and not in lieu of, all other protections for such trade secrets and confidential information as may otherwise be afforded in law or in equity.

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

## **7. SYSTEM STANDARDS.**

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

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

You will offer and provide all of the Services that we periodically require for BLUE KANGAROO PACKOUTZ franchisees, and in the manner we prescribe.

System Standards, to be specified and periodically amended in the Operations Manual or otherwise in writing, may include, without limitation, standards and specification regarding:

1. use and display of the Marks;
2. Services and products which we authorize you to sell to the public;
3. the use of supplies and equipment;
4. a dress code, during business hours, for you, your employees and your representatives;
5. suppliers you may use for the purchase of uniforms for you, your employees and your representatives;
6. vehicle type, model, color, supplier, trademark representation, and appearance (no rust or body damage). These specifications are included in our Operations Manual. All vehicles purchased or leased for the BLUE KANGAROO PACKOUTZ Business are to be, and maintained, in a "good" condition as defined by KELLY BLUE BOOK ("good" condition means that the vehicle is free of any major defects). The paint, body and interior must have only minor (if any) blemishes, and there may not be any major mechanical problems. In states where rust is a problem, this should be very minimal. All vehicles used in connection with the business are to be decaled as required by us and the decals are to be free of defects. You will be required to submit photos of all vehicles used in connection with the BLUE KANGAROO PACKOUTZ Business in the manner and format we prescribe;
7. business forms and stationary;

8. designated and approved suppliers for business assets and supplies using our Marks;
9. types and amounts of insurance coverage;
10. compliance with applicable laws including obtaining required licenses and permits, payment of all taxes, assessments, fees, fines, and penalties arising out of the operation of the BLUE KANGAROO PACKOUTZ Business;
11. adhering to good business practices, observing high standards of honesty, integrity, fair dealing, and ethical business conduct in all dealings with customers (including, but not limited to, maintaining, at all times, professional behavior with all Customers, vendors and our personnel), suppliers, and us, and notifying us if any action, suit, or proceeding is commenced against you or your legal entity;
12. general operations including maintaining, at a minimum, Monday through Friday 8:00 AM to 5:00 PM business hours, sales, marketing, advertising, and promotional programs, call center usage, phone type/model/provider, and materials and media used in these programs, personnel practices, bookkeeping, accounting, data processing, and record keeping systems, and forms, methods, content, and frequency of reports to us of sales and financial performance, and the furnishing of tax returns related to the BLUE KANGAROO PACKOUTZ Business and other operating and financial information to us;
13. respond to any and all customers' inquiries or complaints within one (1) business day, and resolve it within seven (7) days of the initial complaint, to reasonably insure positive customer relations and maintain the goodwill of the System, even when such response may necessitate re-performing a task not completed to the Customer's satisfaction or a refund of moneys received;
14. any other aspect of the operation and maintenance of your BLUE KANGAROO PACKOUTZ Business that we determine periodically to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System;
15. public figures you choose in connection with local promotions;
16. use of a phone system, computer, electronic mail and website that meets our requirements, as periodically updated;
17. marketing, advertising, and promotional material prepared by you;
18. number of employees to necessary provide prompt courteous service;
19. timing of the training of other employees for the BLUE KANGAROO PACKOUTZ Business;

20. use and installation of a GPS unit in each service vehicle used in connection with the BLUE KANGAROO PACKOUTZ Business and pay the then-current fee to the applicable third-party vendor;
21. necessary amounts of working capital; and
22. any other aspect of the operation and maintenance of your BLUE KANGAROO PACKOUTZ Business that we determine periodically to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and the System.

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

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

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

You shall meet and maintain the highest safety standards and ratings applicable to the operation of the BLUE KANGAROO PACKOUTZ Business. You shall furnish to us within two (2) days of your receipt thereof, a copy of all inspection reports and any violation or citation that indicates your failure to maintain federal, state, or local safety standards in the operation of the BLUE KANGAROO PACKOUTZ Business.

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

to comply with the standards, specifications and requirements we set forth in order to uniformly convey the distinctive image of a BLUE KANGAROO PACKOUTZ Business.

You must notify us, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of you or the BLUE KANGAROO PACKOUTZ Business.

We encourage our franchisees to partner with third party administrators that represent insurance companies and consumer services (“TPA”). When an insurance claim arises or a consumer contacts the TPA for services, the TPA selects one of their partners and assigns the services needing to be done to that partner. If you elect to partner with one or more TPAs, then you may accept assignments outside of your Territory, even if the assignment location is in another franchisee’s Territory. You must strictly adhere to all TPA program guidelines and requirements as set forth in the Operations Manuals, System Standards and/or in other writings provided by us or the TPA directly. Your failure to adhere to program guidelines and requirements will constitute a default under the Franchise Agreement with us (for which you will receive notice and a 15-day cure period). Upon notice of default, we may require you to attend additional training, put you on hold with the TPA(s) or have you removed from a TPA program(s). Application fee and cost per referral will vary depending on which TPA(s) you select.

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

You acknowledge and agree that the System must continue to evolve to reflect changing market conditions and to meet new and changing consumer demands. As a consequence, changes, modifications, and variations to the Systems Standards may be required periodically to preserve and enhance the public image of the System and enhance the operational efficiency of all BLUE KANGAROO PACKOUTZ franchisees.

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

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

Manual and on our web site. You must reimburse us our reasonable costs, regardless of if we subsequently approve your request.

Use of products and materials that have not received our prior written approval and/or do not meet our standards and specifications can result in the termination of this Agreement. Standards and specifications are updated periodically at our sole determination and are made available to you on our BLUE KANGAROO PACKOUTZ owners' intranet website and in the Operations Manual.

### **C. INSURANCE.**

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

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

Our current requirements are described below:

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

2. Automobile Liability Insurance. You shall maintain insurance with a combined single limit, CSL, of \$1,000,000 for bodily injury and property damage for all owned or leased vehicles and for hired and non-owned motor vehicles. Additionally, uninsured motorist and under-insured motorist coverage will be equal to the CSL.
3. Workers' Compensation and Employers' Liability. Statutorily required workers' compensation insurance and employer's liability insurance shall be maintained with limits of at least \$1,000,000 by accident, \$1,000,000 by disease and \$1,000,000 policy limit; or the minimum limit required by your state, whichever is higher. Such policy shall contain a waiver of subrogation endorsement as to claims against PACKOUTZ International, LLC, BELFOR Franchise Group, LLC and BELFOR USA Group Inc. In "Monopolistic States", such as Ohio, North Dakota, Washington, Wyoming and West Virginia, "Stop Gap" coverage must be purchased separately or added to the CGL policy. "Stop Gap" in Ohio must not contain exclusion with the "substantially certain to occur" language.
4. Bailee's Legal Liability. You are required to obtain and maintain Bailee Legal Liability Insurance with a coverage minimum of at least \$1,000,000 or a value equal to the value of the goods in your possession, whichever is greater.
5. Inland Marine Insurance. You are required to obtain and maintain inland marine insurance with a coverage minimum of at least \$250,000. Depending on the value of the contents your BLUE KANGAROO PACKOUTZ Business is transporting, coverages may need to be greater than the minimum. You are required to investigate what coverage is appropriate for your BLUE KANGAROO PACKOUTZ Business.
6. Pollution Insurance. You are required to obtain and maintain pollution insurance with a coverage minimum of at least \$1,000,000.
7. Other Insurance. You shall maintain compliance with any state, county, local, or other municipal insurance requirements and any other insurance policies we may require.

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

All general liability insurance policies will name us, BELFOR Franchise Group, LLC, BELFOR USA Group Inc., and our designated affiliates, employees, officers and directors as



additional insureds, and will contain no provision which in any way limits or reduces coverage for you if a claim is made by any one (1) or more of the Indemnified Parties, as defined in Section 14.C of this Agreement, and will extend to and provide indemnity for all obligations assumed by you and all items for which you are required to indemnify us, will be primary to and without right of contribution from any other insurance purchased by the Indemnified Parties, and will provide, by endorsement, that we receive at least 30 days' notice of any intent to cancel or materially alter any policy.

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

You may not commence your BLUE KANGAROO PACKOUTZ Business until you have provided the certificates of insurance or other acceptable proof of all insurances. You may not reduce the policy limits, restrict coverage, cancel, or otherwise alter or amend any insurance policy without our written consent.

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

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

We require you to use the BLUE KANGAROO PACKOUTZ Software, or other Required Software as we designate, for maintaining Customer records for the BLUE KANGAROO PACKOUTZ Business. We have confidential access to your databases and related information from the BLUE KANGAROO PACKOUTZ Software, which we use to compute the Royalty due on Gross Sales, and to make other evaluations and verifications. In addition, you promise to establish and maintain, at your expense, an accounting system that conforms to the requirements and formats that, from time to time, we prescribe. You shall furnish to us, in the manner and format that we require:

1. at our request, a complete employee list;

2. within 10 days of our request, an unaudited income statement for the requested time period in a form satisfactory to us, and such additional reports as we may require;
3. within 90 days after the close of your fiscal year, a complete income statement and other financial statements in a form we may prescribe in our sole discretion;
4. within ten (10) days of our request, exact copies of any state, federal, or other income tax returns covering the operation of the BLUE KANGAROO PACKOUTZ Business, as well as the state, federal and other income tax returns from your existing business(es) that provide inventorying, packing, moving, cleaning, deodorizing and storage services, which we may need to review to assure all Gross Sales have been accurately reported;
5. by November 1 of each year, financial projections and a marketing plan for the upcoming year in the form we may prescribe in our sole discretion; and
6. any other reports we may require in the future.

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

You are required to use our designated accounting software, which is currently QuickBooks Online and is subject to change. In addition, you are required to follow our specified Chart of Accounts. We have the right to change these requirements at our discretion. We will have automatic password access to your financial reports on this system.

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

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

You will, at your expense, secure and maintain in force all required licenses, permits, and certificates relating to the operation of the BLUE KANGAROO PACKOUTZ Business and shall operate the BLUE KANGAROO PACKOUTZ Business in full compliance with all applicable local, state and federal laws, rules and regulations. You must, at your expense, comply with all federal, state, and local laws and regulations that apply to businesses in general. It is your responsibility to investigate the federal, state and local laws and regulations that pertain to your business. You must maintain your license(s) in good standing with the licensing authority for the entire term of this Agreement and all renewals.

You will notify us in writing within five (5) days of the commencement of any action, suit, or proceeding for the issuance of any order, writ, injunction, award or decree or any court, agency

or other governmental instrumentality which may adversely affect the operation or financial condition of the BLUE KANGAROO PACKOUTZ Business.

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

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

To determine whether you are complying with this Agreement and all System Standards, we have the right at any time during business hours to perform an on-site inspection of your business at your Office Site, and any other locations through which the BLUE KANGAROO PACKOUTZ Business is operated. During such inspection, we may: (i) participate in quality checks of home field services; (ii) interview employees; or (iii) review (a) your books and records, (b) your promotional materials and media advertising, (c) your personnel files and practices, and/or (d) any and all components of the BLUE KANGAROO PACKOUTZ Business.

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

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

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

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

Furthermore, if we conduct an inspection or audit due to your failure to (a) furnish reports, supporting records, or other information as required, (b) furnish these items on a timely basis, (c) to record all Customer payments in the BLUE KANGAROO PACKOUTZ Software within 48 hours of their receipt, or (d) use the BLUE KANGAROO PACKOUTZ /Required Software for scheduling or invoicing, or we discover that an understatement of Royalty is greater than 3% for any period reviewed, you promise to reimburse us for the cost of the inspection and/or audit, including without limitation, the charges of attorneys and independent accountants, the travel, room and board expenses, and compensation of our employees. Further, if an understatement of the Royalty is greater than 3%, you also promise to pay us an additional penalty fee equal to 10% of the total amount of the understated Gross Sales.

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

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

### **A. TAXES.**

You promise to pay all taxes as required by local, state, or federal laws regarding the products, service, or equipment furnished or used in connection with the operation of the BLUE KANGAROO PACKOUTZ Business. You promise to promptly pay us, when due, the amount of all sales taxes, use taxes, personal property taxes, and similar taxes imposed upon, required to be collected, or paid by us, to your state and/or local government, on account of services or goods furnished by us to you through sale, lease, or otherwise, or on account of collection by us of the Initial Franchise Fee, the Initial Package Fee, Marketing and Operations Package Fee, Equipment and Product Package Fee Royalties, or any other payments to us under this Agreement.

### **B. ADVANCES.**

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

## **10. TRANSFER.**

### **A. BY US.**

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

### **B. BY YOU.**

You cannot transfer this Agreement, the BLUE KANGAROO PACKOUTZ Business, or any part of your ownership in it (including any voluntary, involuntary, direct or indirect assignment, sale, gift, or other disposition) without our prior written approval and subject to the conditions below. Any such assignment, transfer, or encumbrance without such approval, will constitute a breach of this Agreement. Any change of ownership requires our approval and must meet the conditions specified below. We will not, however, unreasonably withhold our approval provided that the conditions specified below are met, which we will determine in our sole discretion:

1. you are in full compliance with this Agreement or any other agreement between you and us, our affiliates, or our designated/approved suppliers and vendors, and you have paid all accrued monetary obligations to us, our affiliates, and our designated/approved suppliers and vendors;
2. the transferee has demonstrated sufficient business experience, aptitude, and financial resources to meet our then-current standards for new franchisees, which may include aptitude or assessment testing;
3. the transferee and its owners and affiliates are not engaged in a competitive business, unless they agree to operate all competitive businesses that provide inventorying, packing, moving, cleaning, deodorizing and storage services as a part of the System;

4. you provide us with written authorization to release to the transferee any and all information about the operation of the BLUE KANGAROO PACKOUTZ Business which we have collected;
5. the transferee must sign our then-current form of franchise agreement for a full term;
6. you pay us:
  - a. our then-current Transfer Fee, as published in our Operations Manual, upon the transferee's execution of the new franchise agreement to defray expenses we incur in the transfer, including the costs of training the transferee;
  - b. all Royalties for completed jobs up through the date of closing, fees, amounts owed under any promissory notes with us, Late Payment Fees, Late Report Fees, NSF Fees, Interest Fees, and all other fees or amounts owed to us, plus interest; and
  - c. all commissions, broker fees or other similar expenses if: (i) you list the BLUE KANGAROO PACKOUTZ Business with a broker, lead referral network or similar entity; or (ii) the transferee is referred to you or us by a broker, lead referral network or similar entity;
7. the transferee successfully completes our Business Manager and Technical Operations Training program;
8. you, your principals, and the transferee (if we have a prior relationship with the transferee) have signed a general release, in a form satisfactory to us, of any and all claims against us and our shareholders, officers, directors, employees, and agents (such requirement to sign a general release is subject to change in our sole discretion);
9. we have approved the material terms and conditions of the transfer (which may not include you retaining a security interest in the assets of the BLUE KANGAROO PACKOUTZ Business post-closing and you will sign a comfort letter indicating the same) and determined that the price and terms of payment will not adversely affect the transferee's operation of the BLUE KANGAROO PACKOUTZ Business;
10. if you finance any part of the sale price of the transferred interest, you agree and will assure that all of the transferee's obligations under any promissory notes, agreements, or security interests that you have reserved in the BLUE KANGAROO PACKOUTZ Business, are subordinate to the transferee's obligation to pay Royalties, Referral Fees, and other amounts due to us and otherwise to comply with this Agreement;

11. in the event of an approved transfer to a wholly owned corporation or limited liability company, we will require you to own and control at least 67% of the issued and outstanding capital stock or other ownership interest;
12. you must have attended Business Manager and Technical Operations Training and your business must be open in order to transfer the BLUE KANGAROO PACKOUTZ Business;
13. any transfer does not impact any of your post-termination obligations, including, without limitation, such obligations set forth in Sections 6 or 13.
14. the transferee must obtain, within the time limits set by us, and maintain thereafter, all permits and licenses required for the operation of the BLUE KANGAROO PACKOUTZ Business;
15. to the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;
16. the transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises; and
17. if required by us, in our sole discretion, transferee must purchase all or a portion of the Initial Package, new or refurbished equipment, inventory, new vehicles/vehicle wraps, etc. to ensure the BLUE KANGAROO PACKOUTZ Business is in compliance with our current System Standards and in well-maintained condition.

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

### **C. YOUR DEATH OR DISABILITY.**

Upon your death or disability (or the death or disability of an owner of the BLUE KANGAROO PACKOUTZ Business, (referred to in this document as “your death or disability”) the executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement to a third party within a reasonable amount of time, but not to exceed one (1) year. During this time the Business must be operated in full compliance with this Agreement. The transfer will be subject to all of the terms and conditions applicable to transfers that are contained in this Section,.

In the event of your death or disability, and before a transfer of your interests in this Agreement, your spouse, child, or parent may, if this party otherwise would qualify as a transferee,

operate the Business, provided that this person personally manages the business on a full time basis, successfully completes our Training Program as described in Section 3.A, and signs our then-current franchise agreement.

For purposes of this Section, disability is defined as a condition that materially impairs your ability to operate the BLUE KANGAROO PACKOUTZ Business in accordance with this Agreement.

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

If you at any time determine to sell, assign, or transfer for consideration your interest in this Agreement, you must obtain a bona fide, signed written offer and earnest money (in the amount of 5% or more of the offer price) from a responsible and fully disclosed offeror, and immediately submit to us a true and complete copy of the offer which includes details of the payment terms. To be a valid, bona fide offer, the proposed purchase price is to be denominated in a dollar amount.

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

1. We may substitute cash for any form of payment proposed in the offer;
2. Our credit will be deemed equal to the credit of any proposed purchaser;
3. We will have 60 days, after giving notice of our election to purchase, to prepare for and complete the closing; and
4. We are entitled to receive, and you must make, the same representations and warranties given to the proposed purchaser.

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

#### **E. OWNERSHIP.**

1. The following provisions apply if you or any permitted successor is a partnership, Limited Liability Company (“LLC”) or corporation:
  - a. The articles of partnership, partnership agreement, articles of organization, articles of incorporation, by-laws and other organizational documents shall provide that the issuance and transfer of any interest in the legal entity is restricted by the terms of this Agreement. Copies of such documents and of resolutions of the legal entity’s board of directors or managers

authorizing its entry into this Agreement shall be furnished to us upon request.

- b. All general partners, members and all direct and indirect holders of a 10% or greater equity interest shall, upon the legal entity's execution of this Agreement, execute an agreement personally guaranteeing to us the full payment and performance of the legal entity's obligations to us and undertaking to be bound, individually, jointly and severally, by all the terms of this Agreement including, without limitation, the restrictions on assignment contained herein. The personal guaranty shall be in the form attached hereto as Exhibit D or in such other form as we may from time to time prescribe.
- c. The legal entity shall not use the name "BLUE KANGAROO PACKOUTZ" or "BLUE KANGAROO" or any other Mark, or any name deceptively similar thereto, except to reflect its franchise relationship with us. Neither the legal entity nor any of its owners may issue or sell, or offer to issue or sell, any securities of the legal entity or an affiliate of the legal entity, regardless of whether such sale or offer would be required to be registered pursuant to the provisions of the Securities Act of 1933, as amended, or the securities laws of any other jurisdiction, without obtaining our prior written consent, which is in our sole discretion, and complying with all of our requirements and restrictions concerning use of information about us.
- d. The legal entity shall furnish us, at the time of execution of this Agreement and upon all transfers subject to the provisions of this Section 10, a list of all stockholders, members, managers and partners having an interest in the legal entity, their respective percentage interests and the number of shares directly and indirectly owned or controlled by each.
- e. The legal entity, if a corporation, shall maintain stop transfer instructions against the transfer on its records of any securities with voting rights subject to the restrictions of this Section and shall cause all certificates representing outstanding voting securities to be surrendered for reissuance and cause all certificates for voting securities in the future to be issued with this legend printed conspicuously upon the face of each certificate: "The transfer of this certificate and the shares it represents is subject to the terms and conditions of a certain Franchise Agreement with PACKOUTZ International, LLC. Reference is made to that Agreement and to certain restrictive provisions of the Articles and by-laws of this corporation."
- f. The legal entity acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and necessary to protect the System, the Marks, the Confidential Information, as well as our high reputation and image, and are for the protection of us and all other BLUE KANGAROO PACKOUTZ franchisees.



- g. It is agreed and understood that no other business or business operations outside of the operation of the BLUE KANGAROO PACKOUTZ business may be undertaken or conducted through such legal entity.

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

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

Upon the expiration of this Agreement, provided that during its term you complied substantially with its provisions, including the timely payment of all fees and royalties, you may continue your BLUE KANGAROO PACKOUTZ Business for two (2) additional terms of ten (10) years each (each, a “Renewal Term” (as previously defined)).

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

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

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

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

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

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

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

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

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

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

### **D. RENEWAL TERM FEE.**

You promise to pay us a renewal fee of 10% of the then-current Initial Franchise Fee upon execution of your renewal franchise agreement.

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

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

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

1. If you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the BLUE KANGAROO PACKOUTZ Business.
2. If proceedings are commenced to have you adjudicated bankrupt or to seek your reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within 60 days, or a trustee or receiver is appointed for you or the BLUE KANGAROO PACKOUTZ Business without your consent, and the appointment is not vacated within 60 days.

3. You attempt to make an unauthorized transfer of this Agreement or the BLUE KANGAROO PACKOUTZ Business in violation of any of the transfer provisions contained in Section 10 of this Agreement.

**B. AUTOMATIC TERMINATION WITH NOTICE.**

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

1. Your Managing Owner and, if applicable, Designated General Manager, fail to attend or successfully complete the Business Manager and Technical Operations Training within four (4) months of signing this Agreement and/or fulfill all the pre-training requirements, which include the payment of all monies due to us, and the completion of all the required tasks as designated on the BLUE KANGAROO PACKOUTZ owners' intranet website and in the Operations Manual;
2. You fail to commence operation of the BLUE KANGAROO PACKOUTZ Business within four (4) months of signing this Agreement and/or two (2) months following your successful completion of the Business Manager and Technical Operations Training, whichever is later;
3. You have made or make any material misrepresentation or omission in purchasing the Franchise or operating the BLUE KANGAROO PACKOUTZ Business;
4. You receive from us three (3) or more notices to cure the same or similar defaults or violations of this Agreement, within any two (2)-year period of time, regardless of whether these defaults were cured after notice was sent to you;
5. You are or have been convicted by a trial court of, or plead no contest to a felony or any conviction rising to the equivalent of a felony and/or failure to disclose a prior felony conviction or conviction rising to the equivalent of a felony to us;
6. You understate your Royalty by three percent (3%) or more, in any reported financial statement, on three (3) or more occasions, during any consecutive two (2)-year time frame during the term of this Agreement, regardless of whether or not you subsequently rectify the deficiency;
7. You engage in any dishonest or unethical conduct, which may adversely affect the reputation of the BLUE KANGAROO PACKOUTZ Business, or the general goodwill associated with the Marks;
8. You violate any provision regarding confidentiality or non-disclosure contained in Sections 6 and 13 of this Agreement;
9. You cease to continuously and actively operate the Business for five (5) consecutive days, unless caused by an act of God, or other circumstance beyond your control, as determined by us; or the business telephone is disconnected at any

time and no new number is immediately reinstalled or reconnected; or your conduct is otherwise determined by us to constitute an abandonment of the Business;

10. You fail to acquire or continuously maintain the required minimum levels of insurance, fail to have us, BELFOR USA Group Inc. and/or BELFOR Franchise Group, LLC named as an additional insured, or fail to provide a current certificate of insurance to us as required in Section 7.C of this Agreement. However, we will not exercise our right to terminate this Agreement if upon receipt of notice from us, you immediately cease operating the BLUE KANGAROO PACKOUTZ Business and obtain such insurance within ten (10) days after written notice is delivered to you prior to resuming operation;
11. You fail to attend a BLUE KANGAROO PACKOUTZ annual convention without prior written permission;
12. Your Managing Owner or, if applicable, your Designated General Manager, fail to attend, or send a representative in their place, to a minimum of one (1) training course or regional meeting each calendar year, provided that at least one (1) of the above named events have been offered during that time period;
13. You fail to employ and train a Service Technician within three (3) months of signing this Agreement;
14. Any other franchise agreement or other agreement you or your owner(s) or affiliates have with us, or any franchise agreement you or your owner(s) or affiliates have with any of our affiliates, is terminated for any reason;
15. You commit three (3) or more defaults of this Agreement, of any type, in any 12-month period;
16. If you or your principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, or any lease for the Office Site, and fail to cure such breach within any permitted period for cure;
17. If you or your principals materially violate any provision hereof pertaining to Marks or Confidential Information or misuse the Marks or Confidential Information;
18. If you violate any safety or sanitation law, ordinance or regulation or operate the BLUE KANGAROO PACKOUTZ Business in a manner that presents a health or safety hazard to customers, or the general public;
19. If you violate the in-term restrictive covenant contained in Section 6;
20. If a levy of writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which is not released or bonded against within 30 days;

21. If you or any of your principals become insolvent;
22. You order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier;
23. You misuse or make unauthorized use of any BLUE KANGAROO PACKOUTZ/Required Software that we may develop for use in connection with the System;
24. You fail to comply with the provisions of Section 15.S;
25. You take for your own personal use any assets or property of the BLUE KANGAROO PACKOUTZ Business, including employee taxes, FICA, insurance or benefits; or
26. If there are insufficient funds in your bank account to cover a check or EFT payment to us three (3) or more times within any 12-month period or you fail to achieve minimum sales for three (3) consecutive months.

**C. TERMINATION IF NOT CURED WITHIN 15 DAYS.**

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

1. You fail to make payment of any amounts due to us, or funds are not available in your account for debiting when they are due, or you do not record in the BLUE KANGAROO PACKOUTZ Software funds paid to you for jobs completed within 48 hours of their receipt, or you default on any loan made to you by us or our preferred lender, if applicable, in connection with your BLUE KANGAROO PACKOUTZ Business;
2. You fail to have in your employ for a period of two (2) consecutive months (a) at least one (1) Service Technician, or (b) a Designated General Manager, if you are required to have one.
3. You fail, within 15 days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the BLUE KANGAROO PACKOUTZ Business;
4. You fail to comply with any part or condition, warranty, or certification requirement in this Agreement, the BLUE KANGAROO PACKOUTZ owners' intranet website, Operations Manual and/or other BLUE KANGAROO PACKOUTZ confidential materials;

5. You fail to comply with modifications to System Standards on the BLUE KANGAROO PACKOUTZ owners' intranet website, or in the Operations Manual within the required time period;
6. You fail to make payments on the vehicle resulting in repossession and you do not have a vehicle that meets our standards to operate the Business;
7. You fail to receive our prior written approval and use products or materials that do not meet our System Standards and/or do not promptly discontinue use after written notice from us;
8. You fail to timely provide us with any report, statement, or return required by this Agreement;
9. You fail to service all Customers in a manner consistent with our System Standards and reputation and you fail to cure such inconsistency;
10. You market or advertise in the BLUE KANGAROO PACKOUTZ Corporate Territory without permission;
11. You establish an office location outside of your Territory without our prior written consent;
12. You fail to immediately endorse and deliver to us any payments due to us from any third party that is erroneously made to you;
13. If you fail to maintain the prescribed months, days or hours of operation at the BLUE KANGAROO PACKOUTZ Business;
14. If you fail, in our sole discretion, to personally supervise day-to-day operation of the BLUE KANGAROO PACKOUTZ Business or fail to employ a sufficient number of qualified, competent personnel as we require from time to time;
15. If you fail to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual;
16. You conduct yourself in a manner that, although not criminal, reflects adversely on the System, the Marks, or the products offered through the System; or
17. You fail to procure or maintain any licenses, certifications, or permits necessary for the operation of your BLUE KANGAROO PACKOUTZ Business.

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

Standard or other provision in the BLUE KANGAROO PACKOUTZ owners' intranet website or the Operations Manual.

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

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

#### **D. LIQUIDATED DAMAGES**

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

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

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

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

1. all Royalties, Referral Fees, promissory note balance(s), Late Report Fees, Late Payment Fees, NSF Fees, Interest Fees, or any other fees, amounts or interest owed to us or to our affiliates; and

2. upon termination for any default, the actual and consequential damages, costs, and expenses (including reasonable attorneys' and experts' fees) incurred by us as a result of your default.

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

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

## **B. MARKS.**

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

1. strictly comply with, observe, and abide by all of the post-termination provisions of this Agreement, including those as set forth in Sections 5, 6 and 13.D of this Agreement;
2. neither directly nor indirectly represent to the public that any other business you may then own or operate, is or was operated as, or was in any way connected to, the System;
3. not hold yourself out or advertise in any context that you are a present franchisee or were a former franchisee of ours;
4. immediately refrain from engaging in any business relationship with any contacts with Customers or former Customers of the BLUE KANGAROO PACKOUTZ Business, whether with respect to collection of accounts receivable, providing Services, or for any other purpose whatsoever;
5. assign any and all accounts receivable to us for collection, unless all Royalties and other payment obligations to us are paid in full. In connection with this assignment, you appoint us as attorney-in-fact to engage in these collection activities and you specifically refrain from engaging in any of these collection activities. We promise to employ good faith efforts, including where appropriate in our sole and exclusive judgment the commencement of legal proceedings to collect the accounts receivable. We have no duty or obligation to you to accomplish the collection of such accounts receivable. We will remit to you any of these sums collected after first deducting all moneys owed to us and our costs of collection;
6. immediately cease operation under this Agreement and not operate or do business under any name or in any manner which might tend to give the general public the impression that you are operating a BLUE KANGAROO PACKOUTZ Business, or any confusingly similar business;



7. take the action required to cancel all DBAs or equivalent registrations relating to your use of any Mark;
8. deliver to us, within seven (7) days, all electronic and hard copies of Customer Information;
9. remove all signage from vehicles and store fronts and deliver to us, within five (5) days, the Operations Manual and all copies thereof, and all proprietary information, confidential material, Required Software (including the BLUE KANGAROO PACKOUTZ Software), signs, sign-faces, marketing and advertising materials, forms, uniform patches, decals (or proof of their removal) and other materials containing any Mark or otherwise identifying or relating to a BLUE KANGAROO PACKOUTZ Business, and allow us, without liability to you or third parties, to remove all of these items from your vehicles and place of business;
10. notify the telephone company and all telephone directory publishers and Internet directory listings (including Google, Yahoo! and others) of the termination or expiration of your right to use any listing, telephone, telecopy, or other numbers and any telephone directory listings associated with any Mark, and authorize the transfer of these numbers and directory listings to us or, at our direction, instruct the telephone company to forward all calls made to your telephone number to numbers we specify. If you fail to do so, we can take whatever action is necessary, on your behalf and consistent with the telephone and other listing agreement attached to this Agreement as Exhibit C, to affect these events;
11. agree to cooperate with us to effectuate any change in telephone numbers or other transfers of our property to us, including the signing of any forms, authorizations or other documents necessary;
12. deliver to us, upon our request, an assignment of any real estate leases for property from which the BLUE KANGAROO PACKOUTZ Business was operated; and
13. deliver to us, within 30 days, evidence that is satisfactory to us of your compliance with each of the foregoing obligations.

### **C. CONFIDENTIAL INFORMATION.**

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

#### **D. COVENANT NOT TO COMPETE.**

For a period of 18 months from the time of expiration or termination of this Agreement, you and your owners and, if applicable, your Designated General Manager, shall not (a) engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any inventorying, packing, moving, cleaning, deodorizing and storage services, (b) solicit business from Customers of your former BLUE KANGAROO PACKOUTZ Business or contact any of our suppliers or vendors for any competitive business purpose, or (c) divert or attempt to divert any business or Customer of the BLUE KANGAROO PACKOUTZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or engage in any business relationship with any contacts with Customers or former Customers of the BLUE KANGAROO PACKOUTZ Business, whether with respect to collection of accounts receivable, or to provide them services, or for any other purpose whatsoever, within:

1. the Territory as defined in this Agreement;
2. the geographic area encompassed by the Territories of any BLUE KANGAROO PACKOUTZ franchisees, Company Stores, or any other BLUE KANGAROO PACKOUTZ business operator, as of the date of the termination or expiration of this Agreement; or
3. a geographic area that is contained in a circle having a radius of 50 miles outward from the outside boundary of the Territory as defined in this Agreement.

#### **E. CONTINUING OBLIGATIONS AND OTHER OBLIGATIONS.**

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

If, within five (5) days after termination or expiration of this Agreement, you fail to remove all displays of the Marks, we may enter the BLUE KANGAROO PACKOUTZ Business to effect removal. In this event, you agree that you may not file any complaint or action against us for trespass or any other violation or claim, nor shall we be accountable or required to pay for any displays or materials. You agree that this Agreement shall constitute your complete consent to such entry set forth in this Section.

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

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

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

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

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

You shall not form, adopt or use in connection with, or in the name of, any subsequent business the terms or term “BLUE KANGAROO PACKOUTZ” or “BLUE KANGAROO” or any term confusingly similar to such term or any other term which may have the effect of creating confusion or question regarding his/her affiliation with the System or us.

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

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

You acknowledge and agree that, under this Agreement; you are and will be an independent contractor of ours. You will not be deemed an employee of ours for any purpose, and no employee of yours will be deemed to be an employee of ours for any purpose, most particularly with respect to any mandated or other insurance coverage, tax, or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state, or federal governmental agency. Nothing in this Agreement will be construed so as to create a partnership, joint venture, or agency. You do not have any power to obligate us for any expenses, liabilities, or other obligations, other than as is specifically provided for in this Agreement. We will not have the power to hire or fire your employees and, except as expressly provided in this Agreement, we may not control or have access to your funds or expenditures, or in any other way exercise dominion or control over the BLUE KANGAROO PACKOUTZ Business.

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

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

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

## **C. INDEMNIFICATION.**

You promise to protect, defend, and indemnify us, and all of our past, present, and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys, and designees (the “Indemnified Parties”), and hold Indemnified Parties harmless from and against any and all costs and expenses, including attorneys’ fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury, or damage to any person, firm, or corporation, or to any property arising out of, or in connection with, your operation of the Business. Your obligation to indemnify us will survive the termination or expiration of your Franchise Agreement.

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

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

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

## **15. ENFORCEMENT.**

### **A. SEVERABILITY.**

Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement, the BLUE KANGAROO PACKOUTZ owners’ intranet website, or the Operations Manual, and any present or future statute, law, ordinance, or regulation, contrary to which the parties have no legal right to contract, the latter will prevail, but if the provisions of this Agreement, or the Operations Manual thus affected, will be curtailed and limited only if necessary to bring them within the requirements of the law. In the event that any part, article, paragraph, sentence, or clause of this Agreement, the BLUE KANGAROO PACKOUTZ owners’ intranet website, or the Operations Manual, will be held to be indefinite, invalid, or otherwise unenforceable, the indefinite, invalid, or unenforceable provision will be deemed deleted, and the remaining part of this Agreement will continue in full force and effect.

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

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

**B. WAIVER OF OBLIGATIONS.**

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

**C. FEES AND EXPENSES.**

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

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

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

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

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

**F. DISPUTE RESOLUTION PROCEDURES.**

1. Internal Dispute Resolution. You must first bring any claim or dispute you have with us and our shareholders, officers, directors, agents and employees to our President, after providing notice as set forth in Section 15.F.4 below. You must exhaust this internal dispute resolution procedure before you may bring your

dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

2. Mediation. At our option, all claims or disputes between us, our shareholders, officers, directors, agents and employees and you, arising out of, or in any way relating to, this Agreement or any other agreement by and between you and us or our affiliates, or any of the parties' respective rights and obligations arising from such agreement, or the operation of the BLUE KANGAROO PACKOUTZ Business which are not first resolved through the internal dispute resolution procedure set forth in Section 15.F.1 above, must be submitted first to non-binding mediation in Ann Arbor, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against us or our shareholders, officers, directors, agents and employees with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. We will have a period of 30 days following receipt of such notice within which to notify you as to whether we or our affiliates elects to exercise our option to submit such claim or dispute to mediation. You may not commence any action against us, our shareholders, officers, directors, agents and employees or our affiliates with respect to any such claim or dispute in any court unless we fail to exercise our option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated as the result of a written declaration of either: (i) the mediator(s) that further mediation efforts are not worthwhile; or (ii) us. We may specifically enforce our rights to mediation. Each party shall bear its own cost of mediation and you and we shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.
  - a. We shall not be required to first attempt to mediate a controversy, dispute, or claim as set forth in this Section 15.F.2 if such controversy, dispute, or claim concerns an allegation that you have violated (or threaten to violate, or pose an imminent risk of violating):
    1. Any federally protected intellectual property rights in the Marks, the System, trade secrets, or Confidential Information;
    2. Any claims pertaining to or arising out of any warranty issue;
    3. Any of the restrictive covenants contained in this Agreement; or
    4. Any claims arising out of or related to fraud or misrepresentation by you or your insolvency.
3. Selection of Venue. Nothing contained in this Agreement shall prevent us from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect our interests. The parties expressly agree to the

exclusive jurisdiction and venue of any court of general jurisdiction in Washtenaw County, Michigan or the United States District Court for the Eastern District of Michigan. You acknowledge that this Agreement has been entered into in the State of Michigan, and that you are to receive valuable and continuing services emanating from our headquarters in Ann Arbor, Michigan, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby irrevocably consent to the personal jurisdiction of the state and federal courts of the State of Michigan as set forth above and waive any objection you may have to either the jurisdiction or venue in such court. In the event that you file an action in any forum or jurisdiction in violation of this Section 15.F.3, you shall pay our costs and fees, including our reasonable attorneys' fees, in connection with any efforts to order the dispute to the proper forum or jurisdiction.

4. Prior Notice of Claims. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, you must notify us within 30 days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.
5. Third Party Beneficiaries. Our officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 15.F, each having authority to specifically enforce the right to mediate/litigate claims asserted against such person(s) by you.

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

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

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

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

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

You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against us arising out of any cause whatsoever (whether such cause be based

in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.

THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM US OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES. THE PARTIES AGREE THAT ALL PROCEEDINGS ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE SALE OF THE BLUE KANGAROO PACKOUTZ BUSINESS, WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN YOU, YOUR OWNERS AND US OR OUR AFFILIATES/OFFICERS/EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN US AND ANY OTHER THIRD PARTY.

**J. BINDING EFFECT.**

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

**K. LIMITATIONS OF CLAIMS.**

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

**L. CONSTRUCTION AND INTEGRATION.**

This Agreement and all exhibits to this Agreement constitute the entire agreement between the parties and supersede any and all prior negotiations, understandings, representations or inducements, and agreements. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you. You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our BLUE KANGAROO PACKOUTZ Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in



this Agreement, or in any disclosure document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law.

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

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

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

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

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

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

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

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

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

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

Agreement. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between you and us or between us and any other franchise owner, will not affect our rights with respect to any later breach by you or anyone else.

**O. EFFECTIVE DATE AND LOCATION OF AGREEMENT.**

This Agreement shall not be effective until accepted by us as evidenced by dating and signing by an officer of us and the place of execution of this Agreement shall be the State of Michigan.

**P. DAYS.**

Unless otherwise specifically stated in this Agreement, the term “days” shall refer to calendar days.

**Q. ADDITIONAL DOCUMENTATION.**

You must from time to time, subsequent to the date first set forth above, at our request and without further consideration, execute and deliver such other documentation or agreement and take such other action as we reasonably may require in order to effectuate the transactions contemplated herein. In the event that you fail to comply with the provisions of this Section, you hereby appoint us as your attorney-in-fact to execute any and all documents on your behalf that are reasonably necessary to effectuate the transactions contemplated herein.

**R. FORCE MAJEURE.**

Neither you nor us or our affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if that party’s failure to perform its obligations is not the fault nor within the reasonable control of that person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as we deem reasonable.

**S. ANTI-TERRORIST ACTIVITIES.**

You certify that neither you, nor your owners, principals, employees or anyone associated with you are listed in the Annex to Executive Order 13224 (the “Annex”). You agree not to hire or have any dealings with a person listed in the Annex. You certify that you have no knowledge or information that, if generally known, would result in you, your owners, principals, employees, or anyone associated with you being listed in the Annex. You agree to comply with and/or assist us to the fullest extent possible in our efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, you certify, represent, and warrant that none of your property or interests are subject to being “blocked” under any of the Anti-Terrorism Laws and that you and your owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. You are solely responsible for ascertaining what actions must be taken by you to comply with all such Anti-Terrorism Laws, and you specifically acknowledge and agree that your indemnification responsibilities as provided in Section 14.C of this Agreement pertain to your

obligations under this Section. Any misrepresentation by you under this Section or any violation of the Anti-Terrorism Laws by you, your owners, principals or employees will constitute grounds for immediate termination, upon notice, of this Agreement and any other agreement you have entered into with us or one (1) of our affiliates in accordance with the terms of Section 12 of this Agreement. As used herein, “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies lists and any other requirements of any Governmental Authority (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

## **16. NOTICES AND PAYMENTS.**

Any notice, report, payment, or other communication that is required to be delivered by the provisions of this Agreement, will be in writing and will be deemed to be delivered:

1. at the time of hand delivery;
2. at the time delivered via computer transmission (electronically verified and absent a notice of non-delivery) and, in the case of Royalty and other due fees, at the time we actually debit your account;
3. one (1) business day after transmission by telecopy, facsimile, or other electronic system;
4. one (1) business day after being placed in the hands of a commercial courier service for next business day delivery; or
5. five (5) business days after placement in the United States mail by registered or certified mail, return receipt requested, postage prepaid.

All communications are to be addressed to the party to be notified at its most current principal business address. Both you and we agree to immediately notify the other of any change in address. Any required payment or report that we do not actually receive during regular business hours on the date due will be deemed delinquent.

## **17. YOUR AFFIRMATIONS.**

In awarding this BLUE KANGAROO PACKOUTZ Business, we are relying upon your statements, as affirmed by your initials to the left of each statement, that:

\_\_\_\_ The Managing Owner or, if applicable, the Designated General Manager, shall devote his/her full-time best efforts to the development and management of your Business. At least one (1) Managing Owner or Designated General Manager will operate the BLUE KANGAROO PACKOUTZ Business on a full-time basis.

\_\_\_ \_\_\_ We have not made, nor have you relied on, any representation as to the past or future sales, volume or potential profitability, earnings or income of the BLUE KANGAROO PACKOUTZ Business, or any other BLUE KANGAROO PACKOUTZ Business, other than the information provided in our franchise disclosure document.

\_\_\_ \_\_\_ You have had the opportunity, and have been encouraged by us, to independently investigate and analyze both the BLUE KANGAROO PACKOUTZ franchise opportunity and the terms and provisions of this Agreement by contacting any and all of our franchise owners and by utilizing the services of attorneys, accountants, or other advisors as you deem to be necessary.

\_\_\_ \_\_\_ You are not relying on any representation or statement that we have made, regarding the anticipated income, earnings and growth of BLUE KANGAROO PACKOUTZ outlets, the System, or the viability of the BLUE KANGAROO PACKOUTZ franchise opportunity.

\_\_\_ \_\_\_ Like any other business, the nature of the business conducted by PACKOUTZ Businesses may, and probably will, evolve over time.

\_\_\_ \_\_\_ Your abilities and efforts are vital to the success of the BLUE KANGAROO PACKOUTZ Business.

\_\_\_ \_\_\_ Continually securing new Customers is necessary to the BLUE KANGAROO PACKOUTZ Business and requires you to make consistent and repeated marketing and advertising efforts through a variety of mediums.

\_\_\_ \_\_\_ We have certain rights reserved to us to own and operate BLUE KANGAROO PACKOUTZ Businesses, to franchise or franchise others to operate BLUE KANGAROO PACKOUTZ Businesses, and to otherwise use the System, Marks, know-how, techniques, and procedures, including (without limitation) those expressly set forth in of this Agreement.

\_\_\_ \_\_\_ We may sell our assets, Marks, or the System, outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations; may undertake a re-financing, re-capitalization, leverage buyout or other economic or financial restructuring; and with regard to any or all of the above sales, assignments, and dispositions, you expressly and agree to provide reasonable closing certificates and other documentation as reasonably requested by us to conclude the transaction, and specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of PACKOUTZ International, LLC, as the franchisor of this Agreement.

\_\_\_ \_\_\_ The covenants not to compete set forth in this Agreement are fair and reasonable, and will not impose any undue hardship on you, since you have other considerable skills, experience, and education which will afford you the opportunity to derive income from other endeavors.

\_\_\_ \_\_\_ All information that you have set forth in any and all applications, financial statements, and submissions to us is true, complete, and accurate in all respects, and you expressly acknowledge that we are relying upon the truthfulness, completeness, and accuracy of this information.

## **18. REPRESENTATIONS.**

NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE US EXCEPT OUR AUTHORIZED OFFICER BY A

WRITTEN DOCUMENT. YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT. YOU UNDERSTAND THAT WHETHER YOU SUCCEED AS A FRANCHISEE IS DEPENDENT UPON YOUR EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF YOUR EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND OUR CONTROL OR INFLUENCE. YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.

THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND EXHIBITS, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF OUR FRANCHISE DISCLOSURE DOCUMENT AT LEAST 14 CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR YOUR PAYMENT OF ANY MONIES TO US, REFUNDABLE OR OTHERWISE.

YOU ACKNOWLEDGE THAT WE HAVE RECOMMENDED, AND THAT YOU HAVE HAD THE OPPORTUNITY TO OBTAIN, REVIEW THIS AGREEMENT AND OUR FRANCHISE DISCLOSURE DOCUMENT BY YOUR LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF YOU ARE A PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY WARRANTS TO US, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER, OFFICER, OR MANAGER/MEMBER THAT ALL OF THE PARTNERS OF THE PARTNERSHIP, ALL OF THE SHAREHOLDERS OF THE CORPORATION, OR ALL OF THE MANAGERS/MEMBERS OF THE LIMITED LIABILITY COMPANY, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP, CORPORATION, OR LIMITED LIABILITY COMPANY.

**IN WITNESS WHEREOF**, the parties hereto have signed and delivered this Agreement on the date stated on the first page hereof.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

**OWNERS**

\_\_\_\_\_  
[NAME], Individually

\_\_\_\_\_  
[NAME], Individually

**EXHIBIT A  
TO THE FRANCHISE AGREEMENT  
DESIGNATED PERSONNEL**

The “Managing Owner” referred to in Section 1.C of the Franchise Agreement will be the following person:

\_\_\_\_\_ «Managing Owner» \_\_\_\_\_

The “Designated General Manager” referred to in Section 1.C of the Franchise Agreement will be the following person (if there is no Designated General Manager, please write “none”):

\_\_\_\_\_ «General Manager» \_\_\_\_\_

**EXHIBIT B  
TO THE FRANCHISE AGREEMENT**

**FRANCHISE MANAGEMENT SOFTWARE LICENSE AGREEMENT**

Franchisor grants a renewable license (“License”) to Licensee, upon the terms included in this Agreement and subject to all the terms of a Franchise Agreement between Franchisor and Licensee signed concurrently with this Agreement.

Licensee shall, during the term of this Agreement and upon the start of their BLUE KANGAROO PACKOUTZ franchised business, pay Franchisor a weekly usage/support/upgrade fee. The amount of this fee may change periodically at the discretion of Franchisor. Failure to make any payment shall result in the immediate termination of this License.

**TERMS AND CONDITIONS**

1. **License Grant:** Franchisor grants to Licensee a renewable License to use the BLUE KANGAROO PACKOUTZ Franchise Management Software System (“Product” or “BLUE KANGAROO PACKOUTZ Software”), and all subsequent upgrades, on Licensee’s computer. This License does not extend to other parties, even if they use the same computer. Franchisor reserves the right to issue new modules, which may be separately licensed.
2. **Title:** Title to the Product shall remain with Franchisor.
3. **Term:** This License is a quarterly license. It shall automatically renew each quarter and shall remain in effect throughout the term of the Franchise Agreement between Franchisor and Licensee.
4. **Copies and Listings:** The Licensee shall not copy or reverse-engineer the Product in whole or in part, nor shall it permit other parties to do so.
5. **Protection of Product:** Licensee agrees not to make available to any party the Product or any of its parts. Licensee agrees to take appropriate action with its employees and any other parties to obtain assurances of non-disclosure consistent with this Agreement.

Licensee recognizes that the Product is Franchisor’s copyrighted property, represents a large investment of human and financial resources by Franchisor, is a trade secret of Franchisor, and is confidential information. Licensee agrees to keep the Product, and all related materials, confidential. Licensee will use its best efforts, including any reasonable security precautions as Franchisor may request, to insure that the proprietary rights of Franchisor are preserved to the fullest extent possible under the law. In addition to the right to terminate this Agreement, Franchisor shall be entitled to seek appropriate injunctive relief in the event of any violation of the confidentiality of its copyrighted materials, and to bring an action at law where appropriate.

6. **Assignment and Sub-Licensing:** This License shall not be assigned or sub-licensed by Licensee, except with the prior, specific written consent of Franchisor.
7. **Warranty:** Franchisor warrants that the Product, when delivered to Licensee, shall be free from material defects and shall conform to the program documentation. Licensee acknowledges that the Product is of a complexity that it may have certain defects when delivered. Licensee agrees that the sole liability of Franchisor shall be to correct program errors in the Product, and not to correct problems due to the hardware upon which the Product is operated, interaction with other non-



standard software, or incorrect handling or employment of the Product by Licensee. All warranties extend only to the Licensee.

THE ABOVE WARRANTIES ARE IN LIEU OF ALL OTHER WARRANTIES, STATUTORY OR OTHERWISE, EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

8. **Limitation of Liability; Limitation of Actions:** FRANCHISOR SHALL NOT BE LIABLE FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO LOST PROFITS FROM ANY CAUSE ARISING OUT OF OR IN ANY WAY CONNECTED WITH THE PRODUCT, NOR FOR ANY CLAIM OR DEMAND BY OR AGAINST LICENSEE. No action arising out of the transactions under this Agreement may be brought by either party more than one (1) year after the cause of action has occurred. Additionally, any cause of action for improper use, transfer, sub-licensing, or disclosure of the Product or materials may be brought within one (1) year of the date when Franchisor shall have actual knowledge thereof. In the event Franchisor must institute suit to enforce the terms and conditions of this Agreement, Licensee shall pay reasonable attorneys' fees and costs incurred by Franchisor.
9. **Termination by Franchisor:** The parties agree that any of the following events shall be considered to be a default under the terms of this Agreement, shall entitle Franchisor to terminate this Agreement, and shall authorize Franchisor to immediately terminate Licensee's access to the Product:
  - a. Failure to maintain the Franchise Agreement between Franchisor and Licensee in good standing;
  - b. Failure to make payments of any kind to Franchisor in full or on time;
  - c. Failure to comply with any covenants or agreements herein;
  - d. Licensee's disposing of, licensing, or transferring the Product, other than strictly in accordance with the terms of this Agreement.
  - e. Upon termination of this Agreement, Licensee shall immediately deliver to Franchisor all Products, and copies of Products, and related materials in its possession, and shall not maintain any copies of any of these materials, in whole or part, for itself.
10. **Miscellaneous:** In the event that any part of this Agreement shall be found to be unenforceable, these findings shall not invalidate the other parts of this Agreement. This Agreement expresses the entire understanding of the parties with respect to the subject matter herein, all promises, undertakings, representations, agreements and arrangements with reference to the subject matter of this Agreement. This Agreement shall be construed in accordance with the laws of the State of Michigan, and shall be deemed to have been made in the State of Michigan. This Agreement may not be modified, except by a written agreement signed by Franchisor and Licensee.

**FRANCHISOR:**

**LICENSEE:**

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

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

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

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

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

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

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

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

**EXHIBIT C  
TO THE FRANCHISE AGREEMENT**

**TELEPHONE AND OTHER LISTING AGREEMENT**

In accordance with the terms of the Franchise Agreement between FRANCHISOR and FRANCHISEE signed concurrently with this Agreement, under which FRANCHISOR granted FRANCHISEE the right to own and operate a franchised business (the “Franchised Business”), FRANCHISEE, for value received, hereby agrees with FRANCHISOR that all of FRANCHISEE’S right, title, and interest in and to those certain telephone numbers and regular, classified, or other telephone directory listings, domain names, internet directory listings or rights and/or URLs (collectively, the “Telephone Numbers and Listings”) associated with FRANCHISOR’S trade and service marks and used periodically in connection with the operation of the Franchised Business, shall be promptly transferred to the FRANCHISOR, upon termination or expiration of the Franchise Agreement.

Upon termination or expiration of the Franchise Agreement (without renewal or extension), it is agreed and acknowledged that as between FRANCHISOR and FRANCHISEE, title or interest in the Telephone Numbers and Listings, directly or indirectly, will be assigned to the FRANCHISOR. Further, the FRANCHISEE will not seek to utilize, directly or indirectly, call forwarding messages of any nature, or otherwise seek to take advantage of the goodwill and/or marketing advantage associated with the Telephone Numbers and Listings. It is further agreed and understood, FRANCHISEE will remain liable to the telephone company or other vendor for all past due fees owing to the telephone company or other vendor on or before the effective date of the cancellation hereunder.

FRANCHISEE appoints FRANCHISOR as FRANCHISEE’S true and lawful attorney-in-fact to direct the Telephone Company or other vendor to assign the Telephone Number and Listings, and sign any necessary documents and take any actions as may be necessary to effectuate the assumption.

The parties further agree that if the telephone company or other vendor requires that the parties sign any change forms or other documentation at the time of transfer, FRANCHISOR’S execution of the forms or documentation will effectuate FRANCHISEE’S consent and agreement to the change. The parties finally agree they will perform these acts and sign and deliver the documents as may be necessary to assist in or accomplish the transfer described herein, upon termination or expiration of the Franchise Agreement.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

**EXHIBIT D  
TO THE FRANCHISE AGREEMENT**

**PERSONAL GUARANTY AND GUARANTY OF SPOUSES**

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

**ARTICLE I  
PERSONAL GUARANTY**

The undersigned persons (individually and collectively "you") hereby represent to PACKOUTZ International, LLC ("Franchisor") that you are all of the shareholders of, or all of the general partners of, or all of the members and managers of, or the spouse of any such shareholder, general partner, or member or manager of \_\_\_\_\_ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to the Franchisee as herein provided, each of you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the Transfer Fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term covenants against competition of the aforesaid Franchise Agreement.

**ARTICLE II  
CONFIDENTIALITY**

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You will not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, operating procedures, customer lists, sources of supply, supplier contracts, advertising materials, copyrighted materials, equipment specifications, any information contained in the Operations Manual, trade secrets, copyrighted materials, and other methods, techniques and know-how concerning the operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your relationship with Franchisee and role as a Guarantor of the Franchise Agreement.

### **ARTICLE III NON-COMPETITION**

- 1) **During the Term of the Franchise Agreement.** During the term of this Franchise Agreement, you shall not:
  - a. Engage as an owner, partner, shareholder, director, officer, employee, consultant, agent, or in any other capacity in any other business offering inventorying, packing, moving, cleaning, deodorizing and storage services that are the same as or similar to the services sold by the BLUE KANGAROO PACKOUTZ Business (except for other franchises or authorizations we enter into with you;
  - b. Use our Confidential Information, System, BLUE KANGAROO PACKOUTZ owners' intranet website, Operations Manual, Marks, Customer lists, Customer Information, trade secrets, trade dress, proprietary knowledge, or know-how, or any colorable imitations, in the design, development, or operation of any business other than the BLUE KANGAROO PACKOUTZ Business franchised hereunder, unless specifically authorized by us; or
  - c. Divert or attempt to divert any business or customer of the BLUE KANGAROO PACKOUTZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated the Marks or the System.
  
- 2) **After the Term of the Franchise Agreement.** For a period of 18 months from the time of expiration or termination of this Agreement, you and your owners and, if applicable, your Designated General Manager, shall not: (a) engage as an owner, shareholder, partner, director, officer, employee, consultant, salesperson, representative, or agent or in any other capacity in any business offering inventorying, packing, moving, cleaning, deodorizing and storage services, (b) solicit business from Customers of your former BLUE KANGAROO PACKOUTZ Business or contact any of our supplies or vendors for any competitive business purpose, or (d) divert or attempt to divert any business or Customer of the BLUE KANGAROO PACKOUTZ Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System or engage in any business relationship with any contacts with Customers or former Customers of the BLUE KANGAROO PACKOUTZ Business, whether respect to collection of accounts receivable, or to provide them services, or for any other purpose whatever, within:
  - a. The Territory defined in the Franchise Agreement;
  - b. The geographic area encompassed by the Territories of any BLUE KANGAROO PACKOUTZ franchisees, Company Stores, or any other BLUE KANGAROO PACKOUTZ business operator, as of the date of the termination or expiration of the Franchise Agreement; or
  - c. A geographic area that is contained in a circle having a radius of 50 miles outward from the outside boundary of the Territory as defined in the Franchise Agreement.
  
- 3) **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially

enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein will not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor will be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III will be tolled during any default under this Personal Guaranty.

#### **ARTICLE IV DISPUTE RESOLUTION**

- 1) **Acknowledgment.** You acknowledge that this Personal Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's Proprietary Marks or its system.
- 2) **Governing Law.** This Personal Guaranty will be deemed to have been made in and governed by the laws of the State of Michigan (without reference to its conflict of laws principals).
- 3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Personal Guaranty to Franchisor's President. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first will survive the termination or expiration of this Agreement.
- 4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Personal Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements must be submitted first to non-binding mediation, in Ann Arbor, Michigan under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of 30 days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and the parties will share the cost of mediator. This agreement to mediate at our option will survive the termination or expiration of the Franchise Agreement.
  - a) The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section IV if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of

violating):

- (1) Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;
  - (2) Any claims arising out of or pertaining to any warranty issued; or
  - (3) Any of the restrictive covenants contained in this agreement.
- 5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Personal Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.
- 6) **Injunctive Relief.** Nothing contained in this Personal Guaranty will prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.
- 7) **Jurisdiction and Venue.** With respect to any proceeding not subject to mediation, the parties expressly agree to submit to the jurisdiction and venue of any court of general jurisdiction in Washtenaw County, Michigan and the jurisdiction and venue of the United States District Court presiding over Ann Arbor, Michigan.
- 8) **Jury Trial Waiver.** THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER WILL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.
- 9) **Waiver of Punitive Damages.** You waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) that you may have against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery will be limited to actual damages. If any other term of this Personal Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions will continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.
- 10) **Limitation on Action.** You agree that no cause of action arising out of or under this Personal Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period will be barred as a claim, counterclaim, defense or set-off.
- 11) **Attorneys' Fees.** If either party institutes any mediation action or judicial proceeding to enforce any

monetary or nonmonetary obligation or interpret the terms of this Personal Guaranty and the Franchise Agreement, and Franchisor prevails in such action, you will be liable to Franchisor for all costs, including reasonable attorneys' fees, incurred in connection with such proceeding.

- 12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Personal Guaranty and the Franchise Agreement will not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default will not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Personal Guaranty will be cumulative. Franchisor's election to exercise any remedy available by law or contract will not be deemed a waiver or preclude exercise of any other remedy.
- 13) **Severability.** The parties agree that if any provisions of this Personal Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision will have the meaning that renders it valid and enforceable. The language of all provisions of this Personal Guaranty will be construed according to fair meaning and not strictly construed against either party. The provisions of this Personal Guaranty are severable, and this Personal Guaranty will be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions will be enforced to the extent that they are valid and enforceable. If any material provision of this Personal Guaranty will be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Personal Guaranty.
- 14) **Construction of Language.** Any term defined in the Franchise Agreement which is not defined in this Personal Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Personal Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Personal Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.
- 15) **Successors.** References to "Franchisor" or "the undersigned," or "you" include the respective parties' successors, assigns or transferees.
- 16) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor's obligations written in this Personal Guaranty or in the Franchise Agreement or based on any oral communications that may be ruled to be binding in a court of law will be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company will be personally liable to Franchisee or you for any reason.



**PERSONAL GUARANTOR(S)**

---

**Name:**

**Address:**

**Phone Number:**

**Email:**

---

**Name:**

**Address:**

**Phone Number:**

**Email:**

**SPOUSE(S)**

---

**Name:**

**Address:**

**Phone Number:**

**Email:**

---

**Name:**

**Address:**

**Phone Number:**

**Email:**

**EXHIBIT E  
TO THE FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS TRANSFER (EFT) AUTHORIZATION  
AUTOMATIC DEBIT OF AMOUNT DUE TO FRANCHISOR**

PACKOUTZ International, LLC (“Franchisor”) is hereby authorized to charge the below account, owned by the below identified Franchisee by way of Automated Clearing House (“ACH”) debit for the amount due Franchisor by Franchisee pursuant to the terms of the Franchise Agreement signed by and between Franchisor and Franchisee, for the month or week, as applicable, preceding the debit (the “Due Date”). As the amount due Franchisor may vary on each Due Date, Franchisor is authorized to transfer amounts from Franchisee’s Account, which amounts are subject to change, without prior notice to Franchisee.

Franchisee may terminate this authorization by giving notice not less than three (3) days’ notice to Franchisor in writing to PACKOUTZ International, LLC, Attn: Controller at 731 Fairfield Court, Ann Arbor, MI 48108.

Both Franchisor and Franchisee agree to be bound by the operating rules of the National Automated Clearing House Association (“NACHA”).

Franchisee Bank Information

Bank Name	
Bank Address	
Account Name	
ABA Routing Number	
Account Number	

**FRANCHISEE**

[Insert entity name]

By: \_\_\_\_\_  
[insert name of signatory]

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

**EXHIBIT G  
TO THE FRANCHISE AGREEMENT**

**STATE ADDENDA TO THE FRANCHISE AGREEMENT**

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN CALIFORNIA**

This is an addendum to the Agreement between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties signing below, it is hereby agreed and understood that the following will supersede the Sections of the Franchise Agreement listed below:

### **13.D. COVENANT NOT TO COMPETE.**

You acknowledge and reaffirm that the BLUE KANGAROO PACKOUTZ customer list developed under your Franchise Agreement, is the sole and exclusive proprietary information of PACKOUTZ International, LLC, and you have no ownership right(s) or any other interest in this customer list except as a BLUE KANGAROO PACKOUTZ franchisee. In the event of any future termination and/or expiration of your franchise agreement with PACKOUTZ International, LLC, you will not retain, in any form, a copy of this customer list. You further agree not to market to, service or otherwise deal with any customers on the list for inventorying, packing, moving, cleaning, deodorizing and storage services for a period of 18 months after the termination and/or expiration of your Franchise Agreement.

It is also agreed and understood that if you sell any one (1) or more of your BLUE KANGAROO PACKOUTZ franchise businesses, as a condition precedent to our approving your purchaser as a new BLUE KANGAROO PACKOUTZ franchisee, you will agree with your purchaser and with us not to compete for 18 months after the sale closing, in the inventorying, packing, moving, cleaning, deodorizing and storage services business within a geographic area extending out from the purchased BLUE KANGAROO PACKOUTZ territory boundaries, in every direction, for 50 miles. Provided, however, these non-competition provisions do not create or imply any additional restrictions upon your ownership of other BLUE KANGAROO PACKOUTZ franchise business(es) in and around this geographic area.

The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addendums to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

**15.L. CONSTRUCTION AND INTEGRATION.** The following language shall be deleted in its entirety:

“You acknowledge that you are entering into this Agreement as a result of your own independent investigation of our BLUE KANGAROO PACKOUTZ Business and not as a result of any representations about us made by our shareholders, officers, directors, employees, agents, representatives, independent contractors, or franchisees that are contrary to the terms set forth in this Agreement, or in any disclosure

document, prospectus, or other similar document required or permitted to be given to you pursuant to applicable law;” and,

“You acknowledge that you have not received any express or implied representations or warranties regarding the sales, earnings, income, profits, gross revenues, business or financial success, value of the franchise, provided by us or our representatives or any other matters pertaining to the franchise from us or any of our officers, employees or agents that were not contained in this Agreement or the Franchise Disclosure Document received by you (hereinafter “Representations”). You further acknowledge that if you had received any such Representations, you would not have executed this Agreement, and you would have: (a) promptly notified us in writing of the person or persons making such Representations; and (b) provided to us a specific written statement detailing the Representations made.”

**17. YOUR AFFIRMATIONS.** The following language shall be deleted in its entirety:

“We have not made, nor have you relied on, any representation as to the past or future sales, volume or potential profitability, earnings or income of the BLUE KANGAROO PACKOUTZ Business, or any other BLUE KANGAROO PACKOUTZ Business, other than the information provided in our franchise disclosure document;” and,

“You are not relying on any representation or statement that we have made, regarding the anticipated income, earnings and growth of BLUE KANGAROO PACKOUTZ outlets, the System, or the viability of the BLUE KANGAROO PACKOUTZ franchise opportunity.”

**18. REPRESENTATIONS.** The following language shall be deleted in its entirety:

“YOU ACKNOWLEDGE THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY US OR ON OUR BEHALF THAT HAVE LED YOU TO ENTER INTO THIS AGREEMENT;” and,

“YOU FURTHER UNDERSTAND THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT WE HAVE MADE NO REPRESENTATION THAT YOU WILL DO AS WELL AS ANY OTHER FRANCHISEE.”

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.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

**ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN HAWAII**

This is an addendum to the Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledges by each of the parties signing below, it is hereby agreed and understood that the following will be added to the Franchise Agreement:

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

Based upon our financial statements, the payment of the Initial Fee and Initial Package Fee under the Franchise Agreement to PACKOUTZ International, LLC is deferred until PACKOUTZ International, LLC completes all of its pre-opening obligations to Franchisee. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addenda to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN ILLINOIS**

This is a Rider to the Agreement, which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, (Ill. Comp. Stat. §§ 705/1 to 705/44), the parties to the PACKOUTZ International, LLC Franchise Agreement (the “Agreement”) agree as follows:

### **1. Background**

We and you are parties to that certain Agreement that has been executed on the Effective Date concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for franchise you will operate under the Agreement was made in the State of Illinois and you will operate the Franchise in the State of Illinois and/or (b) you are a resident of the State of Illinois.

### **2. Dispute Resolution Procedures**

Section 15.F. entitled “Dispute Resolution Procedures” is superseded and replaced by the following:

Subject to Section 15.F., Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration in a venue outside of Illinois.

### **3. Choice of Law**

Section 15.H. entitled “Choice of Law” is superseded and replaced by the following:

Except to the extent governed the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 ET SEQ.) or Federal Law, and except for claims arising under the Illinois Franchise Disclosure Act, this Agreement, the Franchise and all claims arising from the relationship between us and you will be governed by the laws of the State of Illinois.

### **4. Limitation of Claims**

The following is added to the beginning of Section 15.K. of the Agreement, entitled “Limitations of Claims

“Except for claims arising under the Illinois Franchise Disclosure Act, and...”

### **5. Illinois Franchise Disclosure Act**

The following language is added to Section 15.M. of the Agreement:

15.M. Illinois Franchise Disclosure Act. Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any law of the State of Illinois is void.”

**6. Your Affirmations**

Section 17 of the Franchise Agreement.

(a) The second affirmation, beginning with the phase “We have not made” is hereby amended to read as follows:

“We ask that, before your execute this Agreement, you bring to our attention any statements or representations that have been made to you by any of our officers, directors, employees, or agents that are contrary to or inconsistent with the statements made in the BLUE KANGAROO PACKOUTZ Franchise Disclosure Document you received or the provisions of this Agreement.”

(b) The ninth affirmation, beginning with the phrase, “We may sell our assets,” the following is deleted:

“...you specifically waive any claims, demands, or damages arising from or related to the loss of said Marks (or any variations of them) and/or the loss of association with or identification of PACKOUTZ International, LLC as the FRANCHISOR of this Agreement.”

**7. Surety Bond.**

A Surety Bond has been obtained by Franchisor to assure its financial capability; the bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney general due to Franchisor’s financial condition. Item 5 and Section 2 of the Franchise Agreement are amended accordingly.

Each provision of this Rider shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Rider.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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



## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MARYLAND**

The parties to this Rider are FRANCHISOR and FRANCHISEE. The parties to the attached Franchise Agreement (the "Agreement") agree as follows:

1. Background:

We and you are parties to that certain Agreement that has been executed concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Agreement. This Rider is being executed because (a) the offer or sale of the franchise for the BLUE KANGAROO PACKOUTZ franchise you will operate under the Agreement was made in the State of Maryland and you will operate the Franchise in the State of Maryland and/or (b) you are a resident of the State of Maryland.

2. Our Obligations:

The following is added at the end of Section 2.A. and 2.B. of the Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of \$94,000.00 from the Hartford Fire Insurance Company. A copy of the bond is on file at Maryland's state authority in the Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached in Exhibit 1 to this Addendum.

3. Expiration of this Agreement:

Pursuant to COMAR 02.02.08.16L, the following is added at the end of Sections 10.B.8, 11.C., and 12.A. of the Agreement:

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

4. Enforcement:

The following is added at the end of Section 15.F. and 15.K. of the Agreement:

Any limitation of claims provisions shall not act to reduce the three (3) year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

5. Dispute Resolution Procedures:

Pursuant to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, the following is added at the end of Sections 15.F. and 15.H. of the Agreement:

You may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. Acknowledgment:

Pursuant to Section 14-226 of the Maryland Franchise Registration and Disclosure Law The following is added at the end of Section 17 of the Agreement and to the Disclosure Acknowledgement Questionnaire:

The representations, acknowledgements and affirmations in the preceding section are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

**EXHIBIT 1 TO THE ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN  
MARYLAND**

**Continuation Certificate**

**The Hartford Insurance Group**

The Hartford Fire Insurance Company (hereinafter called the Company)

hereby continues in force its Bond No. 35BSBIC3565  
in the sum of Ninety four thousand and 00/100 (\$94,000.00)

Dollars,

on behalf of PACKOUTZ International, LLC  
in favor of State of Maryland

for the (extended) term beginning on 05/13/2022 and ending on 05/13/2023

subject to all the covenants and conditions of said Bond, said bond and this and all continuations thereof being one continuous contract.

This Continuation is executed upon the express condition that the Company's liability under said Bond and this and all continuations thereof shall not be cumulative and shall in no event exceed the sum of Ninety four thousand and 00/100 (\$94,000.00)

Dollars,

IN WITNESS THEREOF, the Company has caused this instrument to be signed by its officers proper for the purpose and its corporate seal to be hereto affixed on May 3, 2022

By: 

Peter A. Perlman

Attorney-in-Fact

Attest:



Carrie A. Perlman

# POWER OF ATTORNEY

**Direct Inquiries/Claims to:**  
**THE HARTFORD**  
 BOND, T-12  
 One Hartford Plaza  
 Hartford, Connecticut 06155  
Bond.Claims@thehartford.com  
 call: 888-266-3488 or fax: 860-757-5835

KNOW ALL PERSONS BY THESE PRESENTS THAT:

Agency Name: PERLMAN INSURANCE AGENCY  
 Agency Code: 35-356141

- Hartford Fire Insurance Company**, a corporation duly organized under the laws of the State of Connecticut
- Hartford Casualty Insurance Company**, a corporation duly organized under the laws of the State of Indiana
- Hartford Accident and Indemnity Company**, a corporation duly organized under the laws of the State of Connecticut
- Hartford Underwriters Insurance Company**, a corporation duly organized under the laws of the State of Connecticut
- Twin City Fire Insurance Company**, a corporation duly organized under the laws of the State of Indiana
- Hartford Insurance Company of Illinois**, a corporation duly organized under the laws of the State of Illinois
- Hartford Insurance Company of the Midwest**, a corporation duly organized under the laws of the State of Indiana
- Hartford Insurance Company of the Southeast**, a corporation duly organized under the laws of the State of Florida

having their home office in Hartford, Connecticut, (hereinafter collectively referred to as the "Companies") do hereby make, constitute and appoint, **up to the amount of Unlimited** :

Peter A. Perlman, Carrie A. Perlman of WEST BLOOMFIELD, Michigan

their true and lawful Attorney(s)-in-Fact, each in their separate capacity if more than one is named above, to sign its name as surety(ies) only as delineated above by , and to execute, seal and acknowledge any and all bonds, undertakings, contracts and other written instruments in the nature thereof, on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law.

**In Witness Whereof**, and as authorized by a Resolution of the Board of Directors of the Companies on May 6, 2015 the Companies have caused these presents to be signed by its Senior Vice President and its corporate seals to be hereto affixed, duly attested by its Assistant Secretary. Further, pursuant to Resolution of the Board of Directors of the Companies, the Companies hereby unambiguously affirm that they are and will be bound by any mechanically applied signatures applied to this Power of Attorney.



*John Gray*

John Gray, Assistant Secretary

*M. Ross Fisher*

M. Ross Fisher, Senior Vice President

STATE OF CONNECTICUT }  
 COUNTY OF HARTFORD } ss. Hartford

On this 5th day of January, 2018, before me personally came M. Ross Fisher, to me known, who being by me duly sworn, did depose and say: that he resides in the County of Hartford, State of Connecticut; that he is the Senior Vice President of the Companies, the corporations described in and which executed the above instrument; that he knows the seals of the said corporations; that the seals affixed to the said instrument are such corporate seals; that they were so affixed by authority of the Boards of Directors of said corporations and that he signed his name thereto by like authority.



CERTIFICATE

*Kathleen T. Maynard*

Kathleen T. Maynard  
 Notary Public  
 My Commission Expires July 31, 2021

I, the undersigned, Assistant Vice President of the Companies, DO HEREBY CERTIFY that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which is still in full force effective as of May 3, 2022  
 Signed and sealed at the City of Hartford.



*Kevin Heckman*

Kevin Heckman, Assistant Vice President

**COPY**

Continuation Certificate


The Hartford Insurance Group

The Hartford Fire Insurance Company (hereinafter called the Company)  
hereby continues in force its Bond No. 35BSBIC3565  
in the sum of Ninety four thousand and 00/100 (\$94,000.00)  
Dollars,  
on behalf of PACKOUTZ International, LLC  
in favor of State of Maryland  
for the (extended) term beginning on 05/13/2022 and ending on 05/13/2023  
subject to all the covenants and conditions of said Bond, said bond and this and all continuations thereof being one  
continuous contract.


This Continuation is executed upon the express condition that the Company's liability under said Bond and  
this and all continuations thereof shall not be cumulative and shall in no event exceed the sum of  
Ninety four thousand and 00/100 (\$94,000.00)

Dollars,

IN WITNESS THEREOF, the Company has caused this instrument to be signed by its officers proper for  
the purpose and its corporate seal to be hereto affixed on May 3, 2022

By:   
Peter A. Perlman  
Attorney-in-Fact

Attest:

  
Carrie A. Perlman

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN MINNESOTA**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rule 2860.0100 through 2860.9930, the parties to the attached PACKOUTZ International, LLC Franchise Agreement (the "Agreement") agree as follows:

Background. We and you are parties to that certain Franchise Agreement that has been executed concurrently with the execution of this Rider (the "Franchise Agreement"). This Rider is annexed to and forms part of the Agreement.

This Rider is being executed because (a) the offer or sale of the franchise for the BLUE KANGAROO PACKOUTZ franchise you will operate under the Agreement was made in the State of Minnesota and you will operate the Franchise in the State of Minnesota and/or (b) you are a resident of the State of Minnesota.

Fee Deferral. The following language is added to Section 2 of the Agreement:

Based upon our financial statements, the payment of the Initial Franchise Fee under the Franchise Agreement to us is deferred until we complete all of our pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement. Section 2 of the Franchise Agreement are hereby revised accordingly.

Marks. The following language is added at the end of Section 4 of the Agreement:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

Termination by Franchisor. The following language is added to Section 12.B of the Agreement:

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the franchise agreement.

Waiver of Punitive Damages and Jury Trial. The following is added to Section 15.I, of the Agreement:

Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.

Limitations of Claims. The following is added to Section 15.K. of the Agreement:

Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three (3) years after the cause of action occurs.

Dispute Resolution Procedures/Governing Law. The following language is added to Sections 15.F and 15.H. of the Agreement:

PURSUANT TO MINN. STAT. 80C.21 AND MINN. RULE 2860.4400J, THESE SECTIONS SHALL NOT IN ANY WAY ABROGATE OR REDUCE YOUR RIGHTS AS PROVIDED FOR IN MINNESOTA STATUTES 1984, CHAPTER 80C, INCLUDING THE RIGHT TO SUBMIT MATTERS TO THE JURISDICTION OF THE COURTS OF MINNESOTA.

NSF Fees. Item 6 and Section 2.E of the Franchise Agreement are amended to state: Pursuant to Minnesota Statute 604.113, the NSF Fees are capped at \$30 per incident.

Agreements/Releases. The following language is added to Section 11.C.:

Provided; however, that such general releases do not apply to the extent prohibited by applicable law with respect to claims which arise under Minn. Rule 2860.4400D.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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



## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN NEW YORK**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the BLUE KANGAROO PACKOUTZ Business that you will operate under the Franchise Agreement was made in the State of New York, and/or (b) you are a resident of New York and will operate the Business in New York.

2. **AGREEMENTS/RELEASES.** Section 11.C. of the Franchise Agreement is amended by adding the following language to the end of the last sentence of the paragraph:

Provided, however, that all rights Franchisee enjoys and any causes of action arising in Franchisee’s favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of the proviso that the non-waiver provisions of GBL 687 and 687.5 be satisfied.

3. **TERMINATION OF AGREEMENT BY FRANCHISEE.** Section 12.A. of the Franchise Agreement is amended by adding the following as the last sentence:

Franchisee also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. **TRANSFER BY US** Section 10.A. of the Franchise Agreement is amended by adding the following language at the end:

However, to the extent required by applicable law, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

5. **DISPUTE RESOLUTION PROCEDURES/CHOICE OF LAW.** Sections 15.F. and 15.H. of the Franchise Agreement are amended by adding the following language:

**HOWEVER, THE GOVERNING CHOICE OF LAW SHALL NOT BE CONSIDERED A WAIVER OF ANY RIGHT CONFERRED UPON FRANCHISEE BY THE PROVISIONS OF ARTICLE 33 OF THE GENERAL BUSINESS LAW OF THE STATE OF NEW YORK.**

6. **BINDING EFFECT.** Section 15.J. of the Franchise Agreement is amended by adding the following

language:

Modifications to the Operations Manual will not unreasonably affect Franchisee's obligations, including economic requirements, under this Agreement.

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

## **ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN NORTH DAKOTA**

This is a Rider to the Franchise Agreement which is being executed concurrently with this Rider, between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, in the event of a conflict between the terms of this Rider and the terms of the Franchise Agreement, the terms of this Rider shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

### **1. BACKGROUND.**

We and you are parties to that certain Franchise Agreement that has been signed concurrently with the signing of this Rider (the “Franchise Agreement”). This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the BLUE KANGAROO PACKOUTZ Business that you will operate under the Franchise Agreement was made in the State of North Dakota, and/or (b) you are a resident of North Dakota and your Business will be located or operated in North Dakota.

### **2. FEE DEFERRAL**

Based upon our financial statements, the payment of the Initial Franchise Fee under the Franchise Agreement to us is deferred until we complete all of our pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

### **3. AGREEMENTS/RELEASES.**

Sections 10.B.8, 11.C and 12.A. of the Franchise Agreement are amended by adding the following:

“Any release required as a condition of renewal and/or assignment/transfer will not apply to the extent otherwise prohibited by applicable law with respect to claims arising under the North Dakota Franchise Investment Law.”

### **4. COVENANT NOT TO COMPETE.**

Section 13.D of the Franchise Agreement is amended by adding the following:

“Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota. However, you acknowledge and agree that we intend to seek enforcement of these provisions to the extent allowed under the law.”

### **5. GOVERNING LAW.**

The following is added to the end of Section 15.H. of the Franchise Agreement:

“except as otherwise required by North Dakota law.”

### **6. DISPUTE RESOLUTION PROCEDURES.**

Section 15.F. of the Franchise Agreement is amended by adding the following language:

“Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, and subject to Franchisee’s dispute resolution obligations, Franchisee may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.”

7. WAIVER OF EXEMPLARY AND PUNITIVE DAMAGES AND JURY TRIAL.

To the extent required by the North Dakota Franchise Investment Law, the following language is deleted from Section 15.I. of the Franchise Agreement.

“You hereby waive to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against us arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, that your recovery is limited to actual damages.”

“You and we irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us.”

8. LIQUIDATED DAMAGES.

Notwithstanding Item 17(i) of the Franchise Disclosure Document or Section 13 of the Franchise Agreement, you are not required to consent to termination or liquidated damages and any such language is hereby deleted from the Franchise Agreement and Franchise Disclosure Document.

9. LIMITATIONS OF CLAIMS.

Section 15.K. of the Franchise Agreement is amended by adding the following:

“The time limitations set forth in this subsection might be modified by the North Dakota Franchise Investment Law.”

In all other respects, the terms and conditions contained in your Franchise Agreement, and any previous Addendums to your Franchise Agreement, remain in effect.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

**ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN SOUTH DAKOTA**

This is an addendum to the Franchise Agreement between Franchisor and Franchisee.

Notwithstanding anything to the contrary in the Franchise Agreement, if there is a conflict between the terms of this Addendum and the terms of your Franchise Agreement, the terms of this Addendum shall control and supersede the Franchise Agreement. Any terms not defined herein shall have the same meanings as in the Franchise Agreement and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement unless stated otherwise.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledges by each of the parties signing below, it is hereby agreed and understood that the following will be added to the Franchise Agreement:

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

Based upon our financial statements, the payment of the Initial Fee and Initial Package Fee under the Franchise Agreement to PACKOUTZ International, LLC is deferred until PACKOUTZ International, LLC completes all of its pre-opening obligations to Franchisee. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

The terms of this Addendum shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

In all other respects, the terms and conditions contained in your original Franchise Agreement, and any previous addenda to your Franchise Agreement, remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing, and any future promises, commitments or assurances must be in writing and signed by both of us, to be enforceable.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

**ADDENDUM TO THE FRANCHISE AGREEMENT FOR USE IN VIRGINIA**

This is a Rider to the Franchise Agreement which is being executed concurrently with this rider, between Franchisor and.

- 1. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**FRANCHISOR:**

**FRANCHISEE:**

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

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

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

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

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

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

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

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

## **WASHINGTON STATE ADDENDA TO THE FRANCHISE AGREEMENT, DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE AND OTHER RELATED AGREEMENTS**

This is a Rider to the Franchise Agreement which is being executed concurrently with this rider, between Franchisor and Franchisee.

1. A Surety Bond in the amount of \$100,000 has been obtained by Franchisor to assure its financial capability; the bond is on file with the Washington Dept. of Financial Institutions, Securities Division. This financial assurance requirement was imposed due to Franchisor's financial condition. Section 2 of the Franchise Agreement is amended accordingly.

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

3. 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.

4. 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.

5. 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.

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

7. 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.

8. 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 undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

**FRANCHISOR**

**FRANCHISEE**

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

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

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

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

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

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

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

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



**EXHIBIT H**  
**CONVERSION ADDENDUM**

ADDENDUM  
TO THE FRANCHISE AGREEMENT(S) BETWEEN  
PACKOUTZ INTERNATIONAL, LLC  
AND  
\_\_\_\_\_

**DATED** \_\_\_\_\_

This is an Addendum to the Franchise Agreement(s), which is being signed concurrently with this Addendum, between PACKOUTZ International, LLC, a Michigan Limited Liability Company, with its principal place of business at 731 Fairfield Court, Ann Arbor, Michigan 48108 (referred to in this Addendum as “we,” “us,” “ourselves” and “Franchisor”), and \_\_\_\_\_, a \_\_\_\_\_ company, whose principal address is \_\_\_\_\_ (referred to in this Addendum as “you,” “your” or “Franchisee”).

Notwithstanding anything to the contrary in the Franchise Agreement(s), in the event of a conflict between the terms of this Addendum and the terms of the Franchise Agreement(s), the terms of this Addendum shall control and supersede the Franchise Agreement(s). Any terms not defined herein shall have the same meanings as in the Franchise Agreement(s) and any references to sections and paragraphs refer to the sections and paragraphs of the Franchise Agreement(s) unless stated otherwise.

**WITNESSETH:**

**WHEREAS,** \_\_\_\_\_ (“Converting Company”) is an existing company operating in the State of \_\_\_\_\_, performing inventorying, packing, moving, cleaning, deodorizing and storage services (the “Business”).

**WHEREAS,** Converting Company wishes to convert its existing business to the BLUE KANGAROO PACKOUTZ franchise model, under the following terms and conditions as set forth below.

**NOW, THEREFORE,** for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledges by each of the parties signing below, it is hereby agreed and understood as follows:

1. **Initial Franchise Fee.** The following language shall hereby supersede and replace the first paragraph of Section 2.A of the Franchise Agreement(s):

You promise to pay us a total initial fee (the “Initial Franchise Fee”) in the amount of \$\_\_\_\_\_ for a population of up to \_\_\_\_\_ within the Territory, as described in this Section of this Addendum.

2. **Initial Package Fee.** The following language shall hereby supersede and replace the first paragraph of Section 2.B of the Franchise Agreement(s):

The Initial Package Fee is \_\_\_\_\_.

3. **Conversion Requirements.**

With three (3) months from the date of execution of the Franchise Agreement(s) or Franchisee's completion of the Initial Training Program, whichever occurs first, Franchisee agrees to complete the following conversion requirements:

**Business Vehicles.** You agree to re-brand all business vehicles utilizing our approved vendors to conform to the BLUE KANGAROO PACKOUTZ model appearance standards.

**Global Positioning System.** You agree to purchase and install a global positioning system ("GPS") device in all service vehicles as required pursuant to Section 7.A.20 of the Franchise Agreement(s).

**Websites.** You agree to transfer all Converting Company websites (the "Websites") to the BLUE KANGAROO PACKOUTZ website or another website we designate. The Websites include but are not limited to the following: \_\_\_\_\_.

**Telephone Numbers.** The telephone number(s) listed below are to be forwarded to the BLUE KANGAROO PACKOUTZ call center or a local number that we designate. All advertising for the Business will consist only of the BLUE KANGAROO PACKOUTZ number or the local number designated by us.

**Media Accounts.** You agree to transfer all social media accounts utilized by the Converting Company to BLUE KANGAROO PACKOUTZ.

\* \* \*

**The terms of this ADDENDUM shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.** In all other respects, the terms and conditions contained in your original Franchise Agreement(s), and any previous Amendments to your Franchise Agreement(s), remain in full force and effect. Further this it to confirm that we have made no other promises or commitments of any nature concerning this or any other aspect of your franchise business that have not been set forth in writing.

PACKOUTZ International, LLC, a Michigan Limited Liability Company

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Its: Authorized Representative

FRANCHISEE: Converting Company

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

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

Its: Authorized Representative

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

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

Its: Authorized Representative

OWNER

\_\_\_\_\_

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

OWNER

\_\_\_\_\_

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

## EXHIBIT I

### COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE

**THIS COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE** (this “Assignment”) is made, entered into and effective on \_\_\_\_\_ (the “Effective Date”) by and between: (i) \_\_\_\_\_ (the “Franchisor”); and (ii) \_\_\_\_\_ (the “Franchisee”).

#### BACKGROUND INFORMATION

The Franchisor entered into that certain Franchise Agreement (the “Franchise Agreement”) dated as of \_\_\_\_\_ with the Franchisee, pursuant to which the Franchisee plans to own and operate a \_\_\_\_\_ franchised business (the “Franchised Business”) located at \_\_\_\_\_ (the “Site”). In addition, pursuant to that certain Lease Agreement (the “Lease”), the Franchisee has leased or will lease certain space containing the Franchised Business described therein from \_\_\_\_\_ (the “Lessor”). The Franchise Agreement requires the Franchisee to deliver this Assignment to the Franchisor as a condition to the grant of a franchise.

#### OPERATIVE TERMS

The Franchisor and the Franchisee agree as follows:

1. **Background Information:** The background information is true and correct. This Assignment will be interpreted by reference to, and construed in accordance with, the background information set forth above.
2. **Incorporation of Terms:** Terms not otherwise defined in this Assignment have the meanings as defined in the Franchise Agreement.
3. **Indemnification of Franchisor:** Franchisee agrees to indemnify and hold Franchisor and its parents, affiliates, stockholders, directors, officers, principals, franchisees/licensees and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys’ fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, Franchisee’s breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.
4. **Conditional Assignment:** Franchisee hereby grants to the Franchisor a security interest in and to the Lease, all of the furniture, fixtures, inventory, equipment, and supplies located in the Site and the franchise relating to the Franchised Business, and all of the Franchisee’s rights, title and interest in and to the Lease as conditional for the payment of any obligation, liability or other amount owed by the

Franchisee or its affiliates to the Lessor arising under the Lease and for any default or breach of any of the terms and provisions of the Lease, and for any default or breach of any of the terms and provisions of the Franchise Agreement. In the event of a breach or default by Franchisee under the terms of the Lease, or, in the event Franchisor makes any payment to the Lessor as a result of the Franchisee's breach of the Lease, then such payment by the Franchisor, or such breach or default by the Franchisee, shall at Franchisor's option be deemed to be an immediate default under the Franchise Agreement, and the Franchisor shall be entitled to the possession of the Site and to all of the rights, title and interest of the Franchisee in and to the Lease and to all other remedies described herein or in the Franchise Agreement or at law or in equity, without prejudice to any other rights or remedies of the Franchisor under any other agreements or under other applicable laws or equities. This Assignment shall constitute a lien on the interest of the Franchisee in and to the Lease until satisfaction in full of all amounts owed by the Franchisee to the Franchisor. In addition, the rights of the Franchisor to assume all obligations under the Lease provided in this Assignment are totally optional on the part of the Franchisor, to be exercised in its sole discretion. Franchisee agrees to execute any and all Uniform Commercial Code financing statements and all other documents and instruments deemed necessary by Franchisor to perfect or document the interests and assignments granted herein.

5. **No Subordination**: Franchisee shall not permit the Lease to become subordinate to any lien without first obtaining Franchisor's written consent, other than the lien created by this Assignment, the Franchise Agreement, the Lessor's lien under the Lease, liens securing bank financing for the operations of Franchisee on the Site and the agreements and other instruments referenced herein. The Franchisee will not terminate, modify or amend any of the provisions or terms of the Lease without the prior written consent of the Franchisor. Any attempt at termination, modification or amendment of any of the terms of the Lease without such written consent is null and void.

6. **Exercise of Remedies**: In any case of default by the Franchisee under the terms of the Lease or under the Franchise Agreement, Franchisor shall be entitled to exercise any one or more of the following remedies in its sole discretion:

- a) to take possession of the Site, or any part thereof, personally, or by its agents or attorneys;
- b) to, in its discretion, without notice and with or without process of law, enter upon and take and maintain possession of all or any part of the Site, together with all furniture, fixtures, inventory, books, records, papers and accounts of the Franchisee;
- c) to exclude the Franchisee, its agents or employees from the Site;

- d) as attorney-in-fact for the Franchisee, or in its own name, and under the powers herein granted, to hold, operate, manage and control the Franchised Business and conduct the business, if any, thereof, either personally or by its agents, with full power to use such measures, legally rectifiable, as in its discretion may be deemed proper or necessary to cure such default, including actions of forcible entry or detainer and actions in distress of rent, hereby granting full power and authority to the Franchisor to exercise each and every of the rights, privileges and powers herein granted at any and all times hereafter;
- e) to cancel or terminate any unauthorized agreements or subleases entered into by the Franchisee, for any cause or ground which would entitle the Franchisor to cancel the same;
- f) to disaffirm any unauthorized agreement, sublease or subordinated lien, to make all necessary or proper repairs, decorating, renewals, replacements, alterations, additions, betterments and improvements to the Site or the Site that may seem judicious, in the sole discretion of the Franchisor; and
- g) to insure and reinsure the same for all risks incidental to the Franchisor's possession, operation and management thereof; and/or
- h) notwithstanding any provision of the Franchise Agreement to the contrary, to declare all of the Franchisee's rights but not obligations under the Franchise Agreement to be immediately terminated as of the date of Franchisee defaults under the Lease and fails to cure said default within the applicable cure period (if any).

The parties agree and acknowledge that Franchisor is not required to assume the Lease, take possession of the Site or otherwise exercise of its other rights described in this Assignment. In the event Franchisor elects to exercise its right to assume the Lease and/or take possession of the Site, it will provide written notice to Franchisee in writing and undertake the other necessary actions at issue. Nothing in this Assignment may be construed to impose an affirmative obligation on the part of Franchisor to exercise any of the rights set forth herein.

7. **Power of Attorney**: Franchisee does hereby appoint irrevocably Franchisor as its true and lawful attorney-in-fact in its name and stead and hereby authorizes it, upon any default under the Lease or under the Franchise Agreement, with or without taking possession of the Site, to rent, lease, manage and operate the Site to any person, firm or corporation upon such terms and conditions in its discretion as it may determine, and with the same rights and powers and immunities, exoneration of liability and rights of recourse and indemnity as the Franchisor would have upon taking possession of the Site pursuant to the provisions set forth in the Lease. The power of attorney conferred upon the Franchisor pursuant to this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without the written consent of the Franchisor.

8. **Election of Remedies:** It is understood and agreed that the provisions set forth in this Assignment are deemed a special remedy given to the Franchisor and are not deemed to exclude any of the remedies granted in the Franchise Agreement or any other agreement between the Franchisor and the Franchisee, but are deemed an additional remedy and shall be cumulative with the remedies therein and elsewhere granted to the Franchisor, all of which remedies are enforceable concurrently or successively. No exercise by the Franchisor or any of the rights hereunder will cure, waiver or affect any default hereunder or default under the Franchise Agreement. No inaction or partial exercise of rights by the Franchisor will be construed as a waiver of any of its rights and remedies and no waiver by the Franchisor of any such rights and remedies shall be construed as a waiver by the Franchisor of any future rights and remedies. Franchisor is not required to exercise any of its rights set forth in Section 6 hereof, but shall have the irrevocable right to do so.

9. **Binding Agreements:** This Assignment and all provisions hereof shall be binding upon the Franchisor and the Franchisee, their successors, assigns and legal representatives and all other persons or entities claiming under them or through them, or either of them, and the words “Franchisor” and “Franchisee” when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

10. **Assignment to Control.** This Assignment governs and controls over any conflicting provisions in the Lease.

11. **Attorneys’ Fees, Etc.** In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment, the prevailing party will be entitled to recover its attorneys’ fees, costs and expenses relating to any trial or appeal (including, without limitation, paralegal fees) or arbitration or bankruptcy proceeding from the non-prevailing party.

12. **Severability.** If any of the provisions of this Assignment or any section or subsection of this Assignment shall be held invalid for any reason, the remainder of this Assignment or any such section or subsection will not be affected thereby and will remain in full force and effect in accordance with its terms.

**IN WITNESS WHEREOF**, the Parties have caused this Assignment to be executed as of the day and year first above written.

**FRANCHISEE**

**FRANCHISOR**

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

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

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

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

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

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

**The Lessor hereby consents, agrees with, approves of and joins in with this COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE.**

**LESSOR**

\_\_\_\_\_



**EXHIBIT A-2  
TO THE FRANCHISE DISCLOSURE DOCUMENT**

**PROMISSORY NOTE**

FOR VALUE RECEIVED, \_\_\_\_\_ and \_\_\_\_\_ (collectively, the “Undersigned”) promises to pay to the order of PACKOUTZ International, LLC, a Michigan Limited Liability Company, at 731 Fairfield Court, Ann Arbor, Michigan 48108 (the “Holder”), the principal sum of \$\_\_\_\_\_ together with interest at a rate of zero percent (0%) for the first twelve (12) months and ten percent (10%) thereafter for up to twenty-four (24) months. The principal and interest shall be paid in equal monthly installments as stated in the payment schedule attached to this Promissory Note as Exhibit “1”, which is made a part of this Promissory Note. The first installment shall be due via Electronic Funds Transfer (“EFT”) on the first of the month following the successful completion of the initial training, if required under the franchise agreement, between Holder and the Undersigned, and thereafter monthly installments will be due via EFT on the first day of each successive month until the principal and interest due under this Promissory Note have been paid in full. PROVIDED, HOWEVER, that the entire principal balance together with all accrued interest thereon shall be due and payable on or before 36 months following the payment of the first installment, anything here in this Agreement to the contrary notwithstanding. After maturity of this Promissory Note (whether by acceleration or otherwise), Holder shall have the right to collect all payments, together with all accrued interest and late fees, due.

Monthly installments shall be applied first upon interest and the balance upon principal. This Promissory Note may be prepaid in full at any time without restriction or penalty.

Should any monthly installment not be paid when due, then the Holder shall elect to either (a) require that the whole sum of the remaining principal and interest shall become due immediately and payable upon notice to the Undersigned or (b) charge a late fee of 5% or \$50, per week, whichever sum is greater. All unpaid amounts owing on this Promissory Note shall immediately become due and payable at the option of Holder without notice or demand upon the occurrence of any of the following events of default: (i) the default of any provision of the Promissory Note; or (ii) the death, dissolution, insolvency (however expressed or indicated) or the filing of a petition in bankruptcy, reorganization or for the adjustment of debts for, by or against the Undersigned; (iii) the sale of substantially all of the Undersigned’s stock or assets; (iv) the Undersigned’s failure to permit Holder to collect amounts via EFT.

The Undersigned hereby waives presentation for payment, demand, notice of non-payment, protest, and all other demands and notices required by law (statutory or otherwise). In the event that the undersigned should default under this Promissory Note, and legal proceedings are commenced to collect the indebtedness evidenced hereby, the undersigned agrees to pay all costs and expenses, including reasonable attorney fees, incurred in the collection of this Promissory Note.

Should the undersigned transfer or assign their franchise rights to a third party prior to the pay-off of this Promissory Note, said Promissory Note must be paid in full before Holder will approve such transfer or assignment.

The validity, construction, interpretation and enforceability of the terms of this Promissory Note shall be determined and governed by the laws of the State of Michigan.

The Undersigned hereby confirms that the proceeds of this Promissory Note will be used for the business purpose of starting up a BLUE KANGAROO PACKOUTZ franchised business.

It is the parties' intent that the provisions of this Promissory Note be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the provisions contained here in this Promissory Note shall not render any other part unenforceable.

Holder's failure to enforce any rights granted to it under this Promissory Note will not constitute a waiver of such rights.

This Promissory Note is binding upon and will insure to the benefit of the parties and their successors, heirs, and assigns.

The persons executing this Note on behalf of the Undersigned acknowledge their authority to do so.

**I HAVE READ THE ABOVE NOTE AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS NOTE IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

As provided in this Franchise Agreement this Promissory Note is personally guaranteed by \_\_\_\_\_.

**HOLDER:**

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

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

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

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

**UNDERSIGNED:**

**[FRANCHISEE ENTITY NAME]**

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

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

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

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

**[FRANCHISEE NAME]**

\_\_\_\_\_  
[NAME], Individually

**EXHIBIT A-3**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**

**CONFIDENTIALITY/NON-DISCLOSURE AGREEMENT**

With respect to determining the feasibility of whether or not to purchase a BLUE KANGAROO PACKOUTZ franchise, PACKOUTZ International, LLC, is prepared to provide you with certain financial, business, marketing, and operational information concerning the business operations of PACKOUTZ International, LLC.

We are able to provide you this information with your explicit understanding and agreement that you recognize and agree that this information is confidential and valuable, and that this information constitutes special and unique proprietary rights and assets of PACKOUTZ International, LLC.

The term “Confidential Information” shall mean and include any and all information disclosed by us to you relating to the BLUE KANGAROO PACKOUTZ business and potential trade name and internet web names, whether copyrighted or patented. Provided; however, Confidential Information shall not include information which:

- A. Is disclosed to you following the date of this Agreement by a third party who is not under an obligation to keep the information confidential;
- B. Is or becomes publicly disclosed through no act or omission of yours; and/or
- C. Information previously known by you prior to contact with us.

In accepting this Confidential Information, you agree that you will not disclose it to any third party or make use of it yourself, in any regard, with the exception that it may be disclosed to an attorney, accountant or business consultant that you utilize as part of your due diligence process, provided you assure they are informed of and comply with all the terms of this Confidentiality and Non-Disclosure Agreement.

You further agree to maintain the confidentiality of any and all confidential information which has been provided to you in a manner using at least the same degree of care as the manner used to maintain the confidentiality of your most confidential information.

In the event that you do not purchase a BLUE KANGAROO PACKOUTZ business, or upon our request at any time, you agree to return all materials furnished to you or to certify in writing that such information has been destroyed.

You further recognize that breach of this Confidentiality and Non-Disclosure Agreement by you will cause severe and irreparable damage to PACKOUTZ International, LLC, and that PACKOUTZ International, LLC, may pursue all of its rights and remedies after any breach, including specific performance.

Please indicate that you agree to the conditions, as stated above, under which confidential information will be furnished to you by signing a copy of this letter in the space provided below.

**ACKNOWLEDGED:**

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

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

**EXHIBIT A-4  
TO THE FRANCHISE DISCLOSURE DOCUMENT**

**GENERAL RELEASE(S)**

**GENERAL RELEASE – REQUIRED UPON RENEWAL**

**THIS SETTLEMENT AND RELEASE** is being made by and between PACKOUTZ INTERNATIONAL, LLC (“FRANCHISOR”) and [Name] (together referred to as the “FRANCHISE OWNER” and/or “you”) resident of [State], and [Corp/LLC,] (“Franchisee”) and shall be effective as of the date of the last signature below.

**W I T N E S S E T H:**

**WHEREAS**, FRANCHISOR and FRANCHISE OWNER(S) entered into Franchise Agreement on the [date] (the “Franchise Agreements”) for the operation of a BLUE KANGAROO PACKOUTZ business in a defined territory(s) in the state of [State] (the “Business”), which Franchise Agreements is being renewed;

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. FRANCHISE OWNER(S) and FRANCHISOR have agreed upon new renewal Franchise Agreements, to be executed contemporaneously with this Mutual Release, which will replace your original Franchise Agreements, thus continuing FRANCHISE OWNER(S) rights to operate a BLUE KANGAROO PACKOUTZ business within a Territory, as defined in the Franchise Agreement in the State of [State].

2. In reliance upon the execution of renewal Franchise Agreements, the parties agree to the following mutual releases:

A. FRANCHISE OWNER(S) and FRANCHISEE, for themselves and for their employees, agents, heirs, successor and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interest of FRANCHISE OWNER(S) and/or FRANCHISEE, hereby releases, acquits, and forever discharges FRANCHISOR and its directors, officers, shareholders, employees, agents, legal representatives, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses and suits whatsoever and of every conceivable kind, character, and nature, whether absolute or contingent, and whether known or unknown, which either party may have against the other, by reason of, or arising out of, or in any way related to any acts or omissions of the other party occurring prior to the date of this Release.

B. FRANCHISOR, for themselves and for their employees, agents, heirs, successor and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interest of FRANCHISOR, hereby releases, acquits, and forever discharges FRANCHISE OWNER(S) and/or FRANCHISEE and their directors, officers, shareholders, employees, agents, legal representatives, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses and suits whatsoever

and of every conceivable kind, character, and nature, whether absolute or contingent, and whether known or unknown, which either party may have against the other, by reason of, or arising out of, or in any way related to any acts or omissions of the other party occurring prior to the date of this Release.

C. **[CALIFORNIA ONLY]** Except as set forth herein, FRANCHISOR, FRANCHISE OWNER(S) and FRANCHISEE expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, FRANCHISOR, FRANCHISE OWNER(S) and FRANCHISEE expressly acknowledge that this Agreement is intended to include in its effect without limitation, all claims described in this paragraph which FRANCHISOR, FRANCHISE OWNER and/or FRANCHISEE does not know or suspect to exist in its favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

3. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the parties herein or with regard to the interpretation, formation, or breach of this Release, shall be litigated exclusively in the courts of general jurisdiction of Washtenaw County, Michigan or the United States District Court presiding over Ann Arbor, Michigan.

4. Both parties acknowledges and agree that money damages will not be a sufficient remedy for any breach of this provision and that either party shall be entitled to specific performance as a remedy for any such breach. Such remedy shall not be deemed to be the exclusive remedy, but shall be in addition to all other remedies available at law or equity to the party. In the event of any litigation to enforce any of the terms of this Mutual Release, the unsuccessful party shall pay the costs and attorneys’ fees of the successful party.

5. Neither this Release nor any provision of this Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

6. All parties hereto do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Release, and that they have executed this Release with the consent and upon the advice of said independent counsel.

7. This Release may be signed in two (2) or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two (2) or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one (1) original document.

8. The terms of this Mutual Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Agreement contains the entire agreement between the parties hereto concerning the resolution of any and all disputes or controversies between or among them.

10. **[MARYLAND ONLY]** This Mutual Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**IN WITNESS WHEREOF**, the parties have caused this Release to be executed as of the day and year written below.

**FRANCHISOR**

**PACKOUTZ INTERNATIONAL, LLC**

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

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

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

**FRANCHISEE**

**[FRANCHISEE ENTITY/NAME]**

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

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

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

**FRANCHISE OWNER(S)**

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

## GENERAL RELEASE – REQUIRED UPON ASSIGNMENT

THIS SETTLEMENT AND RELEASE is being made by and between PACKOUTZ International, LLC (“FRANCHISOR”) and [Franchise Owner Name(s)] (together referred to as the “FRANCHISE OWNER(S)”), resident(s) of [State], and [Company] (“Franchisee”) and shall be effective as of the date of the last signature below.

### WITNESSETH:

**WHEREAS**, FRANCHISOR and FRANCHISE OWNER(S) entered into a Franchise Agreement on the \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ (the “Franchise Agreement(s)”) for the operation of a BLUE KANGAROO PACKOUTZ business in a defined territory(s) in the state of [State Name(s)], (the “Business”);

**WHEREAS**, FRANCHISOR and FRANCHISE OWNER(S) have reached agreement that it is in the best interest of all parties for FRANCHISE OWNER(S) to discontinue operations and terminate the Franchise Agreement, upon the terms and conditions specified below, and for the parties to exchange mutual releases;

**NOW THEREFORE**, in consideration of the mutual covenants and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by and between each of the parties, it is agreed and understood as follows:

1. Effective as of the date last signed below, FRANCHISE OWNER(S) hereby transfers, sets over and assigns to FRANCHISOR all right, title and interest in and to the Franchise Agreement and agrees to abide by and observe all Post-Termination Obligations and Covenants Not to Compete as set forth in the Franchise Agreement.

1. FRANCHISOR hereby releases FRANCHISE OWNER(S) from any further duties and obligations thereunder except those continuing duties and obligations specifically set forth in Paragraph 1 of this Agreement.

3. The parties hereby agree to the following mutual releases:

A. Except for the obligations of the parties herein contained, FRANCHISE OWNER(S) and FRANCHISEE for themselves, and their employees, agents, heirs, successors and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interests of FRANCHISE OWNER(S) and/or FRANCHISEE, hereby releases, acquits, and forever discharges FRANCHISOR and its directors, officers, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns, and every other person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses, and suits whatsoever and of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which FRANCHISE OWNER(S) and/or FRANCHISEE has, has had or may ever have against FRANCHISOR, by reason of, or arising out of, or in any way related to any acts or omissions of the other party prior to the date of this Agreement.

B. Except for the obligations of the parties herein contained, FRANCHISOR for themselves, and their employees, agents, heirs, successors and assigns, and for every other person, firm, entity, and/or corporation succeeding to the interests of FRANCHISOR, hereby releases, acquits, and forever discharges FRANCHISE OWNER(S) and FRANCHISEE and its directors, officers, members, shareholders, employees, agents, legal representatives, heirs, successors and assigns, and every other

person, firm, entity, and/or corporation succeeding to its interests, from any and all claims, actions, causes of action, demands, costs, losses, expenses, and suits whatsoever and of every conceivable kind, character and nature, whether absolute or contingent and whether known or unknown, which FRANCHISOR has, has had or may ever have against FRANCHISE OWNER(S) and/or FRANCHISEE, by reason of, or arising out of, or in any way related to any acts or omissions of the other party prior to the date of this Agreement.

C. **[CALIFORNIA – for use in CA only]** Except as set forth herein, FRANCHISOR, FRANCHISE OWNER(S) and FRANCHISEE expressly waives and relinquishes all rights and benefits afforded by Section 1542 of the Civil Code of the State of California (“Section 1542”), and does so understanding and acknowledging the significance and consequence of such specific waiver of Section 1542. Section 1542 states as follows:

“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH EITHER PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN ITS FAVOR AS OF THE DATE OF EXECUTION OF THIS AGREEMENT, WHICH IF KNOWN BY SUCH PARTY WOULD HAVE MATERIALLY AFFECTED THE TERMS OF THE AGREEMENT.”

Notwithstanding the provisions of Section 1542, and for the purpose of implementing the general release and discharges described in this paragraph, FRANCHISOR, FRANCHISE OWNER(S) and FRANCHISEE expressly acknowledge that this Agreement is intended to include in its effect without limitation, all claims described in this paragraph which FRANCHISOR, FRANCHISE OWNER(S) and/or FRANCHISEE does not know or suspect to exist in its favor at the time of execution hereof, and that this Agreement contemplates the extinguishment of any such claims.

4. Any controversy or claim whatsoever arising out of or relating to this Release or the enforcement of the promises made by the parties herein or with regard to the interpretation, formation, or breach of this Release, shall be litigated exclusively in the courts of general jurisdiction of Washtenaw County, Michigan or the United States District Court presiding over Ann Arbor, Michigan.

5. Neither this Mutual Release nor any provision of this Mutual Release can be modified or waived in any way, except by an agreement in writing signed by each of the parties hereto, consenting to such modification or waiver.

6. All parties hereto do hereby acknowledge and agree that they have been represented by independent counsel of their own choice throughout all negotiations which preceded the execution of this Mutual Release, and that they have executed this Mutual Release with the consent and upon the advice of said independent counsel.

7. This Mutual Release may be signed in two (2) or more counterparts, and will be effective when all the parties and signatories have affixed their signatures to two (2) or more of the counterparts and they have been delivered as aforesaid, at which time the counterparts together will be deemed one (1) original document.

8. The terms of this Mutual Release shall remain confidential and may not be disclosed except when and to the extent necessary to comply with applicable federal, state, or local laws or regulations.

9. This Agreement contains the entire agreement between the parties hereto concerning the resolution of any and all disputes or controversies between or among them.

10. **[MARYLAND – for use in MD only]** This Mutual Release may not apply to any liability under the Maryland Franchise Registration and Disclosure Law.



11. **[TRANSFERS – WHEN BUYER IS PAYING IN INSTALLMENTS]** FRANCHISE OWNER(S) and Franchisee acknowledge and agree (i) that they negotiated the sale of their franchise to Buyer Company without the assistance, or any other involvement of the Franchisor; (ii) that the purchase price for such sale (the “Purchase Price”) will not be paid in full at closing, but will be paid over a period of time after closing, and (iii) that they are assuming the full risk of nonpayment of the Purchase Price, FRANCHISE OWNER(S) and Franchisee further agree that they will not, in any manner, at any time, under any set of circumstances, seek payment of any portion of the Purchase Price from PACKOUTZ International, LLC, and/or any of its directors, officers, members, shareholders, employees, agents, representatives, heirs, successors or assigns.

IN WITNESS WHEREOF, the parties have caused this Release to be executed as of the day and year written below.

**FRANCHISOR**

**FRANCHISEE**

**PACKOUTZ INTERNATIONAL, LLC**

**[FRANCHISEE ENTITY/NAME]**

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

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

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

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

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

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

**FRANCHISE OWNER(S)**

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

\_\_\_\_\_  
[Name of Owner], Individually

## EXHIBIT A-5

### Equipment Sales and Security Agreement

This "Agreement" is made and entered into as of \_\_\_\_, 2023 by and between \_\_\_\_\_ (the "Franchisee") and PACKOUTZ International, LLC, a Michigan limited liability company (the "Franchisor"). This Agreement relates to that certain Franchise Agreement(s) between Franchisee and Franchisor (the "Franchise Agreement") for Franchisee's operation of a BLUE KANGAROO PACKOUTZ business franchise (the "Business"). In consideration of the mutual promises and agreements set forth below, and for other good and valuable consideration, the receipt and sufficiency of which the parties mutually acknowledge, the parties mutually agree and intend to be legally bound as follows:

- EQUIPMENT PURCHASE.** Franchisee agrees to purchase from Franchisor and Franchisor agrees to sell to Franchisee the tangible equipment listed on the presented invoice ("Invoice") and, if applicable, pursuant to the agreed upon payment terms. The equipment purchased under this Agreement shall be referred to as the "Equipment." To secure Franchisee's obligations to pay Franchisor for the Equipment, in the event Franchisor financed any portion of the purchase of the Equipment, and to dispose of the Equipment in accordance with the Franchise Agreement, Franchisee has granted to Franchisor the security interest in the Equipment set forth herein.
- SHIPMENT, TITLE & RISK OF LOSS.** Franchisor will arrange for shipment of the Equipment on the Invoice to Franchisee. Risk of loss and title to the Equipment transfers to Franchisee upon delivery, subject to any security interest of Franchisor retained under this Agreement. Franchisee acknowledges containers and/or decals may be scratched in the delivery process and that Franchisor and its agents shall use commercially best efforts in the delivery process. Franchisee shall inspect each shipment promptly upon receipt and will be deemed to accept the Equipment as conforming to the Invoice unless any gross defects or deficiencies are noted to Franchisor within 24 hours after delivery. Franchisee agrees, if no defects or deficiencies are reported within this time period, all sales are final.
- WARRANTIES.** All Equipment is warranted by its manufacturer only. Franchisor warrants only that the Equipment is delivered with good and merchantable title, free and clear of all liens, claims and encumbrances, and that the Equipment conforms to the requirements set by Franchisor under the Franchise Agreement. Franchisor offers no other warranty and assigns to Franchisee any and all rights to any express or implied warranty of each Equipment manufacturer. THERE ARE NO EXPRESS OR IMPLIED WARRANTIES ON THE EQUIPMENT OFFERED, GIVEN OR PROVIDED BY Franchisor INCLUDING WITHOUT LIMITATION ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.
- EQUIPMENT USAGE.** Franchisee agrees not to use the Equipment in any business or manner other than in the conduct of the Business pursuant to the Franchise Agreement. Franchisee acknowledges that the Equipment is proprietary to the BLUE KANGAROO PACKOUTZ franchise system. The Equipment can only be used in connection with BLUE KANGAROO PACKOUTZ authorized services. Any usage contrary to this provision shall be considered to be a breach of the Franchise Agreement, the Promissory Note, and this Agreement.

5. **TRANSFER OF OWNERSHIP.** Franchisee acknowledges that the Franchise Agreement imposes restrictions and limitations on the resale of the Equipment. Franchisee acknowledges that the Equipment may not be sold, leased, or rented to or used by any other party, except under the conditions stated below, as provided in the Franchise Agreement, or as permitted in writing by Franchisor. The Equipment is proprietary and authorized for use only within the BLUE KANGAROO PACKOUTZ franchise network. Franchisee covenants that Franchisee will not transfer title to the Equipment except in one of these two ways:

- a) Sell the Equipment to another BLUE KANGAROO PACKOUTZ Franchisee in good standing under its franchise agreement at a mutually acceptable price. Franchisor has first right of refusal to purchase the Equipment and must approve any transaction. If Franchisor financed any portion of the purchase price of the Equipment, the transferee will pay the proceeds to Franchisor if there is any outstanding balance under the Promissory Note for the Equipment prior to transfer of the Equipment. At the time of transfer Franchisee’s account with Franchisor must be current and the purchasing Franchisee may not have any pending default under any agreement with Franchisor.
- b) If Franchisee is terminating or not renewing the Franchise Agreement and Franchisee owns another BLUE KANGAROO PACKOUTZ franchise, the Equipment (and the liability for any amount owing on the purchase price of the Equipment) will be transferred to that franchise upon written request.
- c) Franchisor will repurchase the Business’s equipment (the “Equipment”) in accordance with the table below. The percentages shown assume reasonable wear and tear and regular maintenance. If any components of the original piece of Equipment are missing, or there is damage or excessive wear and tear, Franchisor reserves the right to make a corresponding adjustment to the repurchase price. The original Equipment pricing under its Schedule will be reduced to the applicable percentage in effect based on the time elapsed after original purchase.

<b>Time Elapsed After Original Purchase</b>	<b>Percentage of Equipment Price</b>
Under 1 year	65%
Under 2 Years	50%
Under 3 Years	35%
Under 4 Years	20%
Under 5 Years	15%
Over 5 Years	Offer After Inspection

6. **RETURN OF EQUIPMENT.** Upon expiration or termination of the Franchise Agreement, Franchisee will cooperate with Franchisor to repurchase all or some of the Equipment pursuant to the terms in the Franchise Agreement, unless Franchisee has arranged for the sale of the Equipment to another BLUE KANGAROO PACKOUTZ franchisee with the consent of Franchisor.

7. **COVENANTS OF FRANCHISEE.** Franchisee covenants with Franchisor to (i) use and maintain the Equipment in a lawful manner and so as not to violate any law or regulation of the state, city or other political subdivisions in which Franchisee uses the Equipment; (ii) return, pay and file when due all taxes, fees and similar charges, including without limitation sales or use tax, and ad valorem and personal property taxes, imposed on the ownership, possession or use of the Equipment; (iii) keep the Equipment free and clear of all liens, security interests, claims and encumbrances except for those incurred through the initial financing of the Equipment with Franchisor or from a vendor approved by Franchisor; (iv) obtain and maintain property insurance

on the Equipment covering loss, damage, theft, vandalism and casualty; (v) maintain the Equipment per the manufacturer's maintenance, repair and replacement instructions; (vi) maintain in place any notices, labels or other indicia provided by Franchisor to indicate that the Equipment is subject to this Agreement; (vii) operate the Business as required under the Franchise Agreement; and (viii) notify Franchisor when any party claims any interest in the Equipment.

8. **GRANT OF SECURITY INTEREST.** In the event Franchisee's purchase of the Equipment sold under the Invoice is financed by Franchisor, Franchisee hereby grants to Franchisor a continuing security interest in the Equipment sold to Franchisee, and any additions, accessions, accessories, attachments and replacements of such Equipment, any proceeds and products. The security interest shall continue for the term of this Agreement to secure Franchisee's obligations under this Agreement. Franchisee authorizes Franchisor to file a financing statement with regards to the Equipment without the necessity of obtaining an additional signature from Franchisee. The rights and remedies of Franchisor as a secured party under this Agreement and under applicable law are cumulative and non-exclusive. Franchisee agrees to entry for the benefit of Franchisor by any court of competent jurisdiction without prior notice or the posting of any bond of temporary and permanent injunctions and orders of specific performance to enforce this Agreement or any right or remedy available at law or in equity to Franchisor.
9. **TERM, DEFAULT AND TERMINATION.** The term of this Agreement shall commence on the effective date set forth above and shall continue in full force and effect until the Franchise Agreement and Promissory Note terminates or expires, and all Equipment is subject to proper disposition as provided herein.
10. **ADDITIONAL TERMS.** No cancellation, modification, amendment, deletion, addition or other change in this Agreement or any provision hereof shall be effective for any purpose unless specifically set forth in a writing signed by both Parties. Neither Party's delay in exercising or such Party's acquiescence in or waiver of a breach of any term, provision or condition of this Agreement, shall be deemed or construed to operate as a waiver of such Party's rights hereunder, except for the specific instance of delay, failure, acquiescence, or waiver. This Agreement shall be executed in one or more counterparts, each of which shall be considered to be an enforceable original instrument. Franchisee shall not assign or delegate, directly or indirectly, its obligations and liabilities under this Agreement, except as part of a permitted transfer in compliance with the Franchise Agreement. Except for any payment obligation applicable to Franchisee hereunder, any delay or failure of either Party to perform its obligations shall be excused if it is caused by an extraordinary event or occurrence beyond the control of the nonperforming Party and without the nonperforming party's fault or negligence, such as acts of God, fires, floods, windstorms, explosions, natural disasters, wars and sabotage, and terrorism. Raw material or labor shortages are not force majeure events. Written notice of any anticipated delays in performance, including the anticipated duration of the delay must be given within 24 hours of the force majeure event.
11. **INCORPORATION OF TERMS.** This Agreement incorporates by this reference Section 12, paragraphs 1, 2, 3, 4, 11, 16, 17, 18, 19, and 20, of the Franchise Agreement as integral terms, conditions, parts and provisions of this Agreement as if written herein.

**IN WITNESS WHEREOF**, the Franchisee and Franchisor have executed this Agreement effective as of the date first above written.

**PACKOUTZ INTERNATIONAL, LLC**

**FRANCHISEE**

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

\_\_\_\_\_

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

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

## LENDER ADDENDUM

### To Equipment Sales and Security Agreement

This “Lender Addendum” is made and entered into as of the Effective Date by and among the undersigned lender (“Lender”), the Franchisee, and Franchisor. This Lender Addendum supplements and amends that certain Equipment Sales and Security Agreement dated the Effective Date (the “Sales Agreement”) between Franchisor and Franchisee. Defined terms from the Sales Agreement are incorporated into this Lender Addendum.

**Background.** Franchisor and Franchisee have entered into the Sale Agreement ancillary to the Franchisee’s entry into the Franchise Agreement with Franchisor so that Franchisee may obtain certain equipment that is proprietary to Franchisor and that is necessary to perform Franchisee’s obligations under the Franchise Agreement. Lender desires to finance the purchase of the Equipment by Franchisee and take a security interest in the Equipment as collateral for the financing. Franchisor has restricted the right of the Franchisee to resell and dispose of the Equipment as provided in Section 5 of the Sales Agreement. Franchisor will consent to the financing of the Equipment purchase by Lender and Franchisee’s grant of a security interest in the Equipment subject to and conditioned upon Lender’s undertakings as set forth in this Lender Addendum.

In consideration of the premises, the mutual promises herein set forth, and for other good and valuable consideration that the parties mutually acknowledge, the parties mutually agree and intend to be legally bound as follows:

1. Franchisee may grant a security interest to Lender in the Equipment and the proceeds, additions, replacements and accessories thereto, so long as Lender pays to Franchisor all amounts due and owing under the Sales Agreement at or before the time the security interest attaches to the Equipment. Franchisor will on Lender’s request supply payoff amounts and instructions to Lender. Upon receipt of the payoff amount from Lender or Franchisee, Franchisor’s security interest in the Equipment shall be subordinated to the security interest of Lender and shall remain in effect for the duration of the Franchise Agreement term. Lender will notify Franchisor when Lender’s financing has been repaid and its security interest released within 15 days after such event.
2. Lender’s security interest shall be subject to, and Lender acknowledges that its rights and remedies with regard to the Equipment are limited to, the transfer restrictions set forth in Section 5 of the Sales Agreement. Lender covenants with Franchisor that Lender will not exercise any rights or remedies against the collateral that is inconsistent with the restrictions on disposition set forth in Section 5. Lender may, upon notice to Franchisor, marshal and assemble the Equipment for sale in accordance with Section 5 but shall make no use of the Equipment nor rent, lease, sell, lend or donate the Equipment. If Lender is unable to resell the Equipment to another franchisee of Franchisor within 60 days after first offering the Equipment for sale, then Franchisor will purchase the Equipment as provided in Section 5.
3. Lender may assign this Lender Addendum to any successor in interest to the financing of the Equipment only after Franchisor receives a written assumption of the Lender’s obligations under this Lender Addendum acceptable to Franchisor.
4. Lender will copy Franchisor on any notices of default, termination, foreclosure, marshaling, or similar exercises of the secured party’s rights under its agreement with Franchisee. Franchisee consents

to the unrestricted exchange of information about Franchisee and the status of its financing or franchise and the related agreements between Lender and Franchisor.

5. Until Franchisor is notified by Lender that it has taken possession or constructive possession of the Equipment, Franchisor may deal with Franchisee as the lawful possessor and operator of the Equipment, and Franchisee shall at all times remain obligated to comply with its obligations to maintain, insure, protect and service the Equipment under the Sales Agreement and to use the Equipment only in compliance with the Franchise Agreement.

6. All notices to Lender, Franchisor and Franchisee shall be sent to respective address set forth below.

7. Sections 8, 9, 10 and 11 of the Sales Agreement are incorporated by this reference into this Lender Addendum as integral parts hereof.

**IN WITNESS WHEREOF**, Lender, the Franchisee and Franchisor have executed this Lender Addendum effective as of the date first above written in one or more counterparts.

**PACKOUTZ INTERNATIONAL, LLC:**

**FRANCHISEE:**

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

\_\_\_\_\_  
Name Title

Its:

Address: 731 Fairfield Court  
Ann Arbor, MI 48108

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

Address:

**LENDER:**

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

Franchisee:

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

\_\_\_\_\_  
Name Title

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

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

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

Address:

Address:

**EXHIBIT B**  
**TO FRANCHISE DISCLOSURE DOCUMENT**  
**FINANCIAL STATEMENTS**



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# Packoutz International, LLC

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**Financial Report**  
**December 31, 2022**

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## **Independent Auditor's Report**

To the Board of Directors  
Packoutz International, LLC

### **Opinion**

We have audited the accompanying financial statements of Packoutz International, LLC (the "Company"), a wholly owned subsidiary of Belfor Franchise Group, LLC (the "Member"), which comprise the balance sheet as of December 31, 2022, 2021, and 2020 and the related statements of operations, member's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022, 2021, and 2020 and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

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

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

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

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

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

To the Board of Directors  
Packoutz International, LLC

In performing audits in accordance with GAAS, we:

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

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

*Plante & Moran, PLLC*

February 22, 2023

Balance Sheet

December 31, 2022, 2021, and 2020

	2022	2021	2020
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$ 275,495	\$ 53,388	\$ 86,266
Restricted cash	172,187	54,566	1,000
Accounts receivable:			
Trade	287,377	11,448	7,000
Unbilled	83,793	23,009	2,790
Deferred broker commissions - Current portion	67,500	2,500	-
Notes receivable - Current portion	328,745	66,607	17,148
Prepaid expenses	55,768	8,709	4,591
	<u>1,270,865</u>	<u>220,227</u>	<u>118,795</u>
<b>Property and Equipment - Net (Note 4)</b>	16,713	21,391	34,780
<b>Deferred Broker Commissions - Net of current portion</b>	593,350	22,292	-
<b>Other Assets</b>			
Notes receivable - Net of current portion	530,443	98,381	28,935
Amounts due from related parties (Note 3)	1,105,037	331,058	4,021
	<u>1,105,037</u>	<u>331,058</u>	<u>4,021</u>
<b>Total assets</b>	<b><u>\$ 3,516,408</u></b>	<b><u>\$ 693,349</u></b>	<b><u>\$ 186,531</u></b>
<b>Liabilities and Member's Deficit</b>			
<b>Current Liabilities</b>			
Accounts payable	\$ 28,268	\$ 9,231	\$ 15,363
Deferred revenue - Current portion	223,147	38,380	11,000
Accrued and other current liabilities (Note 5)	1,053,849	192,540	43,585
	<u>1,305,264</u>	<u>240,151</u>	<u>69,948</u>
<b>Total current liabilities</b>	1,305,264	240,151	69,948
<b>Amount Due to Related Parties (Note 3)</b>	1,972,699	1,053,642	338,014
<b>Deferred Revenue - Net of current portion</b>	1,913,211	320,598	96,917
	<u>1,913,211</u>	<u>320,598</u>	<u>96,917</u>
<b>Total liabilities</b>	5,191,174	1,614,391	504,879
<b>Member's Deficit</b>	<u>(1,674,766)</u>	<u>(921,042)</u>	<u>(318,348)</u>
<b>Total liabilities and member's deficit</b>	<b><u>\$ 3,516,408</u></b>	<b><u>\$ 693,349</u></b>	<b><u>\$ 186,531</u></b>

**Statement of Operations****Years Ended December 31, 2022, 2021, and 2020**

	2022	2021	2020
<b>Revenue</b>			
Royalties	\$ 686,691	\$ 352,177	\$ 4,403
Franchise fees	70,285	22,738	2,083
Other revenue	99,146	55,346	3,270
Total revenue	856,122	430,261	9,756
<b>Operating Expenses</b>			
General and administrative	1,588,754	1,024,132	309,703
Selling and marketing	23,952	8,865	1,240
Total operating expenses	1,612,706	1,032,997	310,943
<b>Nonoperating Income</b> - Interest income	2,860	42	-
<b>Net Loss</b>	<b>\$ (753,724)</b>	<b>\$ (602,694)</b>	<b>\$ (301,187)</b>

**Statement of Member's Deficit**

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**Years Ended December 31, 2022, 2021, and 2020**

<b>Balance</b> - January 1, 2020	\$ (17,161)
Net loss	<u>(301,187)</u>
<b>Balance</b> - December 31, 2020	(318,348)
Net loss	<u>(602,694)</u>
<b>Balance</b> - December 31, 2021	(921,042)
Net loss	<u>(753,724)</u>
<b>Balance</b> - December 31, 2022	<u><u>\$ (1,674,766)</u></u>

Statement of Cash Flows

Years Ended December 31, 2022, 2021, and 2020

	2022	2021	2020
<b>Cash Flows from Operating Activities</b>			
Net loss	\$ (753,724)	\$ (602,694)	\$ (301,187)
Adjustments to reconcile net loss to net cash from operating activities:			
Depreciation	16,888	28,991	16,495
Changes in operating assets and liabilities that (used) provided cash:			
Accounts receivable	(336,713)	(24,667)	(9,790)
Amounts due from related parties	(772,984)	(327,037)	(4,021)
Prepaid expenses and other assets	(47,059)	(4,118)	(4,591)
Accounts payable	136,658	48,434	15,363
Amounts due to related parties	918,062	715,628	313,617
Deferred revenue	1,777,380	251,061	107,917
Accrued and other liabilities	743,688	94,389	39,355
Notes receivable	(694,200)	(118,905)	(46,083)
Deferred broker commissions	(636,058)	(24,792)	-
Net cash provided by operating activities	351,938	36,290	127,075
<b>Cash Flows Used in Investing Activities - Purchase of property and equipment</b>	(12,210)	(15,602)	(39,809)
<b>Net Increase in Cash and Restricted Cash</b>	339,728	20,688	87,266
<b>Cash and Restricted Cash - Beginning of year</b>	107,954	87,266	-
<b>Cash and Restricted Cash - End of year</b>	<u><u>\$ 447,682</u></u>	<u><u>\$ 107,954</u></u>	<u><u>\$ 87,266</u></u>
<b>Classification of Cash and Restricted Cash</b>			
Cash	\$ 275,495	\$ 53,388	\$ 86,266
Restricted cash	172,187	54,566	1,000
Total cash and restricted cash	<u><u>\$ 447,682</u></u>	<u><u>\$ 107,954</u></u>	<u><u>\$ 87,266</u></u>



**December 31, 2022, 2021, and 2020**

**Note 1 - Nature of Business**

Packoutz International, LLC (the "Company") is organized in the state of Delaware. The Company is a wholly owned subsidiary of Belfor Franchise Group, LLC (the "Member"), which is a wholly owned subsidiary of Belfor USA Group Inc. (Belfor). The Company was formed on August 29, 2019 (date of inception). The Company's operations are principally related to the sales and support of franchises offering inventorying, packing, moving, cleaning, deodorizing, and storage services.

The Member is also the sole member of Packoutz North America, LLC; Hoodz North America, LLC; Hoodz International, LLC; Ductz North America, LLC; Ductz International, LLC; 1 800 Water Damage North America, LLC; 1 800 Water Damage International, LLC; Driploc, LLC; A Cure Disaster Services, LLC; Plumberz North America, LLC; Plumberz International, LLC; Patch Boys International, LLC; Redbox+ International, LLC; Safer Home Services North America, LLC; Safer Home Services International, LLC; Cool Binz North America, LLC; and Cool Binz International, LLC.

**Note 2 - Significant Accounting Policies**

***Revenue Recognition***

The Company's revenue mainly consists of franchise fees, royalties, and technology fees. The Company sells individual franchises that grant the right to service customers within a defined territory using the franchise name. The initial term of franchise agreements is typically 10 years with an option to renew for a fee or transfer the franchise agreement to a new or existing franchisee, at which point a transfer fee is typically paid.

The Company has performance obligations to provide franchisees with the franchise rights to service customers, as well as provide customized software for which a technology fee is charged. The Company has concluded that these items represent a single performance obligation. Therefore, initial franchise fees for each agreement and technology fees are allocated to each individual franchise and recognized over the term of the respective franchise agreement from the date the agreement is entered into. Technology fees are recorded as other revenue within the statement of operations. Renewal fees are recognized over the renewal term for the respective franchise from the start of the renewal period. Transfer fees are recognized over the remaining term of the franchise agreement beginning at the time of transfer. Royalty income is recognized over the term of the respective franchise agreement as the underlying sales occur.

As of January 1, 2020, balances were \$0 for accounts receivable and deferred revenue.

***Payment Terms***

Initial franchise, renewal, and transfer fees are due and typically paid when a franchise agreement is entered into and are nonrefundable. Royalties and technology fees are paid on a weekly basis based upon a percentage of franchisee gross sales and an amount defined within the franchise agreement. Franchise fees are collected prior to the satisfaction of the Company's performance obligation, resulting in the Company recognizing deferred revenue contract liabilities. Refer to the *Notes Receivable* section for information about financing provided to franchisees. Amounts that are expected to be recognized as revenue within one year are classified as current deferred revenue in the balance sheet.

***Allocating the Transaction Price***

The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for providing franchisees with the franchise rights to service customers. To determine the transaction price, the Company considers its customary business practices and the terms of the underlying agreement. For the purpose of determining transaction prices, the Company assumes performance obligations will be satisfied as promised in accordance with franchise agreements and that agreements will not be canceled, renewed, or modified.

December 31, 2022, 2021, and 2020

**Note 2 - Significant Accounting Policies (Continued)**

The Company's franchise agreements with franchisees have transaction prices that contain a fixed and variable component. Variable consideration includes royalty revenue, as the transaction price is based on the franchisees' sales. The variable consideration is recognized based on the actual amounts incurred each month.

**Costs to Obtain a Franchise Agreement**

The Company occasionally incurs broker commission expenses paid to third parties to obtain franchise agreements with franchisees. The commissions are related to franchise fee revenue, which is recognized over time. As a result, the commissions are capitalized as deferred broker commissions and are expensed over the term of the respective franchise agreement. Amounts that are expected to be expensed within one year are classified as current deferred broker commissions in the balance sheet. In 2022, 2021, and 2020, the amounts expensed related to costs to obtain a franchise agreement were \$13,942, \$208, and \$0, respectively.

**Restricted Cash**

Restricted cash represents amounts received from franchisees that are restricted for certain advertising activities.

**Accounts Receivable**

Accounts receivable are stated at net invoice amounts. Accounts receivable and unbilled receivables arise from contracts with franchisees. An allowance for doubtful accounts is established based on a specific assessment of all invoices issued to franchisees that remain unpaid following normal payment periods. All accounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. Management considers all accounts receivable collectible; therefore, an allowance for doubtful accounts has not been recorded at December 31, 2022, 2021, and 2020.

**Notes Receivable**

During the normal course of business, the Company may provide financing to franchisees in the form of notes.

Notes receivable are reported at original issue amount plus accrued interest, less principal repaid. Interest is recognized according to terms of the specific notes. An allowance for loan losses is determined based on a specific assessment of all notes that are delinquent or determined to be doubtful to be collected. Notes are considered delinquent if the repayment terms are not met. All amounts deemed to be uncollectible are charged against the allowance for loan losses in the period that determination is made. Management considers all notes receivable collectible; therefore, an allowance for loan losses has not been recorded at December 31, 2022, 2021, and 2020.

At December 31, 2022, 2021, and 2020, notes receivable represent various loans bearing interest between 8 percent and 10 percent, including related accrued interest. The notes are generally secured by the related assets or business. Notes receivable generally require monthly payments of principal and interest, due one to three years from the original issuance date. The notes are classified as current or long term on the accompanying balance sheet, depending on their maturity dates.

**Property and Equipment**

Property and equipment are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the individual assets, ranging from two to seven years. Depreciation of leasehold improvements is provided using the straight-line method over the lesser of the useful life of the improvement or the term of the lease. Costs of maintenance and repairs are charged to expense when incurred.

**December 31, 2022, 2021, and 2020**

**Note 2 - Significant Accounting Policies (Continued)**

***Accrued and Other Current Liabilities***

Accrued and other current liabilities at December 31, 2022, 2021, and 2020 are composed of accrued compensation, initial package accrual, and national ad fund accrual. Franchisees pay a percentage of monthly sales to a national ad fund to be used for advertising, marketing, and other promotional purposes. These marketing services are a component of the franchise right for which the Company acts as the principal; thus, marketing revenue is presented gross of the related costs. In addition, the marketing fees collected from franchisees are recognized as revenue as earned based upon the underlying sales, and the marketing fund costs are recognized as incurred in the statement of operations. When revenue of the marketing fund exceeds related expenses, marketing expenses are accrued up to the amount of revenue.

***Advertising Expense***

Advertising expense is charged to income during the year in which it is incurred. Advertising expense for the years ended December 31, 2022, 2021, and 2020 and was \$374,082, \$233,099, and \$98,940, respectively.

***Income Taxes***

The Company is a single-member limited liability company (LLC) and joins in filing a consolidated federal income tax return with the Member and Belfor. Current and deferred tax obligations or benefits are not allocated to the Company by the Member or Belfor.

***Use of Estimates***

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

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including February 22, 2023, which is the date the financial statements were available to be issued.

**Note 3 - Related Party Transactions**

The following is a description of transactions between the Company and related parties:

***Amounts Due to and from Related Parties***

The Company's portion of shared expenses is allocated to the Company by parties related through common ownership, including employee payroll costs, certain retirement costs, occupancy costs, and other general and administrative expenses. Expenses that are not allocated to the Company by parties related through common ownership include property taxes, certain retirement contributions, and payroll processing fees. The Company and parties related through common ownership also advance funds to each other for working capital purposes. Amounts due to and from related parties result from these transactions:

As of December 31, 2022 and 2021, Belfor owed the Company \$1,104,042 and \$331,058, respectively, and, as of December 31, 2020, the Company owed Belfor \$64,002.

As of December 31, 2022, 2021, and 2020, the Company owed Ductz North America, LLC \$487,440, \$272,488, and \$153,458, respectively.

**December 31, 2022, 2021, and 2020**

**Note 3 - Related Party Transactions (Continued)**

As of December 31, 2022, 2021, and 2020, the Company owed 1 800 Water Damage International, LLC \$17,630, \$10,092, and \$3,957, respectively.

As of December 31, 2022 and 2021, the Company owed Packoutz North America, LLC \$312,873 and \$300,517, respectively, and, as of December 31, 2020, Packoutz North America, LLC owed the Company \$4,021.

As of December 31, 2022, 2021, and 2020, the Company owed the Member \$1,105,904, \$423,002, and \$74,348, respectively.

As of December 31, 2022, 2021, and 2020, the Company owed Hoodz International, LLC \$28,144, \$27,200, and \$27,200, respectively.

As of December 31, 2022, 2021, and 2020, the Company owed Hoodz North America, LLC \$71, \$19, and \$19, respectively.

As of December 31, 2022, 2021, and 2020, the Company owed Plumberz International, LLC \$19,383, \$19,383, and \$15,030, respectively.

As of December 31, 2022, 2021, and 2020, the Company owed 1 800 Water Damage North America, LLC \$1,254, \$906, and \$0, respectively.

As of December 31, 2022, Ductz International, LLC owed the Company \$722, and, as of December 31, 2021 and 2020, the Company owed Ductz International, LLC \$35 and \$0, respectively.

As of December 31, 2022, 2021, and 2020, Redbox + International, LLC owed the Company \$273, \$0, and \$0, respectively.

**Guarantee**

The Company has guaranteed balances outstanding on the term loan and the line of credit issued to Belfor Holdings, Inc. and other entities related through common ownership. In the event of a default by the affiliates, the Company could be obligated to repay the full amount outstanding on these loans. As of December 31, 2022, the affiliates' outstanding borrowings under the loans and the maximum potential future obligation under this guarantee totaled approximately \$1,256,012,150 and \$1,347,307,310, respectively. The term loan is payable through April 2026, and the line of credit expires in April 2024. In the event the Company is required to make payments under this guarantee, the Company could seek to recover those amounts from the affiliate; however, the Company does not hold specific recourse or collateral rights in connection with the guarantee.

**Note 4 - Property and Equipment**

Property and equipment are summarized as follows at December 31, 2022, 2021, and 2020:

	2022	2021	2020
Machinery and equipment	\$ 4,118	\$ -	\$ -
Leasehold improvements	6,829	2,490	-
Computer equipment and software	60,427	60,427	51,419
Furniture and fixtures	8,574	4,820	717
Total cost	79,948	67,737	52,136
Accumulated depreciation	63,235	46,346	17,356
Net property and equipment	<u>\$ 16,713</u>	<u>\$ 21,391</u>	<u>\$ 34,780</u>

Notes to Financial Statements

December 31, 2022, 2021, and 2020

**Note 5 - Accrued and Other Current Liabilities**

The following is the detail of accrued liabilities:

	2022	2021	2020
Accrued compensation	\$ 114,707	\$ 11,686	\$ -
National ad fund payable	172,187	54,566	-
Initial package accrual	766,955	126,288	43,585
Total	<u>\$ 1,053,849</u>	<u>\$ 192,540</u>	<u>\$ 43,585</u>

**Note 6 - Lease**

The Company has an operating lease for the use of building space with the sole member, with a lease term of one year or less. The Company elected to account for this lease as a short-term lease, and it is excluded as a right-of-use asset and lease liability. Total expense related to the short-term lease was \$25,092, \$25,927, and \$26,529 for the years ended December 31, 2022, 2021, and 2020, respectively.

**Note 7 - 401(k) Plan**

The Company participates in the Belfor Group 401(k) plan of its parent, Belfor. The employer matching contribution and discretionary match are paid by Belfor. The Company was allocated a portion of the employer matching contributions by its affiliates in the amount of \$8,834 and \$5,258 for the years ended December 31, 2022 and 2021, respectively. The Company was not allocated any contributions for the year ended December 31, 2020.

**EXHIBIT C  
TO FRANCHISE DISCLOSURE DOCUMENT**

**STATE ADMINISTRATORS**

State	State Administrator
CALIFORNIA	Commissioner of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
CONNECTICUT	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza, Hartford, CT 06103-1800 (860) 240-8299
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State Securities Division Franchise Section, Room E-111 302 West Washington Street Indianapolis, IN 46204 317.232.6681
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Attorney General Division of Securities Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 517.373.7117
MINNESOTA	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 651-539-1600
NEW YORK	New York State Department of Law Investor Protection Bureau, 28 Liberty Street, 21st Floor, New York, NY 10005 212.416.8222

NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701-328-4712
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Securities 350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387
RHODE ISLAND	Department of Business Regulation Division of Securities 1151 Pontiac Avenue Building 69-1 Cranston, RI 02920 401.222.3048
SOUTH DAKOTA	Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.3563
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 <sup>th</sup> Floor Richmond, VA 23219 804.371.9051
WASHINGTON	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 360.902.8760
WISCONSIN	Wisconsin Securities Commissioner Department of Financial Institutions 201 W. Washington Avenue, 3 <sup>rd</sup> Floor P.O. Box 1768 Madison, WI 53703 608.261.9555

**EXHIBIT D  
TO FRANCHISE DISCLOSURE DOCUMENT**

**AGENTS FOR SERVICE OF PROCESS**

<b>State</b>	<b>Agent for Service of Process</b>
CALIFORNIA	California Commissioner of Financial Protection and Innovation 320 West 4 <sup>th</sup> Street, Suite 750 Los Angeles, CA 90013 213.576.7500 or Toll Free 866.275.2677
CONNECTICUT	The Banking Commissioner The Department of Banking, Securities and Business Investment Division 260 Constitution Plaza, Hartford, CT 06103-1800 (860) 240-8299
HAWAII	Commissioner of Securities of the State of Hawaii 335 Merchant Street, Room 203 Honolulu, HI 96813 808.586.2722
ILLINOIS	Illinois Attorney General 500 South Second Street Springfield, IL 62706 217.782.1090
INDIANA	Indiana Secretary of State 201 State House Indianapolis, IN 46204 317.232.6681
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 410.576.6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 670 Law Building Lansing, MI 48913 517.373.7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 651-539-1600
NEW YORK	Secretary of State, New York One Commerce Plaza 99 Washington Avenue, 6 <sup>th</sup> floor Albany, NY 12231
NORTH DAKOTA	North Dakota Securities Commissioner 600 East Boulevard Avenue State Capital, Fifth Floor Dept. 414 Bismarck, ND 58505-0510 701.328.4712
OREGON	Director of Oregon Department of Insurance and Finance



	350 Winter Street, N.E. #410 Salem, OR 97310 503.378.4387
RHODE ISLAND	Director of Rhode Island Department of Business Regulation 1151 Pontiac Avenue Building 69-1 Cranston, RI 02920 401.222.3048
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 605.773.3563
VIRGINIA	Clerk of State Corporation Commission 1300 East Main Street, 1 <sup>st</sup> Floor Richmond, VA 23219 804.371.9051
WASHINGTON	Director of Dept. of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 360.902.8760
WISCONSIN	Commissioner of Securities of Wisconsin Department of Financial Institutions 201 W. Washington Avenue, 3 <sup>rd</sup> Floor P.O. Box 1768 Madison, WI 53703 608.261.9555

**EXHIBIT E  
TO FRANCHISE DISCLOSURE DOCUMENT**

**STATE ADDENDA TO DISCLOSURE DOCUMENT**

**THE FTC COVER SHEET OF THIS FDD IS AMENDED TO INCLUDE THE STATE COVER SHEETS THAT BEGIN ON THE NEXT PAGE:**

## **ADDITIONAL DISCLOSURES FOR THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516, and the California Franchise Relations Act, Cal. Bus. & Prof. Code §§ 20000 – 20043, the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of California, shall be amended to include the following:

The following is added to Cover Sheet entitled “Special Risks to Consider About This Franchise:”

- The California Franchise Investment Law requires that a copy of all proposed agreements relating to the sale of the franchise can be delivered together with the Disclosure Document.
- Section 31125 of the Franchise Investment Law requires us to give you a Disclosure Document Approved by the Commissioner of The Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.
- Franchisor is undercapitalized and may not be able to meet preopening obligations to all franchisees.
- As a franchisee in California, you may be required to obtain and maintain a California Household Movers Permit with the Bureau of Household Goods and Services.

The cover page of this Disclosure Document is amended to state that the California’s Department of Financial Protection and Innovation toll free number is 866.275.2677.

Neither PACKOUTZ International, LLC, nor any person, or franchise broker in Item 2 of the Disclosure Document, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

Item 5 of the Franchise Disclosure Document is hereby supplemented with the following:

“Based on Franchisor’s financial condition, the California Department of Financial Protection and Innovation requires that we post a surety bond. We have secured a surety bond in the amount of \$100,000.00 from the Hartford Fire Insurance Company to ensure fulfillment of all of our pre-opening obligations to you under the Franchise Agreement.”

Item 6 of the Franchise Disclosure Document is hereby supplemented with the following: “The highest interest rate allowed in California is 10%.”

The following paragraphs are added at the end of Item 17 of the Disclosure Document:

1. California Law Regarding Termination, Transfer and Non-Renewal. California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains any provision that is inconsistent with the law, the law will control.
2. Non-Competition Covenants. The Franchise Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.

3. Applicable Law. The Franchise Agreement requires application of the laws of the State of Michigan. This provision may not be enforceable under California law.
4. General Release. The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).
5. Litigation. The Franchise Agreement requires that all disputes be litigated in Michigan. This provision may not be enforceable under California law. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5 and Code of Civil Procedure Section 1281) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

The Franchise Agreement contains a provision requiring you to waive your right to punitive damages or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

OUR WEBSITE [www.bluekangaroopackoutz.com](http://www.bluekangaroopackoutz.com) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION, ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT [WWW.DFPI.CA.GOV](http://WWW.DFPI.CA.GOV).

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.

**Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**

### **ADDITIONAL DISCLOSURES FOR THE STATE OF CONNECTICUT**

If the seller fails to deliver the products, equipment or supplies 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.

## ADDITIONAL DISCLOSURES FOR THE STATE OF HAWAII

The following is added to the Cover Page of this Disclosure Document:

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE, AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT, THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS, AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

Registered agent in the state authorized to receive service of process: Director of Commerce and Consumer Affairs, Business Registration Division, 1010 Richards Street, Honolulu, HI, 96813

1. The following is added to the end of Items 5 and 21 of the State of Hawaii:

Based upon our financial statements, the payment of the Initial Franchise Fee and Initial Package Fee under the Franchise Agreement to PACKOUTZ International, LLC is deferred until PACKOUTZ International, LLC completes all of its pre-opening obligations to Franchisee. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

2. In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Rev. Stat. Sections 482E-, *et. seq.*, the Franchise Disclosure Document of PACKOUTZ International, LLC, in connection with the offer and sale of franchises for use in the State of Hawaii, shall be amended to include the following:
  - a. The following list is hereby added to the end of Item 20 of the Disclosure Document to reflect the status of our franchise registrations in states which have franchise registration and/or disclosure laws:
    - i. The states in which a registration is effective, in which we are relying on an exception, or where an offering has been filed: None
    - ii. The states in which a proposed registration of filing is or will be shortly on file: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.
    - iii. The states, if any, which have refused, by order or otherwise, to register these franchises: None.

- iv. The states, if any, which have revoked or suspended the right to offer these franchises: None
- v. The states, if any, in which proposed registration of these franchises has been withdrawn: None

## **ADDITIONAL DISCLOSURES FOR THE STATE OF ILLINOIS**

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

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, 815 ILCS <sup>TM</sup>705/1 et. seq., the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Illinois, shall be amended to include the following:

The following language is added to the table in Item 17 at the end of the Summary sections of provisions (v) and (w) entitled Choice of Forum and Choice of Law: “subject to state law, and except for any claims arising under the Illinois Franchise Disclosure Act of 1987.” Illinois law will govern the Agreement and all litigation will be commenced in Illinois.

Item 5 is amended to state: A Surety Bond has been obtained by Franchisor to assure its financial capability; the bond is on file with the Office of the Illinois Attorney General. This financial assurance requirement was imposed by the Office of the Illinois Attorney general due to Franchisor’s financial condition.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Investment Act of 1987 are met independently without reference to this Addendum to the Disclosure Document.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF INDIANA**

In recognition of the requirements of the Indiana Code, Title 23, Article 2, Chapter 2.7, Sections 1 -7; amended by Laws of 1985, PL 233, the Franchise Disclosure Document, in connection with the offer and sale of franchises for use in the State of Indiana, shall be amended to include the following:

1. It is unlawful for any Franchise Agreement entered into between any franchisor and a franchisee that is either a resident of Indiana or a nonresident who will be operating a franchise in Indiana, to contain any of the following provisions. The following statements are added at the end of the Franchise Agreement table in Item 17: “Any release required as a condition of renewal and/or transfer will not apply to any claims that may arise under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.”

2. The Summary section of Item 17(r.) entitled Non-Competition Covenants after the Franchise Terminates or Expires is amended to provide that the provisions contained in the Franchise Agreement and Item 12 of this Disclosure Document are subject to Indiana Code 23-2-2-7-1(9), which prohibits covenants not to compete which extend beyond any exclusive Territory granted to you.
3. Item 17(v) and 17(w) entitled Choice of Forum and Choice of law are amended to provide that Michigan law generally applies except for matters arising under the Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Act.
4. In reference to Section 15.I. of the Franchise Agreement, such waivers constitute a limitation on litigation and therefore violate IC 23-2-2.7-1(10) and may not occur under this provision.
5. In reference to Section 15.K. of the Franchise Agreement, such a limitation of claims may only be barred unless an action is brought more than two years after the violation pursuant to IC 23-2-2.7-7.

Each provision of these Additional Disclosures to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7-1 to 23-2-2.7-10, are met independently without reference to these Additional Disclosures to the Disclosure Document.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF MARYLAND**

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the Uniform Franchise in connection with the offer and sale of franchises for use in the State of Maryland, shall be amended to include the following:

Item 5 of the Franchise Disclosure Document is hereby supplemented with the following:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, we have secured a surety bond in the amount of \$94,000.00 from the Hartford Fire Insurance Company. A copy of the bond is on file at Maryland's state authority in the Office of the Attorney General, Securities Division, 200 St. Paul Place, Baltimore, Maryland 21202. Also, a copy is attached in Exhibit 1 to the Maryland State Addendum to the Franchise Agreement.

Item 17.C. and 17.M. require a general release as a condition of renewal, sale, and/or transfer. Any such release shall not apply to any liability that falls under the Maryland Franchise Registration and Disclosure Law.

Item 17.U. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought by you within three (3) years after the grant of the Franchise.

Item 17.V., requires that all actions will be commenced in the state, and any court of general jurisdiction in Washtenaw, Michigan, or the United States District Court for the Eastern District of Michigan except for claims arising under the Maryland Franchise Registration and Disclosure Law, which may be commenced by you in Maryland.

Exhibit G of the Franchise Agreement is a Disclosure Acknowledgement Statement. Such representations are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The following is added to the end of the Item 17 chart:

Despite any contradicting provision in the Franchise Agreement, you have three years from the date on which we grant you the franchise to bring a claim under the Maryland Franchise Registration and Disclosure Law.

### **ADDITIONAL DISCLOSURES FOR THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat 80C.01 through 80C.22, and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules 2860.0100 through 2860.9930, the Franchise Disclosure Document in connection with the offer and sale of franchises for use in the State of Minnesota shall be amended to include the following:

Items 5 and 21. Based upon our financial statements, the payment of the Initial Franchise Fee under the Franchise Agreement to us is deferred until we complete all of our pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

Item 6 Item 6 and Section 2.E of the Franchise Agreement are amended to state: Pursuant to Minnesota Statute 604.113, the NSF Fees are capped at \$30 per incident.

Item 13 “Trademarks, Service Marks, Trade Names Logotypes and Commercial Symbols,” is amended by the addition of the following:

Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights that you have to use our proprietary rights, including your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols and indemnify the franchisee from any loss, costs, or expenses arising out of any claim, suite or demand regarding the use of the name.

Item 17 “Renewal, Termination, Transfer, and Dispute Resolution,” is amended by the addition of the following paragraphs:

1. Minn. Rule 2860.4400J. prohibits the waiver of a jury trial.
2. Minn. Stat. 80C.17, Subd. 5 requires that no action may be commenced pursuant to this section more than three years after the cause of action occurs.
3. Minn. Stat. Sec. 80C, 14 Subds. 3, 4, and 5 requires that, except in certain specified cases, a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of the Franchise Agreement, and that consent to the transfer of the franchise cannot be unreasonably withheld.
4. Minn. Stat. 80C.21 and Minn. Rule 2860.4400J might prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or agreement can abrogate or reduce any rights you have under the Minnesota Franchises Law, including (if applicable) the right to submit matters to the jurisdiction of the courts of Minnesota and the right to any procedure, forum, or remedies that the laws of jurisdiction provide.
5. Minn. Rule 2860.4400D. prohibits us from requiring you to assent to a general release.

Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated by the Minnesota Commissioner of Commerce, are met independently without reference to these Additional Disclosures in the Disclosure Document.



## **ADDITIONAL DISCLOSURES FOR THE STATE OF NEW YORK**

The following is added to the Cover Page of the Disclosure Document:

### **SPECIAL RISK FACTORS:**

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT, HOWEVER , THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

The following should be added to Item 3 of this Disclosure Document:

Item 3. Litigation. The first paragraph is deleted in its entirety and replaced with the following:

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:

1. No such party has had an administrative, criminal, or civil action alleging: a felony; violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion; misappropriation of property; unfair or deceptive practices; or comparable civil or misdemeanor allegations.
2. 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.
3. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the ten-year period immediately preceding the application for registration, has been convicted or pleaded nolo contendere to a misdemeanor charge; or been held liable in a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; misappropriation of property; unfair or deceptive practices, or comparable allegations.
4. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise or under any federal, state, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, as a result of a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a franchise as a real estate broker or sales agent.

Item 11. The following is inserted at the end of Item 11: “Advertising on the Internet”. We have no restrictions regarding our use of the internet or the worldwide web for advertising purposes. You must have a customized web site connected to our web site and managed by our web site provider (Items 6 and 8 of this Disclosure Document). You may not develop and implement a BLUE KANGAROO PACKOUTZ website through a third party provider (Item 8 of the Disclosure Document and Section 2.I. of the Franchise Agreement).

Item 15. The following is inserted to the end of paragraph 1: If you hire an employee to serve as the Managing Owner of the BLUE KANGAROO PACKOUTZ Business (“delegate”), the delegate does not need to have any ownership in the BLUE KANGAROO PACKOUTZ Business. However, the delegate must attend Business Manager and Technical Operations Training and sign our Confidentiality and Non-Disclosure document prior to assuming this role. Your delegate must not have pleaded no contest or been convicted of a felony and must submit to a background check, whose cost is to be paid by the Franchisee.

The following is added to the end of the “Summary” sections of 17(c), titled “**Requirements for franchisee to renew or extend**” and 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 by your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law, Sections 687.4 and 687.5 be satisfied.”

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.”

The following is added to the end of “Summary” sections of Item 17(v), titled “Choice of forum,” and Item 17(w), titled “Choice of law”: The foregoing choice of law and choice of forum should not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York.”

Item 17.J. Summary Column, is amended to read: “No restriction on us of the right to assign however, no assignment will be made except to an assignee that, in our good faith judgment, is willing and able to assume our obligations under the Franchise Agreement.”

Item 17.S. Summary Column, the following is added to the end of Item 17.S.:

“Modifications to the System Standards will not unreasonably affect your obligations under the Franchise Agreement.”

## **ADDITIONAL DISCLOSURES FOR THE STATE OF NORTH DAKOTA**

For franchises and franchisees subject to the North Dakota Franchise Investment Law, the following information supersedes on supplements, as the case maybe, the corresponding disclosures in the main body of the text of the PACKOUTZ International, LLC Franchise Disclosure Document.

1. Item 5 is amended to by the addition of the following language to the original language that appears therein:
  - a. Based upon our financial statements, the payment of the Initial Franchise Fee under the Franchise Agreement to us is deferred until we complete all of our pre-opening obligations to you and you have commenced doing business pursuant to the Franchise Agreement.

2. Item 17 is amended by the addition of the following language to the original language that appears therein:
- a. Covenants not to compete upon termination or expiration of a Franchise Agreement are generally unenforceable in North Dakota, except in certain instances as provides by law.
  - b. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.
  - c. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
  - d. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
  - e. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.
  - f. Any provision in the Franchise Agreement requiring that the agreement be construed according to the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
  - g. Any provision in the Franchise Agreement that requires the franchisee to waive any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.
  - h. Any provision in the Franchise Agreement that requires the franchisee to consent to termination or liquidated damages has been determined to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF RHODE ISLAND**

The following is added to the Cover Page of the Disclosure Document:

**EVEN THOUGH THE FRANCHISE AGREEMENT PROVIDES THAT “HOME STATE” LAW APPLIES, LOCAL LAW MAY SUPERSEDE IT IN YOUR STATE. PLEASE REFER TO ANY STATE-SPECIFIC ADDENDUM THAT MAY BE ATTACHED TO THE OFFERING FOR DETAILS.**

In recognition of the requirements of the State of Rhode Island Franchise Investment Act §19-28.1 et seq., the Franchise Disclosure Document for PACKOUTZ International, LLC, for use in the State of Rhode Island is amended as follows:

1. Item 17 (u) shall be amended to read: §19-28.1-21 (a) A person who violates any provision of this act is liable to the franchisee for damages, costs, and attorneys and experts fees. In the case of a violation of §§19-28.1-5, 19-28.1-8, or 19-28.1-17(1)-(5), the franchisee may also sue for rescission. No person shall be liable under this section if the defendant proves that the plaintiff knew the facts concerning the violation. (b) Every person who directly or indirectly controls a person liable under this section, every principal executive officer or director of the liable person, every person occupying a similar status or performing similar functions, and every agent or employee of a liable person, who materially aids in the act or transaction constituting the violation, is also liable jointly and severally with and to the same extent as the person liable under this section, unless the agent, employee, officer, or director proves he or she did not know, and in the exercise of reasonable care could not have known of the existence of the fact by reason of which the liability is alleged to exist.
2. Item 17 (v)(w) shall be amended to read: §19-28.1-14 A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this act.

#### **ADDITIONAL DISCLOSURES FOR THE STATE OF SOUTH DAKOTA**

Based upon our financial statements, the payment of the Initial Fee and Initial Package Fee under the Franchise Agreement to PACKOUTZ International, LLC is deferred until PACKOUTZ International, LLC completes all of its pre-opening obligations to Franchisee. Items 5 and 21 of the FDD and Section 2 of the Franchise Agreement are hereby revised accordingly.

#### **ADDITIONAL DISCLOSURES FOR VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for PACKOUTZ International, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Fee Deferral

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

2. The following Risk Factor is added to the State Cover Page:

The franchisee will be required to make an estimated initial investment ranging from \$127,156 to \$307,790. This amount exceeds the franchisor's stockholder's equity as of December 31, 2019, which is \$(17,161).

3. Additional Disclosure. The following statements are added to Item 17.h.:

Under Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

## **ADDITIONAL DISCLOSURES FOR THE STATE OF WASHINGTON**

Item 5 is hereby amended to include the following:

A Surety Bond has been obtained by Franchisor to assure its financial capability; the bond is on file with the State of Washington Department of Financial Institutions, Securities Division. This financial assurance requirement was imposed by the Division due to Franchisor's financial condition. Item 5 and Section 2 of the Franchise Agreement are amended accordingly.

The FDD is hereby amended to include the following risk factor:

**Use of Franchise Brokers.** The franchisor uses the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

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.

**EXHIBIT F  
TO FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF FRANCHISEES**

<b>Location Name</b>	<b>Phone No.</b>	<b>Managing Owner</b>	<b>Address</b>	<b>City</b>	<b>State</b>
BLUE KANGAROO PACKOUTZ of Birmingham (two territories)	205-756-3004	Kurt Gardner and Cody Bass	12399 Old Highway 280	Chelsea	AL
BLUE KANGAROO PACKOUTZ of Fresno	559-777-7066	Narine Vardanian	1330 E. El Dorado St., Suite 101	Fresno	CA
BLUE KANGAROO PACKOUTZ of Western Colorado	970-458-1600	Tyler Milyard	730 Scarlet St.	Grand Junction	CO
BLUE KANGAROO PACKOUTZ of Denver (two territories)	303-415-2277	Luis Balmaceda and Josue Iniguez	6400 Stapleton Dr. South	Denver	CO
BLUE KANGAROO PACKOUTZ of the Front Range (three territories)	239-222-2503	Tyler and Jessica Hawkins	10781 Manorstone Dr	Highlands Ranch	CO
BLUE KANGAROO PACKOUTZ of Treasure Valley	208-900-6012	Shawnel Gillaspay	1100 Taylor Ave, Unit #108	Meridian	ID
BLUE KANGAROO PACKOUTZ of South Central Michigan	734-800-0026	Kevin Krull	1140 James L Hart Pkwy	Ypsilanti	MI
BLUE KANGAROO PACKOUTZ of Grand Rapids	616-600-8320	Jules Hidalgo	4740 Talon Court, Ste 2 & 3	Grand Rapids	MI
BLUE KANGAROO PACKOUTZ of Raleigh	919-616-0693	Brian Gardner	1001 McKay Place	Lillington	NC
BLUE KANGAROO PACKOUTZ of Durham and Chapel Hill	984-250-6060	Clinton and Tammy Kimble	946 W. Andrews Ave, Ste O	Henderson	NC
BLUE KANGAROO PACKOUTZ of Cincinnati & BLUE KANGAROO PACKOUTZ of Dayton (two territories)	513-766-3200	Jason Byrd	12123 Princeton Pike	Cincinnati	OH
BLUE KANGAROO of Oklahoma City	405-240-904	Conrad Therrien	11325 N Western Ave	Oklahoma City	OK

BLUE KANGAROO PACKOUTZ of Vancouver and North Portland (1 territory in OR, 1 territory in WA)	360-737-7677	James Chiodo Pamela Chiodo	1200 North, NE 112th Ave STE B	Vancouver	OR, WA
BLUE KANGAROO PACKOUTZ of Central and Northern Utah (three territories)	801-810-2028	Justin Dockstader	714 Houtz Avenue	Springville	UT

**FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENTS,  
BUT NOT OPENED AS OF DECEMBER 31, 2022**

Location Name	Phone No.	Managing Owner	Address	City	State
BLUE KANGAROO PACKOUTZ of Downtown and S Orlando; BLUE KANGAROO PACKOUTZ of Kissimmee and Lakeland; BLUE KANGAROO PACKOUTZ of N and W Orlando	253-307-4841	Chris McNutt	275 Siena Gardens Circle	Gotha	FL
BLUE KANGAROO PACKOUTZ of North Atlanta #1 & #2	989-714-8407 (Ebony); 989-714-8879 (Jared)	Ebony and Jared Norflis	1830 Brooks Drive NW	Atlanta	GA
BLUE KANGAROO PACKOUTZ - Peachtree, Stockbridge, and Newnan Georgia	470-629-2437	Ron Wilder	104 Fern Road	Stockbridge	GA
BLUE KANGAROO PACKOUTZ of West Kansas City	816-352-8939	Joe Marshall	705 Kings Hwy	Liberty	MO
BLUE KANGAROO PACKOUTZ of Greensboro; BLUE KANGAROO PACKOUTZ of Winston/Salem	336-689-3589	Clayton Reis	8209 Pasofino Trail	Summerfield	NC
BLUE KANGAROO PACKOUTZ of Albuquerque	706-340-1834	Vernon Mulanix	5705 Lane Court NW	Albuquerque,	NM
BLUE KANGAROO PACKOUTZ - N Las Vegas; BLUE KANGAROO PACKOUTZ - S Las Vegas	702-400-5400	Martin Livingston	6230 E. Tropical Parkway	Henderson	NV



BLUE KANGAROO PACKOUTZ of E Long Island; BLUE KANGAROO PACKOUTZ of NW Long Island; BLUE KANGAROO PACKOUTZ of SW Long Island	631-885- 1788 (Ryan); 631- 926-6159 (Brittany)	Ryan and Brittany Mulligan	80 13th Ave	Huntington	NY
BLUE KANGAROO PACKOUTZ of North Nashville; BLUE KANGAROO PACKOUTZ of South Nashville	828-335- 7360	Caleb Matheny	7605 Nolensville Rd.	Nolensville	TN
BLUE KANGAROO PACKOUTZ of Sugarland, TX; BLUE KANGAROO PACKOUTZ of Pasadena, TX; BLUE KANGAROO PACKOUTZ of Pearland & League City	713-922- 7772	Michael Wiechmann	1508 Regency Court	Friendswood	TX
BLUE KANGAROO PACKOUTZ of N Fort Worth; BLUE KANGAROO PACKOUTZ of S Fort Worth and Arlington; BLUE KANGAROO PACKOUTZ of N Dallas and Garland, TX; BLUE KANGAROO PACKOUTZ of Downtown Dallas and Irving, TX; BLUE KANGAROO PACKOUTZ of Plano & McKinney, TX	Brandon: 972-922- 9361; Carl: 214-995- 9418	Brandon Wiechmann & Carl Williams	632 Cambridge Drive	Lakeway	TX
BLUE KANGAROO PACKOUTZ of North Austin; BLUE KANGAROO PACKOUTZ of South Austin	512-239- 9670 (Brandon); 512-293- 1983 (Chris)	Brandon Wilson & Chris Schedler	102 Lodestone Cove	Lakeway	TX
BLUE KANGAROO PACKOUTZ - Fairfax, Springfield, and Centerville	703-864- 8748	Donna Guardado	47536 Anchorage Circle	Sterling	VA

**EXHIBIT G**  
**TO FRANCHISE DISCLOSURE DOCUMENT**  
**LIST OF FORMER FRANCHISEES**

*None.*

**EXHIBIT H-1**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**FRANCHISE ORGANIZATIONS**

As of the date of this Disclosure Document, we have not created any Franchise Organizations.

**EXHIBIT H-2**  
**TO THE FRANCHISE DISCLOSURE DOCUMENT**  
**INDEPENDENT FRANCHISEE ASSOCIATIONS**

As of the date of this Disclosure Document, to our knowledge, there are no Independent Franchise Associations.

**EXHIBIT I**  
**TO FRANCHISE DISCLOSURE DOCUMENT**

**DISCLOSURE ACKNOWLEDGEMENT QUESTIONNAIRE**

*To be completed by each signatory to the Franchise Agreement.*

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, PACKOUTZ International, LLC and you are preparing to enter into a Franchise Agreement for the operation of a Blue Kangaroo Packoutz franchise. Please review each of the following questions carefully and provide honest responses to each question.

1. Have you received and personally reviewed the PACKOUTZ International, LLC Franchise Disclosure Document and each exhibit we provided to you? Yes\_\_\_\_\_ No\_\_\_\_\_
2. Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it? Yes\_\_\_\_\_ No\_\_\_\_\_
3. Have you discussed operating a Blue Kangaroo Packoutz franchise with an attorney, accountant or other professional advisor? Yes\_\_\_\_\_ No\_\_\_\_\_
4. Do you understand the success or failure of your franchise will depend on many factors including your skills and abilities, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace? Yes\_\_\_\_\_ No\_\_\_\_\_
5. Has any employee or other person speaking on behalf of PACKOUTZ International, LLC made any statement or promise regarding the amount of money you may earn in operating the Blue Kangaroo Packoutz franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
6. Has any employee or other person speaking on behalf of PACKOUTZ International, LLC made any statement or promise concerning the total amount of revenue the Blue Kangaroo Packoutz franchise will generate that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
7. Has any employee or other person speaking on behalf of PACKOUTZ International, LLC made any statement or promise regarding the costs involved in operating the Blue Kangaroo Packoutz franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
8. Has any employee or other person speaking on behalf of PACKOUTZ International, LLC made any statement or promise concerning the actual, average or projected profits or earnings or the likelihood of success that you should or might expect to achieve from operating a Blue Kangaroo Packoutz franchise that is contrary to, or different from, the information contained in the Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_
9. Has any employee or other person speaking on behalf of PACKOUTZ International, LLC made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, market penetration, training, support service or assistance that is contrary to, or different from, the information contained in the

Franchise Disclosure Document? Yes\_\_\_\_\_ No\_\_\_\_\_

10. If you have answered "Yes" to any of the questions 7 through 11, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "No" to each of the foregoing questions, please leave the following lines blank.

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By signing this Questionnaire, you are representing that you have responded truthfully to the above questions.

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

Maryland sales/Maryland residents: The representations, acknowledgements and affirmations in this Exhibit are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Act

Washington sales/Washington residents: This Franchisee Disclosure Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

\_\_\_\_\_  
FRANCHISE APPLICANT

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

## EXHIBIT J

### State Effective Dates

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

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

State	Effective Date
California	pending
Connecticut	pending
Florida	Effective
Georgia	pending
Hawaii	pending
Illinois	pending
Indiana	pending
Maine	pending
Maryland	pending
Michigan	Effective
Minnesota	pending
New York	pending
North Carolina	pending
North Dakota	pending
Rhode Island	pending
South Carolina	pending
South Dakota	pending
Utah	Effective
Virginia	pending
Washington	pending
Wisconsin	pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT K**  
**TO FRANCHISE DISCLOSURE DOCUMENT**  
**RECEIPTS**

**RECEIPTS**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If PACKOUTZ International, LLC, offers you a franchise, it must provide the Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If PACKOUTZ International, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit D.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this Disclosure Document at least ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship.

Date of Issuance: March 31, 2023.

See Exhibit D for our registered agents authorized to receive service of process.

I have received a disclosure document dated March 31, 2023, that included the following Exhibits:

Exhibit A – Agreements:

- A-1 - Franchise Agreement and Addenda
- A-2 - Promissory Note
- A-3 - Confidentiality / Non-Disclosure Agreement
- A-4 - General Release(s) Upon Renewal or Assignment
- Exhibit B – Financial Statements
- Exhibit C – State Administrators
- Exhibit D – Agents for Service of Process

- Exhibit E – State Addenda to Disclosure Document
- Exhibit F – List of Franchisees
- Exhibit G – List of Former Franchisees
- Exhibit H-1 – Franchise Organizations
- Exhibit H-2 – Independent Franchisee Associations
- Exhibit I – Disclosure Acknowledgement Questionnaire
- Exhibit J—State Effective Dates Page
- Exhibit K - Receipts

The franchise seller is PACKOUTZ International, LLC 731 Fairfield Court, Ann Arbor, MI 48108, (734) 864-9799. Any additional individual franchise sellers involved in offering the BLUE KANGAROO PACKOUTZ franchises are:

( ) Ken Osness ( ) Ryan McLaughlin ( ) Josh Titler ( ) Other \_\_\_\_\_ All located at 731 Fairfield Court, Ann Arbor, MI 48108.

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

\_\_\_\_\_  
Signature of Prospective Franchisee

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

\_\_\_\_\_  
Entity Name (if applicable)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

\_\_\_\_\_  
Entity Name (if applicable)

You should return one copy of the signed receipt by signing, dating, and emailing it to us at [legal@belfrangroup.com](mailto:legal@belfrangroup.com), or mailing it to us at 731 Fairfield Court, Ann Arbor, MI 48108 attention Stephanie Stevens-Barbatano. You may keep the second copy for your records.

**RECEIPTS**

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully. If PACKOUTZ International, LLC offers you a franchise, it must provide the Disclosure Document to you 14 days before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale.

If PACKOUTZ International, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit C.

New York and Rhode Island require that we give you this Disclosure Document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the franchise relationship. Michigan and Oregon require that we give you this Disclosure Document at least ten business days before the execution of the franchise or other Agreement, or the payment of any consideration that relates to the Franchise Relationship.

Date of Issuance: March 31, 2023.

See Exhibit D for our registered agents authorized to receive service of process.

I have received a disclosure document dated March 31, 2023 that included the following Exhibits:

Exhibit A – Agreements:

- A-1 - Franchise Agreement and Addenda
- A-2 - Promissory Note
- A-3 - Confidentiality / Non-Disclosure Agreement
- A-4 - General Release(s) Upon Renewal or Assignment
- Exhibit B – Financial Statements
- Exhibit C – State Administrators
- Exhibit D – Agents for Service of Process

- Exhibit E – State Addenda to Disclosure Document
- Exhibit F – List of Franchisees
- Exhibit G – List of Former Franchisees
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( ) Ken Osness ( ) Ryan McLaughlin ( ) Josh Titler ( ) Other \_\_\_\_\_ All located at 731 Fairfield Court, Ann Arbor, MI 48108.

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

\_\_\_\_\_  
Signature of Prospective Franchisee

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

\_\_\_\_\_  
Entity Name (if applicable)

\_\_\_\_\_  
Signature of Prospective Franchisee

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

\_\_\_\_\_  
Entity Name (if applicable)

You should return one copy of the signed receipt by signing, dating, and emailing it to us at [legal@belfrangroup.com](mailto:legal@belfrangroup.com), or mailing it to us at 731 Fairfield Court, Ann Arbor, MI 48108, attention Stephanie Stevens-Barbatano. You may keep the second copy for your records.