

FRANCHISE DISCLOSURE DOCUMENT
UNITS FRANCHISING GROUP, INC.



UNITS Franchising Group, Inc.
234 Seven Farms Drive, Suite 111-B
Daniel Island, South Carolina 29492
(843) 214-2958
www.UNITSSStorage.com

As a franchisee, you will operate a distinctive self-storage rental and moving business featuring the delivery, warehouse storage, and transport of mobile, modular self-storage containers operating under the “UNITS®” name and trademarks.

The total estimated initial investment to begin operation of a UNITS franchise ranges from \$625,960 to \$1,214,400. This includes the \$474,760 to \$866,400 that must be paid to us prior to opening.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in differing formats, contact us at our mailing address at 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492, or via telephone at (866) 569-8648.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877- FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov 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.

The Issue Date of this Franchise Disclosure Document (“FDD”) is: April 27, 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
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s discretion. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E include financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only UNITS business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchise have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a UNITS franchisee?	Item 20 or Exhibit F list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 to 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 state law, which 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 B.

Your state may also 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:

Out-of-State Dispute Resolution. The franchise agreement requires you to resolve disputes with us by mediation only in Charleston County, South Carolina. Out-of-state mediation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate with us in South Carolina than in your own state. Any disputes with us not subject to mediation must be resolved by litigation in Charleston County, South Carolina. It may cost you more to litigate with us in South Carolina than in your own state.

Inventory Control. You must purchase or lease minimum Containers in inventory by the end of your first year of operation. Thereafter, you must purchase the requisite number of modular, transportable, self-storage containers (“Containers”) for the operation of the Franchised Business pursuant to the schedule set forth in Item 6.

Supplier Control. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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

**NOTICE REQUIRED BY
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 thirty (30) days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that litigation be conducted outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
 - (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to

cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to the Michigan Department of Attorney General, Consumer Protection Division, Franchise Section, 525 W. Ottawa Street, G. Mennen Williams Building, 1st Floor, Lansing, Michigan 48913, telephone (517) 373-7117.

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

TABLE OF CONTENTS

ITEM 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES.....	8
ITEM 2 BUSINESS EXPERIENCE.....	10
ITEM 3 LITIGATION.....	12
ITEM 4 BANKRUPTCY.....	12
ITEM 5 INITIAL FEES.....	12
ITEM 6 OTHER FEES.....	12
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	18
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	20
ITEM 9 FRANCHISEE’S OBLIGATIONS.....	23
ITEM 10 FINANCING.....	25
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	25
ITEM 12 TERRITORY.....	32
ITEM 13 TRADEMARKS.....	34
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	35
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS.....	36
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	37
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	37
ITEM 18 PUBLIC FIGURES.....	42
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATION.....	43
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	48
ITEM 21 FINANCIAL STATEMENTS.....	53
ITEM 22 CONTRACTS.....	53
ITEM 23 RECEIPTS.....	53

EXHIBITS

- A. LIST OF STATE ADMINISTRATORS
- B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS
- C. FRANCHISE AGREEMENT
- D. TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL
- E. FINANCIAL STATEMENTS
- F. LIST OF FRANCHISEES
- G. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- H. STATE SPECIFIC ADDENDA
- I. STATE EFFECTIVE DATES
- J. RECEIPTS

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

The Franchisor

To simplify the language in this Franchise Disclosure Document, the words “we,” “us,” and “our” refer to UNITS FRANCHISING GROUP, INC., the franchisor of this business. The words “you” and “your” refer to the person who buys the franchise, whether you are a corporation, limited liability company, or other business entity. If you are a corporation, limited liability company, or other business entity, certain provisions of our Franchise Agreement will apply to your owners as well.

We were incorporated in the State of South Carolina on March 1, 2005, for the purpose of offering UNITS franchises and supporting and supplying franchisees. Our principal business address is 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492. Our mailing address is 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492. We do business only under our corporate name. We offer franchises to operate UNITS Moving and Portable Storage businesses and supply select proprietary equipment and related materials to our franchisees.

Franchises Offered and Business Activities

We offer qualified persons or business entities the right to operate franchised businesses that offer the delivery, warehouse storage, and transport of portable, structurally secure, modular self-storage Containers which may be delivered on-site and left at a customer’s property, picked up and stored within a UNITS warehouse facility, or transported from one location to another (the “Franchised Business”) under the terms and conditions of the UNITS Franchise Agreement, a current copy of which is attached as Exhibit C to this Disclosure Document.

UNITS-branded businesses (collectively referred to as “UNITS Businesses”) deliver transportable rental storage containers to customer locations. Customers may keep the container at their location (home or business, event, or construction site, etc.) for as long as necessary. If long-term storage is desired, UNITS Businesses can pick up storage containers and store them at a central warehouse until directed by the customer to re-deliver the containers to another location. We may require UNITS Businesses to offer customers long-distance moving services when the customer desires to move from a UNITS Business’ Protected Territory into another UNITS Business’ Protected Territory (“Long-Distance Moving”).

A Franchised Business typically requires at least 20,000 to 60,000 square feet of property for their operations, but we will consider smaller and larger warehouses.

Each UNITS Business operates according to our proprietary system, the characteristics of which include: (a) branded Containers and related equipment, including trucks and robo-lifts referred to as “UNITS Moving and Portable Storage Delivery Systems” (collectively with Containers and other equipment referred to as “UNITS Equipment”); (b) standards and specifications for the provision of mobile storage services and related products and services; (c) distinctive signage; (d) sales techniques, and merchandising, marketing, advertising, and inventory management systems; (e) national account programs (subject to the restrictions disclosed in this Disclosure Document and as set forth in the Franchise Agreement); (f) Long-Distance Moving (subject to the restrictions disclosed in this Disclosure Document and as set forth in the Franchise Agreement); and (g) procedures for operating and managing a mobile storage business in the manner set forth in this Agreement and in the Operations Manual provided by us,

as modified periodically (the “System”). We will provide you with initial and ongoing assistance as described in Item 11 of this Franchise Disclosure Document.

We have offered franchises to operate Franchised Businesses since August 2006. We do not offer and have not previously offered franchises in any other line of business. As of the issuance date of this Disclosure Document, in addition to offering and selling franchises and supporting our franchisees, we also supply our franchisees with Containers, UNITS Moving and Portable Storage Delivery Systems and trucks, Long-Distance Moving services, and other packing and moving equipment and supplies. Except as stated above, we have not engaged in any other business activities, and have never offered franchises in any other line of business.

Our Predecessors and Affiliates

We have no predecessors or parents. Our Affiliate MHM Group, Inc, a South Carolina corporation, was incorporated in March 2005, and has developed or acquired certain intellectual property and proprietary designs, which, according to licensing agreements, all of our Affiliates have the right to use, including the word mark “UNITS” and our design logo. We also have a right to sublicense these assets to our franchisees for their use in the operation of UNITS Businesses. “Affiliate” means an entity or person that is controlled by, controlling, or under common control with such named entity or person.

Our Affiliates operate UNITS Businesses similar to the franchise opportunity offered under this Disclosure Document. Our Affiliates do not and have not previously offered franchises in this or any other line of business. Except for MHM Group, Inc., which, owns certain intellectual property licensed to us, our Affiliates do not furnish services or supplies to our franchisees.

Market and Competition

You will offer your services to both commercial and residential customers. The market for self-storage, transportation, and moving services is well-developed. We are one of many franchisors and businesses in the highly competitive self-storage, transportation, and moving industries. Some of these competitors offer similar transportable storage containers to the consumer. As a franchisee, you will likely face competition from many competitors, including small independent operators, national and regional chains, and franchises. Local and national economic conditions may affect this industry and are generally difficult to predict.

We grant our franchisees a Protected Territory. During the term of your franchise, we will not establish another UNITS Business within the specific geographic area that is granted to you. This is your Protected Territory, and within it, you will be the only UNITS Business, but we are not required to take legal action against another franchisee to protect your territory. Your rights within your Protected Territory are described in detail in Item 12 of this Franchise Disclosure Document.

Industry Specific Regulations

South Carolina and other states have enacted laws that regulate the self-store and container storage industries. These laws vary substantially from state to state, but typically, they govern the relative rights between a self-storage business or facility and its customers when the customer breaches the storage rental agreement. These laws specify a procedure and notice requirements for the disposition or sale of property held in storage to collect unpaid storage rental fees. Some state laws also regulate the commercial transport of property “movers” and the warehousing of goods in storage. These laws also vary from state to state, but they typically require you to obtain a state license, mandate that you maintain certain types of

insurance, and mandate minimum insurance policy limits. You may be required by law to obtain a bond. It is your responsibility to investigate the laws of your state and local jurisdiction and determine their applicability. You must also comply with any Federal Motor Carrier Agency and the United States Department of Transportation regulations.

In addition, your UNITS Business will be subject to federal, state, and local laws and regulations, environmental laws, building codes, land use and zoning ordinances which apply to businesses generally, including those which: (a) establish general standards, specifications and requirements for the maintenance of the business premises and motor vehicles; (b) regulate matters affecting the health, safety, and welfare of customers at the times where you transport and deliver mobile storage containers; (c) set standards pertaining to employee health and safety; (d) set standards and requirements for fire safety and general emergency preparedness; and (e) regulate the proper disposal of waste. You are solely responsible for compliance with all laws, rules, and regulations governing the operation of the Franchised Business and obtaining all permits and licenses necessary to operate the Franchised Business. You should investigate whether there are additional laws, rules, and regulations that may apply to the operation of the Franchised Business, and you should consider both their effect and cost of compliance.

Agents for Service of Process

Our agents for service of process are disclosed in Exhibit B to this Franchise Disclosure Document.

ITEM 2 BUSINESS EXPERIENCE

President and CEO: Michael McAlhany

Mr. Michael McAlhany is our President and CEO and has been since our incorporation on March 1, 2005. In addition, Mr. McAlhany also serves as President of the following Affiliates: (a) Units Mobile Storage of Charleston, Inc. (since June 2004); (b) MHM Group, Inc. (since March 2005); (c) Units Moving and Portable Storage of Greenville, Inc. (since October 2007); and (d) Units Moving and Storage of Charlotte, Inc. (since August 2013). Also, since August 2003, Mr. McAlhany has been President of Extra Room Self Storage, LLC, Myrtle Beach, a fixed self-storage facility, located in Myrtle Beach, South Carolina; and since February 2000, President of Extra Room Self Storage, LLC, a fixed self-storage facility, located in Pawley's Island, South Carolina.

Vice President: Holly G. McAlhany

Ms. Holly McAlhany is our Vice President and has been since our incorporation. In addition, Ms. McAlhany also serves as Vice President of the following Affiliates: (a) Units Mobile Storage of Charleston, Inc. (since June 2004); (b) MHM Group, Inc. (since March 2005); (c) Units Moving and Portable Storage of Greenville, Inc. (since October 2007); and (d) Units Moving and Storage of Charlotte, Inc. (since August 2013). Also, since August 2003, Ms. McAlhany has served as the Vice President of Extra Room Self Storage, LLC, Myrtle Beach, a fixed self-storage facility, located in Myrtle Beach, South Carolina; and since February 2000, Vice President of Extra Room Self-Storage, LLC located in Pawley's Island, South Carolina.

Director of Franchisee Support: Joe Kozubowski

Mr. Joe Kozubowski has served as our Director of Franchisee Support since February 2014.

Vice President of Franchise Operations: Erik Lorensen

Mr. Erik Lorensen is our Vice President of Franchise Operations and has led our Operations team since August 2018. Before joining us, Mr. Lorensen was Senior Area Vice President for ABM Franchise Group TEGG, located in Canonsburg, Pennsylvania, from March 2003 to February 2018.

Chief Financial Officer: Dan O'Dea

Mr. O'Dea is our Chief Financial Officer and has held the position since October 2022. Before joining us, Mr. O'Dea served as Senior Director of Accounting and Tax for Guidant Financial Group, Inc. from December 2021 to September 2022. Prior to that, Mr. O'Dea served as Director of Outsourced Accounting CPADept.com/Eubanks and Company from July 2020 to November 2021 and Vice President of Finance and Global Supply Chain for MVP Group, Inc. from December 2017 to June 2020.

Franchise Development Director: Matthew Dillon

Mr. Matthew Dillon is our Franchise Development Director and has held this position since April 2019. Before joining us, Mr. Dillon served as Development Director for Authority Brands from March 2016 through June 2018, and as Development Director for Regis from April 2012 through March 2016.

Director Financial Planning & Analysis: Christopher Rock

Mr. Christopher Rock is our Director of Financial Planning & Analysis and has held this position since January 2022. Before being promoted to Director of Financial Planning & Analysis, Mr. Rock served as our Franchise Performance Evaluator from June 2016 through January 2022.

Vice President of Business Development: Chris Camasta

Mr. Chris Camasta is our Vice President of Business Development and has held this position since October of 2022. Mr. Camasta served as our Director of National Accounts from August 2020 until October 2022. Prior to joining us, Mr. Camasta was a Business Development Executive and Program Manager for ServiceMaster Global Holdings, located in Memphis, TN, from October 2015 to August 2020.

Director of National Accounts: Greg Coulombe

Mr. Greg Coulombe is our Director of National Accounts and has held this position since November of 2022. Prior to joining us, Mr. Coulombe was a National Account Executive and Regional Business Development Executive for ServiceMaster Global Holdings, located in Memphis, TN, starting in June 2018 and leaving in November 2022.

Director of Marketing: Bryan Hoffman

Mr. Bryan Hoffman is our Director of Marketing and has held that position since May of 2022. Prior to joining UNITS Franchise Group, Bryan served as the Director of Marketing for SprinTurf Synthetic Turf Systems, and held this position from March 2021 until May 2022. Bryan Hoffman served as a Marketing Manager from December 2018 until March 2021 for LendingTree's business loan division (SnapCap).

**ITEM 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4
BANKRUPTCY**

No bankruptcies are required to be disclosed in this Item.

**ITEM 5
INITIAL FEES**

Franchise Fee

You must pay an initial franchise fee (“Initial Franchise Fee”) equal to \$55,500 for a Protected Territory consisting of 300,000 people. If you enter into a Franchise Agreement for the operation of a Franchised Business in a Protected Territory that encompasses a population of more than 300,000 people, the Initial Franchise Fee will be increased by \$18,500 per each additional 100,000 in population. The maximum population we typically offer within a Protected Territory is 1,200,000 people, which requires a \$222,000 Initial Franchise Fee. We have the right to use any program or software to determine population counts. As of the issuance date of this Disclosure Document, we use Maptitude software to determine population statistics.

Container & Equipment Purchase

We are the only approved supplier for trucks, Containers, UNITS Moving and Portable Storage Delivery Systems, and other equipment, and inventory items such as packing and moving supplies, as well as certain inventory items and signage. You must purchase your truck, Containers, UNITS Moving and Portable Storage Delivery Systems, and other equipment and inventory items from us before you open for business. We estimate that your estimated additional payments to us prior to opening for Containers and other UNITS Equipment range from \$420,000 to \$650,000, based on the number of Containers or other UNITS Equipment you are required to purchase from us.

The Initial Franchise Fee is payment, in part, for our expenses in furnishing assistance and services to you and for our costs, including general sales and marketing expenses, training, legal, accounting, and other professional fees. All initial fees are deemed fully earned upon payment, non-refundable, and must be paid in lump sum.

**ITEM 6
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks ¹
Royalty Fee	8% of Gross Sales per month	Monthly	See definition of Gross Sales. ² This fee is payable to us. (Section 2.2)

National Advertising Fund	2% of Gross Sales	Monthly	National Advertising Fund contributions will be collected in the same manner as the Royalty Fee. This fee is payable to us. (Section 2.3)
Local Advertising	\$3,000 to \$4,500	Monthly	We must approve all advertising prior to use. This fee varies upon size of franchise business. (Section 10.2)
Cooperative Advertising	Any portion or all of the National Advertising Fund Contribution may be re-designated for Cooperative Advertising	As directed	We may establish a cooperative within your regional marketing area. (Section 10.4) Payable to the Cooperative Advertising escrow account which we will open.
Ongoing Purchases of Containers, Equipment, and Supplies	Will vary under the circumstances depending on size of the Protected Territory	Time of purchases	You will regularly purchase packing and moving supplies from us or our pre-approved suppliers. ³ Periodically, you may need to replace or increase your inventory of Containers, UNITS Moving and Portable Storage Delivery System equipment, trucks, trailers, marketing, and advertising materials, and other items we furnish. (Section 12.2)
Software & POS System	The then-current fee Currently, \$250 - \$600	Monthly	This fee is payable to our approved vendor for use of their software. We reserve the right to require you to pay this fee to us directly at any time. (Section 11.5)
Audit Expenses	Reasonable costs and expenses of audit	Upon demand	You will reimburse us for all the costs of an audit only if the audit shows an understatement in amounts due of at least 3%. (Section 11.6)
Late Fees	18% per annum or the highest rate allowed by law (whichever is less), plus collection costs	Upon demand	Applies to all untimely Royalty Fee payments or National Advertising Fund contributions for revenue received by you directly, and any past due amounts for purchases from us or our Affiliate. (Section 2.4) Also applies to any understatement in amounts due revealed by an audit. This fee is payable to us. (Section 11.6)
Supplier or Product Approval	All reasonable costs of evaluation	Time of Evaluation	You must pay us for all expenses we incur in evaluating new suppliers or products you wish to use or purchase that we have not previously approved, regardless of whether we subsequently approve such supplier. (Section 12.1)

Insurance Policies	Amount of unpaid premiums, plus our expenses in obtaining coverage for you	Upon demand	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you. You must also participate in any captive insurance program designated by us. (Section 14.5)
Renewal Fee	\$1,000	120 days before expiration of the Franchise Agreement	See Section 3.2 of the Franchise Agreement for other conditions of renewal.
Transfer Fee	\$20,000, as well as any commission, broker, or referral fees or charges incurred.	Time of transfer	This fee does not apply to any transfer under Section 17.3 of the Franchise Agreement. This fee is payable to us. (Section 17.2) In addition to the transfer fee: (1) if franchisor engages a third party that acts as a broker, agent, or consultant in connection with the sale or transfer, as a condition of transfer, you must pay us the greater of: (a) Thirty Thousand Dollars (\$30,000.00), or (b) the amount the third party charges us, including any and all third-party commissions and charges assessed in connection with the sale or transfer; or (2) if we refer or otherwise place you in communication with the transferee, you must pay us the greater of (a) Thirty Thousand Dollars (\$30,000.00), or (b) actual costs and expenses incurred by us in connection with referring, identifying, or otherwise placing you in contact with transferee, including any and all lead generation costs.
Additional Training	Market rates as published in the Manual plus our expenses and your expenses, as well as your employees' expenses in attending	As invoiced	We conduct an initial training program for your Designated Manager, (which is you if you are the Designated Manager), and up to three additional people. The cost of this initial training program is included in the Franchise Fee. You pay for additional training if you request it and we agree to provide it.
Long-Distance Moving	Additional service fees paid directly to us (or our designee) from customers	Paid by customers as invoiced	We have the right to require you to use us (or our designee) for certain Long-Distance Moving services. We reserve the right to charge our then-current rates. We reserve the right to collect payment directly from customers and remit payments to you for services you perform in connection with the Long-Distance

			Moving, less fees in the amount we designate for our (or our designee's) services.
Additional Assistance	Market rates as published in the Manual; currently \$400 per day, plus our expenses	Time of service	We provide one of our representatives to assist you for approximately three days at the beginning of operations of the Franchised Business. You pay us for the additional assistance if you request it. (Section 7.2)
Ongoing Training	You must pay your expenses as well as your employees' expenses in attending these programs	Time of program	We do not charge for ongoing training programs, but you must pay your own expenses in attending. (Section 7.5)
System Modifications	You must pay all costs associated with any modifications to the System which we may specify periodically.	As required	You may incur costs associated with any System modifications, including new equipment, inventory, software, trademarks, etc. These fees are payable to us or third parties. (Section 9.2)
Indemnification	All costs including attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Franchised Business. These fees are payable to third parties. (Section 20.2)
Post-Termination and Post-Expiration Expenses	Costs and expenses associated with your ceasing of and de-identification with the business	When incurred	Upon termination, expiration, non-renewal, and/or transfer of the Franchised Business for any reason, you must pay for all costs and expenses associated with ceasing operations and de-identifying yourself with the Franchised Business and System. These fees are payable to us or third parties.
Legal Expenses	All costs including attorneys' fees	Upon demand	You will reimburse us for all costs in enforcing obligations if we prevail in a dispute with you. (Section 21.4)
National Conference	Then applicable registration fee or a \$3,000 fee for failure to attend	Upon demand	You must attend any national convention we designate and pay the then-applicable registration fee to us. You will pay for your travel and lodging expenses. (Sections 7.1 and 7.4) In the event you fail to attend our National Conference, you will incur a fee of \$3,000 payable to us upon demand.

NOTES

1. Unless otherwise indicated below, all fees are non-refundable unless permitted by payee and all fees are uniformly imposed.

2. Gross Sales. "Gross Sales" means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business, whether or not collected by you and whether for

check, cash, credit, or otherwise, including all rental fees and all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by you for or on behalf of any governmental taxing authority and paid, (c) and the value of any allowance issued or granted to any customer of the Franchised Business that is credited by you in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business.

3. Ongoing Purchases of Containers and Equipment. We are currently the only Approved Supplier for purchase of Containers you must obtain for use with your Franchised Business. You may obtain third-party financing for the purchase of Containers, but we do not currently offer direct financing or guarantee your obligations under any lease or financing agreement. We make no representations or warranties regarding your ability to enter into a lease or financing agreement, which will depend on factors such as the availability of third-party suppliers and your creditworthiness.

(i) Population of less than 600,000 (a “Small Territory”)

Under the single-unit Franchise Agreement, for a population of less than 600,000, you must purchase or lease at least 90 Containers prior to opening a Franchised Business and must have at least 120 Containers in inventory by the end of your first year of operation. Thereafter, you must purchase or lease the requisite number of modular, transportable, self-storage containers (“Containers”) for operation of the Franchised Business pursuant to the following schedule set forth below.

Number of Months after Opening	Minimum Inventory of Containers
12	120
24	145
36	170
48	195
60	220
72	245
84	270
96	295

You must purchase the required number of Containers as set forth in the above table during the first 96 months of operation if occupancy is at or above 85%. If occupancy is below 85%, your obligation to purchase additional Containers as per the above table will be suspended, and you will immediately increase your local advertising expenditure to \$6,000 per month until such time as your monthly occupancy reaches 85%. Once your occupancy reaches 85%, your obligation to continue purchasing the minimum inventory of Containers as required under the above table will resume, and you will revert back to spending the minimum amount you otherwise are required to spend on Local Advertising under your Franchise Agreement. At 108 months, and for every 12 months thereafter, you must purchase an additional 25 Containers if occupancy is at or above 95%. If occupancy is below 95%, you will not be required to purchase additional Containers.

(ii) Population of between 600,000 and 900,000 (a “Mid-Size Territory”)

Under the single-unit Franchise Agreement, for a population between 600,000 and 900,000, you must purchase or lease at least 90 Containers prior to opening a Franchised Business and must have at least 120 Containers in inventory by the end of your first year of operation. Thereafter, you must purchase or lease the requisite number of Containers for operation of the Franchised Business pursuant to the following schedule set forth below.

Number of Months after Opening	Minimum Inventory of Containers
12	120
24	160
36	200

48	240
60	280
72	320
84	360
96	400

You must purchase the required number of Containers as set forth in the above table during the first 96 months of operation if occupancy is at or above 85%. If occupancy is below 85%, your obligation to purchase additional Containers as per the above table will be suspended, and you will immediately increase your local advertising expenditure to \$6,000 per month until such time as your monthly occupancy reaches 85%. Once your occupancy reaches 85%, your obligation to continue purchasing the minimum inventory of Containers as required under the above table will resume, and you will revert back to spending the minimum amount you are required to spend on Local Advertising under your Franchise Agreement. At 108 months, and for every 12 months thereafter, you must purchase an additional 40 Containers if occupancy is at or above 95%. If occupancy is below 95%, you will not be required to purchase additional Containers.

(iii) Population between 900,000 and 1,200,000 (a “Large Territory”)

Under the single-unit Franchise Agreement, for a population between 900,000 and 1,200,000, you must purchase or lease at least 120 Containers prior to opening a Franchised Business and must have at least 160 Containers in inventory by the end of your first year of operation. Thereafter, you must purchase or lease the requisite number of Containers for operation of the Franchised Business pursuant to the following schedule set forth below.

Number of Months after Opening	Minimum Inventory of Containers
12	160
24	210
36	260
48	310
60	360
72	410
84	460
96	510

You must purchase the required number of Containers as set forth in the above table during the first 96 months of operation if occupancy is at or above 85%. If occupancy is below 85%, your obligation to purchase additional Containers as per the above table will be suspended, and you will immediately increase your local advertising expenditure to \$6,000 per month until such time as your monthly occupancy reaches 85%. Once your occupancy reaches 85%, your obligation to continue purchasing the minimum inventory of Containers as required under the above table will resume, and you will revert back to spending the minimum amount you are required to spend on Local Advertising under your Franchise Agreement. At 108 months, and for every 12 months thereafter, you must purchase an additional 50 Containers if occupancy is at or above 95%. If occupancy is below 95%, your obligation to purchase additional Containers will be suspended until such time as your monthly occupancy reaches 95%, at which time, your obligation to continue purchasing the minimum inventory of Containers as required under the above table will resume.

Presently, the cost to purchase a Container is approximately \$3,014 to \$3,620. You must also purchase at least one UNITS Moving and Portable Storage Delivery System. You must purchase a minimum of 12 Containers with each additional order during the operation of your Franchised Business. You are responsible for all shipping and freight costs associated with delivery of the Containers.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure⁺	Amount	Method of payment	When due	To whom payment is to be made
Franchise Fee ¹	\$55,500 - \$222,000	ACH/ Wire	Upon Signing Franchise Agreement	UNITS
Real Estate ²	\$15,000 - \$50,000	As Arranged	Before Beginning Operations	Lessor
Technology Systems and Initial Inventory ³	\$7,500 - \$10,000	As Arranged	Before Beginning Operations	Third Parties
Containers, including Freight and Shipping ⁴	\$271,260- \$434,400	As Arranged	Before Beginning Operations	UNITS
UNITS Moving and Portable Storage Delivery Systems and Forklift ⁵	\$185,000 - \$280,000	As Arranged	Before Beginning Operations	UNITS
Signage ⁶	\$200 - \$5,000	As Arranged	Before Beginning Operations	Third Parties
Grand Opening Advertising ⁷	\$10,000	As Arranged	First 3 Months Of Operation	Third Parties
Training ⁸	\$1,500 - \$3,000	As Arranged	Before Beginning Operations	Third Parties
Additional Funds ⁹	\$80,000 - \$200,000	As Arranged	Before Beginning Operations	UNITS and Third Parties
TOTAL¹⁰	\$625,930 to \$1,214,400			

NOTES

+All fees and payments are non-refundable unless otherwise stated or permitted by the payee. This Item provides an estimate of your initial investment and the costs necessary to begin operating a franchised business for the first three months. Actual costs will vary for each franchise location depending on a number of factors, including market condition, territory size, and the geographic location of your Franchised Business.

¹ Franchise Fee. The low end of this estimate represents an Initial Franchisee Fee for a population of 300,000, and the high end represents an Initial Franchise Fee for a population of 1,200,000. We describe the Franchise Fee in greater detail in ITEM 5 of this Franchise Disclosure Document.

² Real Estate. Includes the costs to acquire the required real estate, including a security deposit and tenant improvements. You must lease or otherwise acquire a suitable facility for the operation of the Franchised Business. Additional warehouse space may be needed as your business matures. It is extremely difficult to estimate lease acquisition costs because of the wide variation in these costs between locations. Lease costs will vary based on the square footage leased, the cost per square foot, and required maintenance costs. We assume that you will have to pay the first month's rent upfront and put down one month's rent as a security deposit. The rent you pay is typically not refundable, but your security deposit may be under certain circumstances.

³ Technology Systems and Initial Inventory. You must acquire the information technology, equipment, and services that we designate. In addition, you must purchase an initial inventory of packing and moving supplies such as boxes, locks, furniture pads, hand trucks, mattress covers, packing paper, uniforms, and other supplies and equipment. These costs will vary based upon the size and location of the Franchised Business time of year that you will begin operations, suppliers, and other related factors.

⁴ Containers. See Item 6 regarding the mandatory purchasing requirements for Containers. Containers are constructed based on our designated designs and specifications and are available in two sizes, 8' x 8' x 16' or 8' x 8' x 12'. The minimum quantity per order is currently 12 containers. Containers must be obtained through purchase from UNITS. You may obtain third-party financing for the purchase of Containers, but we do not offer direct financing or guarantee your obligations under any lease or financing agreement. The low figure above estimates your cost for an initial purchase of 90 Containers, while the high estimate reflects your estimated cost for an initial purchase of 120 Containers. Presently, the cost to purchase Containers is approximately \$3,014 to \$3,620 per Container. We reserve the right to change the cost of Containers and your purchasing requirements periodically. This range includes the estimated delivery cost to your franchise location referred to as door-to-door shipping. These costs will vary depending on your geographic location as well as then-current transportation costs. Additional fees may apply as a result of delays, port strikes, or US Customs inspections; in all cases you will be responsible for these additional charges, as well as any charges for ancillary equipment to unload over ocean containers at your location.

⁵ UNITS Moving and Portable Storage Delivery System and Forklift. You will need to purchase UNITS Moving and Portable Storage Delivery System from us to transport the containers. The higher end of this range includes the estimated cost to purchase one forklift and associated freight costs, which meet our standards and specifications.

⁶ Signage. This range includes the cost of all signage used in the Franchised Business. We provide you with our specifications for the placement of all signage on the premises of your warehouse facility. Your costs will vary based on the size and location of the Franchised Business.

⁷ Grand Opening. You must spend a minimum of \$10,000 on Grand Opening Advertising during the three-month period leading up to the opening of the Franchised Business in addition to your required local advertising.

⁸ Training. The tuition fee for initial training is included in the Initial Franchise Fee, but you must pay for transportation and expenses for food and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel, and the type of accommodations you

choose.

⁹ Additional Funds. We recommend that you have capital available to cover operating expenses, such as rent, employees' salaries, insurance, office supplies, licensing, professional fees, local advertising expenses, and other known or unknown operating expenses during the first three months after opening.

¹⁰ Total. These estimates are inclusive of the initial franchise fee. In compiling this chart, we relied on our experience as a franchisor and our Affiliates' collective experience in operating substantially similar businesses. The amounts shown are estimates only and may vary for many reasons, including the size of your Franchised Business, the capabilities of your management team, where you locate your Franchised Business, market conditions, and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only, and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Specifications/Approved Suppliers

Under our Franchise Agreement, you must furnish and equip the UNITS Business according to our standards and specifications. All signs, equipment, and other items used in the operation of the UNITS Business must comply with our specifications and quality standards and, if we require, must only be purchased from Approved Suppliers that we designate. We will provide you, in the Manual or other written or electronic form, a list of specifications for equipment, supplies, and other materials and, if required, a list of designated or Approved Suppliers for some or all of these items, which may include us or our Affiliate. We may modify the list at our sole discretion through changes to the Manual or otherwise in writing. We formulate and modify our specifications and standards for services and products based upon our and our Affiliate's industry knowledge and our combined experience in operating similar businesses.

Presently, we are the only approved supplier of Containers and UNITS Moving and Portable Storage Delivery Systems. You may purchase the consumer content protection insurance option from our approved supplier. The consumer content protection insurance option protects your tenant's stored property in the event the stored property is not insured by the facility you are occupying. If you would like to use any item or service in establishing or operating the Franchised Business that we have not approved (for items or services that require supplier approval), you must first send us sufficient information, specifications, or samples for us to determine whether the item or service complies with our standards and specifications or the supplier meets our Approved Supplier criteria. You must reimburse us for all reasonable expenses that we incur in connection with our evaluation of an item, service, or supplier. We will decide and notify you within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease these items or services from the proposed supplier. We apply the following general criteria in approving a proposed supplier: the ability to provide sufficient quantity of product; quality of products and services at competitive prices; production and delivery capability; and dependability and general reputation of the supplier. Occasionally, we may review our approval of any item, service, or supplier. We will notify you if we revoke our approval of an item, service, or supplier, and if we do, you must stop purchasing disapproved items or services, or must stop purchasing from a disapproved supplier. We and our Affiliates reserve the right to derive revenue based on your required purchases or leases. As of the issuance date of this Disclosure Document, none of our officers or principals listed in Item 2 currently have an interest in any approved or designated suppliers, other than certain of our officers and principals listed in Item 2 who own an interest in the franchisor entity.

UNITS Equipment and Containers

We have developed a line of branded products which are used in the operation of all UNITS Businesses. We refer to these products as UNITS Equipment. The UNITS Equipment includes our Containers, UNITS Moving and Portable Storage Delivery Systems, and other equipment. Before you commence operations, you must purchase an initial inventory of UNITS Equipment to stock and equip your Franchised Business from us. You will be responsible for the freight and other shipping costs associated with purchasing UNITS Equipment.

If you sign a Franchise Agreement for a Franchised Business, your initial inventory must include at least: (i) 90 Containers in a Small Territory; (ii) 90 Containers in a Mid-Size Territory; or (iii) 120 Containers in a Large Territory. You will replenish or increase your inventory of UNITS Equipment as needed to operate your Franchised Business at full capacity. Within 12 months after opening, your Franchised Business must have at least: (i) 120 Containers in inventory for a Small Territory; (ii) 120 Containers in inventory for a Mid-Size Territory; or (iii) 160 Containers for a Large Territory. After the first 12 months of operation, you must purchase a minimum of: (i) 25 additional Containers in a Small Territory; (ii) 40 additional Containers in a Mid-Size Territory; or (iii) 50 additional Containers in a Large Territory, per year for each remaining year of your initial term, depending on the current occupancy of your Business, as further detailed in Item 6. You are currently required to purchase the Containers directly from us. We do not provide any financing for the purchase of your Containers. However, you may be able to obtain financing for the purchase of Containers from a third-party lender. We make no representations or warranties regarding your ability to enter into a financing agreement, which will depend on factors such as the availability of third-party suppliers and your creditworthiness.

All terms and conditions for orders, payment, shipping, returns, and other terms relating to our ongoing supply of UNITS Equipment to franchisees are stated in the Manual. We are the exclusive supplier of Containers and other UNITS Equipment, and there are no alternate sources of supply. We may introduce new products and equipment or modify existing products and equipment.

During our most recent fiscal year ended December 31, 2022, we derived approximately \$5,357,083 in revenue from required franchisee purchases and leases, which represented approximately 38.08% of our total revenues of \$14,066,944

Computer/Point-of-Sale System

You must purchase information technology equipment and services that meet the specifications described in Items 7 and 11. We do not derive revenue from your purchase of the information technology equipment or services. We presently have a designated vendor for required software purchases. However, you may use the vendor of your choice for hardware components, provided they meet our standards and specifications. We may require you to pay all point-of-sale software fees to us at any time on notice to you.

Insurance

You must purchase and maintain in effect during the term of the Franchise Agreement, as applicable, the type and amount of insurance as we specified from time to time or that may be required by applicable law, or by lender or lessor. Currently, our insurance requirements are as follows:

- (a) “all risk” property insurance coverage on all assets including inventory, storage containers,

furniture, fixtures, equipment, supplies and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism and malicious mischief and must have coverage limits of at least full replacement cost;

- (b) workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of \$250,000.00 or, if higher, the statutory minimum limit as required by state law;
- (c) comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of \$1,000,000.00 per occurrence or, if higher, the statutory minimum limit required by state law;
- (d) business interruption insurance with a minimum coverage limit of \$1,000,000.00;
- (e) container coverage with a minimum coverage limit for each Container equal to the amount set forth by Franchisor in the Manual or otherwise in writing;
- (f) container coverage with a minimum coverage limit of \$5,000 for each Container stored at a UNITS facility containing customers' personal property;
- (g) motor truck cargo coverage with a minimum coverage limit of \$10,000 per truck per occurrence;
- (h) automobile liability insurance for owned or hired vehicles, with minimum liability coverage of at least \$1,000,000.00 per occurrence or, if higher, the statutory minimum limit required by state law; and
- (i) such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 20.2 of the Franchise Agreement.

Your insurance policies must name us as an additional insured and/or loss payee. We do not derive revenue as a result of your purchase of insurance.

Advertising

We must approve all advertising before first publication or use.

Leases and Leasehold Improvements

You must purchase or lease a retail space for your UNITS Business which meets our standards for a UNITS facility. You must obtain our approval of your location and lease terms before you sign a lease for a Franchised Business location. We will condition our approval of your lease upon, among other conditions, you and your landlord's signing of a collateral assignment of lease, through which your landlord grants us the rights to assume your rights and obligations under the lease in the event that you breach your lease agreement or your Franchise Agreement is terminated or expires.

Long-Distance Moving

We are currently the sole approved provider of Long-Distance Moving services and reserve the right to require that you use us (or our designee) for certain Long-Distance Moving services. We (and our Affiliates and designees) reserve the right to collect payments directly from customers and to derive revenue in connection with the Long-Distance Moving services, including Long-Distance Moving services provided in your Protected Territory. We (and/or our Affiliates and designees) are authorized to retain all fees, costs and expenses incurred in connection with the Long-Distance Moving Services, and may remit payments to you

less these fees, costs and expenses. We reserve the right to modify the parameters applicable to the Long-Distance Moving services at any time. We may require you to enter into our designated form of Long-Distance Moving services addendum or agreement in the future.

Miscellaneous

We may negotiate group rates, including price terms, for the purchase of equipment and supplies necessary for the operation of the UNITS Business. Presently, there are no purchase or supply agreements in effect and there are no purchasing or distribution cooperatives that you must join.

We estimate that approximately 40% to 80% of your expenditures for purchases in establishing your UNITS Business will be for goods and services that must be purchased either from us, an Affiliate, or an Approved Supplier in accordance with our standards and specifications. We estimate that approximately 50% to 80% of your expenditures on an ongoing basis associated with the UNITS Business will be for goods and services that must be purchased from either of us, an Affiliate, an Approved Supplier or in accordance with our standards and specifications.

We do not provide or withhold material benefits to you (such as renewal rights or the right to open additional UNITS Businesses) based on whether you purchase through the sources we designate or approve; however, purchases of unapproved products or from unapproved suppliers in violation of the Franchise Agreement will entitle us, among other things, to terminate the Franchise Agreement.

**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 obligation in these agreements and in other items of this Franchise Disclosure Document.

OBLIGATION		SECTION IN THE FRANCHISE AGREEMENT	ITEM IN THE FRANCHISE DISCLOSURE DOCUMENT
a.	Site selection and acquisition/lease	4	ITEMS 11 and 12
b.	Pre-opening purchases/leases	4.2, 4.3, 4.4 ,12.1, 12.2	ITEMS 7 and 8
c.	Site development and other pre-opening requirements	4, 12.3, 14.4	ITEMS 6, 7 and 11
d.	Initial and ongoing training	7	ITEMS 6, 7 and 11
e.	Opening	4, 10.1, 12	ITEMS 7 and 11
f.	Fees	2, 4, 7, 10,11, 12, and 17.2.7	ITEMS 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	4, 5, 6, 8, 10 and 12	ITEMS 8 and 16

h.	Trademarks and proprietary information	5, 6, 8 and 16	ITEMS 13 and 14
i.	Restrictions on products/ services offered	4, 5, 9, 12.1 and 12.2	ITEMS 8 and 16
j.	Warranty and customer service requirements	9 and 12	ITEM 16
k.	Territorial development and sales quotas	Not Applicable	ITEM 12
l.	Ongoing product/service purchases	12	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	4, 9, 12	ITEMS 7 and 17
n.	Insurance	14	ITEMS 6, 7 and 8
o.	Advertising	10	ITEMS 6, 7 and 11
p.	Indemnification	20.2	ITEM 6
q.	Owner's participation/management/ staffing	9.1 and 12	ITEM 15
r.	Records and reports	11	ITEM 11
s.	Inspections and audits	5.6, 11.6 and 12.4	ITEMS 6, 11 and 13
t.	Transfer	17	ITEM 17
u.	Renewal	3.2	ITEM 17
v.	Post-termination obligations	6 and 16	ITEM 17
w.	Non-competition covenants	6 and 16	ITEM 17
x.	Dispute resolution	22	ITEM 17

ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or other obligations.

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

Except as listed below, UNITS Franchising Group, Inc. is not required to provide you with any assistance.

A. Pre-Opening Assistance

Before you open your Franchised Business, we will:

1. Designate your Protected Territory, as further described in ITEM 12. (Section 1.4 of the Franchise Agreement)
2. Provide you with our criteria for site selection and approve the site you have selected for the location of the Franchised Business in writing. (Section 4.1 of the Franchise Agreement)
3. Review and communicate our decision of our approval or disapproval of your lease or purchase agreement for the site for the Approved Location. (Section 4.2 of the Franchise Agreement)
4. Provide you with standard plans and specifications for the build-out of the UNITS Business along with a list of required equipment and improvements which you must purchase and install. (Section 4.3 of the Franchise Agreement)
5. Provide an initial training program. This training is described in detail later in this ITEM. (Section 7.1 of the Franchise Agreement)
6. Provide to you on-site assistance and guidance for approximately 3 days to assist you with any questions you may have in operating the UNITS Business. (Section 7.2 of the Franchise Agreement)
7. Provide to you, on loan, one copy of the UNITS Business Operations Manual. "Manual" or "Operations Manual" means the UNITS Operations Manual, and any other items as may be provided, added to, changed, modified or otherwise revised by us from time to time that contain or describe our Brand Standards, methods, procedures and specifications of the System, including other operations, administration and managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, us. The Table of Contents of the Operations Manual, along with number of pages devoted to each section as of the issuance date of this Disclosure Document, is included as Exhibit D to this Franchise Disclosure Document. (Section 8.1 of the Franchise Agreement). The Operations Manual currently has a total of 361 pages as of the issuance date of this Disclosure Document. We anticipate that our Operations Manual will continually evolve over time. We have the unrestricted right to update and otherwise modify the Operations Manual at any time, as we determine appropriate or necessary in our sole

discretion. You are required to comply with all updates and modifications.

B. Other Assistance During the Operation of The Franchised Business

After the opening of the Franchised Business, we:

1. Will periodically advise and offer general guidance to you by telephone, e-mail, newsletters, and other methods. Our guidance is based on our and our franchisees' experience in operating UNITS Businesses. Ongoing advice and guidance may consist of knowledge and experience relating to the authorized services or products, as well as operational methods, accounting procedures, and marketing and sales strategies. (Section 13.1 of the Franchise Agreement)
2. May, at our discretion, make visits to the UNITS Business for the purposes of consultation, assistance, and guidance in various aspects of the operation and management of the UNITS Business. We may prepare written reports outlining any suggested changes or improvements in the operations of the UNITS Business and detail any deficiencies that become evident as a result of any visit. If we prepare a report, you may request a copy from us. (Section 13.2 of the Franchise Agreement)
3. Will make available to your operations assistance and ongoing training as we deem necessary. (Section 13 of the Franchise Agreement)
4. Will make available to you changes and additions to the System as generally made available to all franchisees. (Section 13.3 of the Franchise Agreement). We have created and developed, and will continue to create and develop, additional products and services to be offered by franchisees in operating their UNITS Businesses. You must sell all products and services we designate for use by System franchisees through your UNITS Business from time to time. You must purchase products and services directly from us or our approved and designated vendors, as discussed in Item 8.
5. May, at our discretion, provide you with suggested prices for the products and services to be offered through your UNITS Business. We may, in our sole discretion, provide you with assistance in establishing pricing. (Section 13.1 of the Franchise Agreement)

C. Advertising and Promotion

1. **Local Advertising.** You must spend a minimum of \$3,000 each month on local advertising within your Protected Territory, commencing in the first month of operation. If the Franchise Business achieves monthly revenues equal to or greater than \$30,000 per month for a consecutive three-month period, you must increase your Local Advertising expenditure to \$3,500 per month. If the Franchise Business achieves monthly revenues equal to or greater than \$40,000 per month for a consecutive three-month period, you must increase your Local Advertising expenditure to \$4,000 per month. If the Franchise Business achieves monthly revenues equal to or greater than \$50,000 per month for a consecutive three-month period, you must increase your Local Advertising expenditure to \$4,500 per month. You will pay for your ads and promotions directly, but we will provide you with general marketing guidelines, and we will review and approve your advertisements. (Section 10.2 of the Franchise Agreement) You may not advertise on the Internet without our prior written consent.

2. National Advertising

- (a) You must contribute 2% of Gross Sales each month to the National Advertising Fund. (Section 10.3 of the Franchise Agreement). We will administer the National Advertising Fund as follows:
 - (i) We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the National Advertising Fund nor do we have an obligation to spend any amount of advertising in your Protected Territory. (Section 10.3.1 of the Franchise Agreement)
 - (ii) We may use your contributions to meet any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting television, radio, Internet, magazine, and newspaper advertising campaigns, generating, administering, funding, and maintaining national accounts, and other public relations activities; developing and hosting an Internet web page, mobile applications, and similar activities; employing advertising agencies and employees to assist us in marketing activities; providing promotional brochures; conducting market research; and providing other marketing materials and tools to franchisees). We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the National Advertising Fund, including, but not limited to, the salaries of employees who manage marketing agencies, administer the National Advertising Fund, or create marketing materials, resources, or tools. We will not use National Advertising Fund Contributions for the direct solicitation of franchise sales, although we reserve the right to include a National Advertising Fund contributions for public relations activities, for the creation and maintenance of our website and mobile applications (a portion of which can be used to explain the franchise offering and soliciting potential franchisees), and to include a notation in any advertisement indicating “Franchises Available.” (Section 10.3.1 of the Franchise Agreement)
 - (iii) We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the National Advertising Fund before using current contributions. We intend for the National Advertising Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the National Advertising Fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to our franchisees on a *pro rata* basis. You must contribute to the National Advertising Fund as prescribed in the Franchise Agreement, regardless of amounts due from other System franchisees. (Section 10.3.3 of the Franchise Agreement)
 - (iv) There is presently a Marketing Advisory Group, a National Accounts Advisory Group, and a National Ad Fund Advisory Group composed of System franchisees that advise us on advertising practices and policies. Members of the Marketing Advisory Group, National Accounts Advisory Group, and the National Ad Advisory Group are selected by our corporate leadership team and serve for as long as we and the franchisee agree. All of the System’s advisory groups serve in an advisory capacity

and do not have operational or decision-making power. We have the power to form, change, or dissolve the Marketing Advisory Group, National Accounts Advisory Group, and the National Ad Fund Advisory Group at any time. (Section 10.3.1 of the Franchise Agreement)

- (v) We and our Affiliates are not required to contribute to the National Advertising Fund or any cooperative for company or Affiliate-owned UNITS Businesses. We will have an accounting of the National Advertising Fund prepared each year and we will provide you with a copy if you request it. We may require that the annual accounting be audited by an independent certified public accountant at the expense of the National Advertising Fund. (Section 10.3.4 of the Franchise Agreement)
- (b) The National Advertising Fund is not a trust and we assume no fiduciary duty in administering the National Advertising Fund. (Section 10.3.5 of the Franchise Agreement)
- (c) In 2022, the National Advertising Fund contributions were spent as follows: 29.2% on business-to-consumer advertising, including the creation and distribution of consumer advertising, 39.8% on business-to-business advertising, including the creation, development, funding, and maintenance of national account programs, 5.2% on advertising tools, including tools to reach customers through various platforms, and 25.8% on website hosting, development, maintenance, and optimization and the development of new online tools.

3. Although we are not obligated to do so, we may create a Cooperative Advertising program for the benefit of all UNITS Businesses located within a particular region. We have the right to allocate any portion of the National Advertising Fund to a Cooperative Advertising program, which will be deposited into an escrow account. We will determine the geographic territory and market areas for each Cooperative Advertising program. You must participate in any Cooperative Advertising program established in your region. If a Cooperative Advertising program is implemented in a particular region, we may establish an advertising council for franchisees in that region to self-administer the program. (Section 10.4 of the Franchise Agreement). We may form, change, dissolve or merge any advertising cooperative or franchisee advisor council at our sole discretion. Our company-owned UNITS Businesses do not have to contribute to any Cooperative Advertising program at the same rate as franchisee-owned UNITS Businesses.

4. During the three months prior to your opening, you must spend at least \$10,000 on Grand Opening Advertising within your Territory, including print or news media or direct mail advertising, dues for business organizations, event dues, or other solicitation and promotional efforts. We will provide you with guidance for conducting Grand Opening Advertising, and we will review and approve the materials you use in your Grand Opening Advertising. (Section 10.1 of the Franchise Agreement).

5. Other than the webpage we may provide to you at our sole discretion, you are not permitted to maintain an individual website or mobile application related to UNITS Businesses, or to establish a URL incorporating any variation of the “UNITS” name or the Marks, without our prior written approval, which may be withdrawn at any time by providing prior written notice. (Section 10.5 of the Franchise Agreement). We do not allow you to advertise on the Internet without our prior written approval in accordance with the advertising requirements above. (Section 10.5 of the Franchise Agreement).

D. Computer/Point-of Sale System

You must purchase and use the information technology equipment and services that we designate, including our proprietary operating software (“UNITS Operating Software”). Currently, the acquisition of this information technology equipment and services is \$5,500 to \$8,000. We have the right to require you to update or upgrade computer hardware components and software at your expense as we deem necessary. In addition, we have the right to require you to enter into a separate maintenance agreement for the computer hardware and software. We reserve the right to require you to install or subscribe to a “systems backup solution” which backs up critical data stored in your computer system using an off-premises storage scheme. You must buy, use, and maintain the computer hardware and software meeting our then-current standards and specifications. You will have the sole and complete responsibility for: 1) the acquisition, operation, maintenance, and upgrading of the computer hardware and software; and 2) any and all consequences that may arise if the computer hardware or Software is not properly operated, maintained, and upgraded. (Section 11.5 of the Franchise Agreement).

We have developed UNITS Operating Software to conduct scheduling, dispatching, revenue management, inventory management, accounts receivable tracking, point-of-sale functions, and related activities. You, at your own expense, must obtain the computer hardware necessary to implement UNITS Operating Software into your Franchised Business, and to comply with all then-current specifications and standards prescribed by us regarding UNITS Operating Software as provided in the Manual. It is possible that we might not be able to alter the Proprietary Software Program and system to accommodate each and every franchisee of the System, and therefore, you will only utilize the program as prescribed by us. See ITEMS 6 and 7 for more information regarding initial and ongoing costs associated with our required computer hardware and software. You may purchase computer hardware from the vendor of your choice but must use our designated vendor for required software.

UNITS Operating Software is our proprietary software and has been used by our Affiliates in the operation of a similar business since January of 2005. We provide an initial training program, which we may provide remotely (including virtually) in our discretion. There is no additional fee for this initial training. We have the right to independently access all information collected or compiled by you at any time without first notifying you.

E. Methods Used to Select the Location of the Franchised Business

1. If you have a potential site for the Franchised Business, you may propose the location for our consideration. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will designate a geographic area within which you must locate the Franchised Business, and we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. (Section 4.1 of the Franchise Agreement). We generally will not own your site and lease it to you.

2. The general site selection and evaluation criteria which we consider in approving your site includes the square footage, capacity and condition of the premises, demographics of the surrounding area, proximity to other franchisees, lease requirements, and overall suitability. We will provide you with written notice of our approval or disapproval of any proposed site within a reasonable time after receiving all requested information. If you and we cannot agree on a suitable site for the Franchised Business within the time frames discussed in this Item 11, we may terminate the Franchise Agreement.

F. Typical Length of Time Before Operation

The typical length of time between the signing of the Franchise Agreement and the opening of your UNITS Business is 180 days. Factors that may affect your beginning operations include ability to secure permits, zoning, and local ordinances, obtaining a warehouse, weather conditions, and delays in the purchasing and installation of equipment and fixtures. You must open your UNITS Business and be operational within 270 days after the effective date of the Franchise Agreement. (Section 4.5 of the Franchise Agreement). If you fail to open within 270 days of the effective date of the Franchise Agreement, we may terminate the Franchise Agreement, though we reserve the right to offer you an extension period if you are exerting reasonable efforts to commence operation.

G. Training

We will conduct an initial training program that the Designated Manager (which may be you) must attend and complete to our satisfaction. Additionally, training is mandatory for the Account Manager, Customer Service Representative, and Delivery Specialist. The Designated Manager may assume one of these positions. Training will take place at our training facility in Charleston, South Carolina, or at another location we designate, on an as needed basis as determined by us. The initial training program consists of approximately four (4) days of training. Initial training covers all material aspects of the operation of a UNITS Business, including topics such as sales and marketing methods; equipment operation and maintenance, information technology systems, financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures, other operational issues and on-the-job training. Training must be completed to our satisfaction at least 30 days before opening. If you replace your Designated Manager, your new Designated Manager must attend our training program. You must pay any travel, meal, lodging, and payroll costs incurred by you and your employees' while attending our tuition free training program. Although we do not charge for initial training, you may be charged fees for additional training of a new Designated Manager or for replacement personnel should you or your Designated Manager fail to complete initial training, in addition to paying additional persons' travel, meal, lodging, and payroll expenses. You must train your employees and other management personnel. This initial training is in addition to the 3 days of on-site opening assistance we provide to you at no cost. (Sections 7.1, 7.2, and 7.4 of the Franchise Agreement).

INITIAL FRANCHISEE TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Greeting from President	1.0	0	Charleston, SC or any other location we may designate.
UNITS Introduction	1.0	0	Charleston, SC or any other location we may designate.
Storage Protectors	.5	0	Charleston, SC or any other location we may designate.

Accounting Procedures	.5	0	Charleston, SC or any other location we may designate.
Internet Marketing/Advertising	1.0	0	Charleston, SC or any other location we may designate.
Operations Manual Overview	1.0	0	Charleston, SC or any other location we may designate.
Hiring & Mentoring Employees	.5	0	Remote
POS Software Program	6.0	0	Charleston, SC or any other location we may designate.
Local Market Management & KPIs	1.0	0	Charleston, SC or any other location we may designate.
UNITS Critical Path Progression	.5	0	Charleston, SC or any other location we may designate.
CSR Sales Training Part 1	1.5	0	Charleston, SC or any other location we may designate.
CSR Sales Training Part 2	1.5	0	Charleston, SC or any other location we may designate.
Local Marketing Essentials	1.0	0	Charleston, SC or any other location we may designate.
Selling Merchandise and Damage Waivers	.5	0	Charleston, SC or any other location we may designate.
B2B Development & Acquisition	3.0	0	Charleston, SC or any other location we may designate.
Driver's Responsibilities	1.0	0	Charleston, SC or any other location we may designate.
Forklift Operation & Safety	2.0	0	Charleston, SC or any other location we may designate.
Container & Warehouse Management	2.0	0	Charleston, SC or any other location we may designate.
Stacking, Loading and Transporting PSU's	4.0	0	Charleston, SC or any other location we may designate.
UNITS Robo Delivery System	4.0	0	Charleston, SC or any other location we may designate.
Mutual Expectations	1.0	0	Charleston, SC or any other location we may designate.
Review/Questions	1.0	0	Charleston, SC or any other location we may designate.
Delivery Training	0	4.0	Charleston, SC or any other location we may designate.
Totals	35.5	4.0	

UNITS Vice President of Franchise Operations, Erik H. Lorensen, supervises our training program and utilizes the services of several UNITS staff members for various aspects of the training. Mr. Lorensen has served as UNITS head of Operations for 5 years, has 22 years of franchising experience, and 11 years of business-to-business sales and management experience. Occasionally, we may require that previously trained and experienced franchisees, their managers, and employees attend refresher-training programs to be conducted at our headquarters. Attendance at these programs will be at your sole expense; however, we will not require you to attend more than one of these programs in any calendar year, and these programs will not collectively exceed three days during any calendar year. (Section 7.5 of the Franchise Agreement).

ITEM 12 TERRITORY

Franchised Business

You must operate your Franchised Business only from the Approved Location listed in Section 1.2 of the Franchise Agreement. Although we may assist you in selecting a location, you are solely responsible for selecting the Approved Location and negotiating the terms of the lease. You may not relocate the Franchised Business without our consent, which we will not unreasonably withhold, provided your proposed new location meets our then-current standards for a Franchised Business premises and is located within your Protected Territory, as discussed below.

Under the Franchise Agreement, subject to our reserved rights explained below, we will grant you a “Protected Territory” of at least 300,000 people (representing a minimum purchase of three contiguous territories). Your Protected Territory will consist of a series of contiguous zip codes. We use Territory Solutions online software to determine population statistics. A Protected Territory with a population of less than 600,000 is considered a “Small Territory.” A Protected Territory with a population between 600,000 and 900,000 is considered a “Mid-Size Territory.” A Protected Territory with a population between 900,000 and 1,200,000 is considered a “Large Territory.” With the exception of the rights we reserve in your Protected Territory (as disclosed below), we will not establish any substantially similar franchised or company-owned businesses under the name “UNITS” within your Protected Territory. The continuation of protection in your Protected Territory is not dependent upon the volume of sales generated or penetration of the trade area by you. You will maintain your territory rights even if the population increases within your Protected Territory.

Under the Franchise Agreement, you may serve customers outside of your Protected Territory, but only if you first secure our prior written consent and follow our then-applicable policies and procedures. If we permit you to advertise outside of your Protected Territory and that area is subsequently sold to another franchisee, upon written notice from the new franchisee or us, you must immediately cease to solicit or advertise in that area and relinquish any customers in the new UNITS franchisee’s territory to the new franchisee, without compensation. You may not advertise on the Internet without our prior written consent.

The Franchise Agreement does not grant you any options or rights of first refusal for additional territories.

Reservation of Rights

If you are in compliance with the Franchise Agreement during its term, we will not establish or operate, or license others to establish or operate, UNITS Businesses or competing businesses within your Protected Territory.

In addition, under the Franchise Agreement, we and our Affiliates have the right to: (a) establish, and license others to establish, UNITS Businesses outside of the Protected Territory; (b) establish, and license others to establish, other businesses under other systems using other proprietary marks at locations inside and outside of the Protected Territory; (c) sell the services and products authorized for UNITS Businesses using the Marks or other trademarks, service marks and commercial symbols through alternate channels of distribution, including the sale of UNITS Equipment through wholesale or retail distribution,

through joint marketing with partner companies, direct mail, radio, television marketing, and via the Internet, if no sales are made to Competitive Businesses in the Protected Territory; and (d) engage in any other activities not expressly prohibited by the Franchise Agreement. The Franchise Agreement does not grant Franchisee any rights of first refusal to engage in any of the above activities within the Protected Territory. The Franchise Agreement does not grant you any right to: (i) distribute the services described in this paragraph; or (ii) to share in any of the proceeds from our activities through our reserved rights or alternate channels of distribution.

National or Regional Accounts

We reserve the right to, directly or indirectly, including through our Affiliates and licensees (including other System franchisees), enter into and provide services to one or more National or Regional Account Contracts (as defined below), even if the services are performed in your Protected Territory. We reserve the right to require your participation in any National or Regional Account Contracts within your Protected Territory. The term “National or Regional Account Contract” means a contract with a national or regional business chain with multiple locations open and in operation on a regional or national level. If the terms of the National or Regional Account Contract permit System franchisees to service the account at locations within the franchisees’ protected territory (as defined in the applicable franchise agreement), we will authorize you to service that National or Regional Account Contract in your Protected Territory if you: (a) are, at all times during the term of your Franchise Agreement in full compliance with your obligations under the Franchise Agreement; (b) enter into any and all program participation agreements we designate, which may require different or increased fees; and (c) service the National or Regional Account Contract in accordance with the terms and conditions we specify, including the requirement that you honor price terms, properly identify all client jobs received in the current operating system for reporting purposes, and participate in all designated promotional and marketing campaigns as we and/or the party to the National or Regional Account Contract designate. If you do not comply with these terms, we may refuse to permit you to service the National or Regional Account Contract, effective on notice to you. If you are not permitted to service a National or Regional Account Contract for any reason, including due to your refusal or failure to adhere to the service terms and conditions, we have the right to service the account directly, or we may permit our Affiliates or other System franchisees or licensees the right to service the National or Regional Account Contract (even if the services are rendered in your Protected Territory), in which case you will not derive any revenue or receive any compensation on account of such activities. If you are permitted to service a National or Regional Account Contract, and you do not comply with the designated terms and conditions, including pricing and promotion participation requirements, we may terminate your right to service the account effective on notice to you.

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

Long-Distance Moving

You are not permitted to provide Long-Distance Moving except as we allow from time to time and subject to your compliance with the conditions we specify. We are currently the only approved provider of Long-Distance Moving services nationwide, including within your Protected Territory, and we may derive revenue and other material consideration from Long-Distance Moving. You must follow the Long-Distance Moving parameters we designate from time to time. We reserve the right to require you to enter into any future Long-Distance Moving program we may create, which may include our designated form of Long-Distance Moving services addendum or agreement. We reserve the right to modify the parameters applicable to the Long-Distance Moving services at any time.

**ITEM 13
TRADEMARKS**

You must operate your UNITS Business under the name “UNITS” and the logo appearing on the cover page of this Franchise Disclosure Document. You may also use any other current or future Mark in the operation of the Franchised Business that we designate in writing. By “Mark,” we mean, trade names, trademarks, service marks and logos designated by us to identify UNITS Businesses.

As of the date of this Franchise Disclosure Document, our Affiliate MHM Group, Inc. has registered the following marks on the U.S. Patent and Trademark Office’s (“USPTO”) Principal Register:

MARK	REGISTRATION NUMBER	REGISTRATION DATE	REGISTER
UNITS®	3,466,981	July 15, 2008	Principal
UNITS® (and Design)	3,467,660	July 15, 2008	Principal
GET A UNIT	3,664,452	August 4, 2009	Principal
YOUR MOVE IS OUR MOVE	6,398,265	June 22, 2021	Principal
UNITS MOVING AND PORTABLE STORAGE (and Design)	6,830,864	August 30, 2022	Principal

All affidavits required to preserve and renew the forgoing Marks has been and will be timely filed. There currently no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition, or cancellation; or pending material litigation involving any of the Marks. There are no infringing or prior superior uses actually known to us that could materially affect the use of the Marks in this state or any other state in which the Franchised Business is to be located. All required renewal filings for the above listed marks have been filed with the USPTO.

We acquired the right to use the Marks pursuant to a perpetual license agreement with our Affiliate MHM Group, Inc. Our license agreement with MHM Group, Inc. may be terminated if we (a) fail to enforce standards required under the license agreement; or (b) we fail to file reports or maintain records as required by the license agreement and any governmental authority. Other than the terms of our license agreement with MHM Group, Inc., there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

You will not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your UNITS Business. You may only use the Marks in accordance with our standards, operating procedures, and specifications. Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us of any apparent infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We may take whatever action we deem appropriate in these situations but are not required to do so; we have exclusive control over settlement, litigation, or Patent and Trademark Office or other proceeding arising out of any alleged infringement, challenge or claim or otherwise concerning any Mark. You must take any actions that, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

We can require you to modify or discontinue use of any Mark and to use one or more additional or substitute trademarks or service marks. We will not be required to reimburse you for your expenses to modify or discontinue the use of a Mark or to substitute a trademark or service mark for a discontinued Mark. We are not obligated to reimburse you for any loss of goodwill associated with a modified or discontinued Mark. We will reimburse you for all of your expenses reasonably incurred in any legal proceeding disputing your authorized use of any Mark, but only if you notify us of the proceeding in a timely manner, you used the Mark in accordance with our standards and specifications, and you have complied with our directions with regard to these proceedings. We have the right to control the defense and settlement of any such proceeding. Our reimbursement does not include your expenses incurred in removing signage or discontinuing your use of any Mark. Our reimbursement also does not apply to any disputes between you and us where we challenge your use of a Mark. Our reimbursement does not apply to legal fees you incur in seeking separate, independent legal counsel.

You must use the Marks as the sole trade identification of the Franchised Business, but you may not use any Mark or part of any Mark as part of your corporate name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that we do not authorize in writing. You must obtain the fictitious or assumed name registrations required by applicable law.

You must notify us if you apply for your own trademark or service mark registrations. You must not register or seek to register as a trademark or service mark, either with the PTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of our Marks.

You may not establish, create, or operate an Internet site, website, or mobile application using any domain name containing the words “UNITS Business” or any variation thereof without our prior written consent. We retain the sole right to advertise on the Internet and create websites using the “UNITS Business” domain name and any other domain names we may designate in the Manual.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We own certain copyrights in the Manual, UNITS Operating Software, marketing materials, and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Registrar of Copyrights and need not do so to protect them. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so. There are currently no effective determinations of the Copyright Office (Library of Congress) or any court

regarding the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a UNITS Business. We will provide our trade secrets and other confidential information to you during training, in the Manual, and as a result of the assistance we furnish you during the term of the franchise. You may only use the trade secrets and other confidential information for the purpose of operating your UNITS Business. You may only divulge trade secrets or other confidential information to employees who must have access to it to operate the UNITS Business. You must enforce the confidentiality provisions as to your employees. Customer information, including customer names and contact information, customer purchasing histories, and credit extensions and discounts offered to customers constitute our trade secrets and confidential information. Certain individuals with access to trade secrets or other confidential information, including your owners (and members of their immediate families and households), officers, directors, managers, executives, and professional staff must sign nondisclosure and non-competition agreements, in a form the same as or similar to the Nondisclosure and Non- Competition Agreement attached as Exhibit A to the Franchise Agreement.

All ideas, concepts, techniques, or materials concerning the UNITS Business, whether protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

The UNITS Business must always be under the direct full-time supervision of a Designated Manager, which may be you if you are an individual, or may be an individual you select if you are a business entity. You (or your Designated Manager) must attend and satisfactorily complete our initial training program before opening the UNITS Business. You must keep us informed of the identity of your current Designated Manager. If you are a corporation or other business entity and the UNITS Business is under the supervision of a Designated Manager, he or she does not have to be one of your owners. Designated Managers are not required to have an ownership interest in the Franchised Business.

Prior to opening the Franchised Business and throughout the term of the Franchise Agreement and any renewal franchise agreement, you must employ a full-time account manager in connection with the operation of the Franchised Business (“Account Manager”).

As described in Item 14, all owners (and members of their immediate families and households), officers, directors, managers, executives, and professional staff, and other individuals having access to trade secrets or other confidential information must sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non- Competition Agreement attached as Exhibit A to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements.

If you are a business entity, anyone who owns a 10% or greater interest in the entity must sign the

Personal Guaranty and Assumption of Obligations.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You may only use the Approved Location for the operation of the UNITS Business and you must not use, or permit the use of, the premises for any other purpose or activity without our written consent. You must operate the UNITS Business in strict conformity with those methods, standards, and specifications in the Manual and as we may require otherwise in writing. You may not deviate from these standards, specifications, and procedures without our written consent.

You must offer the services and products we specify, in strict accordance with our standards and specifications. You may not sell any services or products that we have not authorized and you must discontinue offering any services or products that we may, in our sole discretion, disapprove in writing at any time.

We may periodically change required or authorized products or services. There are no limits on our right to do so. If we modify the System, you may be required to add or replace equipment, signs, and fixtures, and you may have to make improvements or modifications as necessary to maintain uniformity with our current standards and specifications; however, you will not be required to spend more than the amount of your initial franchise fee on modifications during the initial term of the Franchise Agreement.

We may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon the factors as we determine, including test marketing, your qualifications, and regional or local differences.

We do not place restrictions on you with respect to who may be a customer of your UNITS Business, except that you must obtain our prior written consent before servicing customers outside of your Protected Territory.

ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION
THE FRANCHISE RELATIONSHIP

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

Provision		Section in the Franchise Agreement	Summary
a.	Term of the franchise	Section 3.1	The initial term is 10 years.
b.	Renewal or extension of the term	Section 3.2	You may renew for 1 additional term of 10 years, subject to (c) below.

c.	Requirements for you to renew or extend	Section 3.2	You may renew the Franchise Agreement if you: have substantially complied with the provisions of the Franchise Agreement; have the right to maintain possession of the Approved Location or an approved substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement between you and us; have given timely notice of your intent to renew; sign a current Franchise Agreement, which may contain materially different royalty and advertising obligations, sales quotas, and other key terms; comply with current qualifications and training requirements; sign a general release in a form satisfactory to us; and pay the renewal fee of \$1,000.
d.	Termination by you	No Provision.	You do not have the contractual right to terminate the Franchise Agreement (subject to state law).
e.	Termination by us without cause	Not Applicable.	Not Applicable.
f.	Termination by us with cause	Section 15.1	We may terminate the Franchise Agreement only if you default.
g.	“Cause” defined- curable defaults	Section 15	You can avoid termination of the Franchise Agreement if you cure the following defaults within 30 days of receiving our notice of termination: failure to make payments due us; failure to obtain the requisite quantity of Containers; failure to otherwise maximize the revenues of the Franchised Business; or failure to comply with mandatory specifications in the Franchise Agreement or Manual.
h.	“Cause” defined- non- curable defaults	Section 15	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to establish and equip the Franchised Business; if your lease agreement for the Approved Location is terminated; fail to satisfactorily complete training; make a material misrepresentation or omission in the application for the franchise; are convicted of or plead no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; unauthorized use Trade Secrets or other Confidential Information; fail on 2 occasions within any 12 months to submit reports or records or to pay any fees due us or any Affiliate; continue to violate any health, safety or other laws or conducts the Franchised Business in a manner creating a health or safety hazard; engage in any activity reserved to us; fail to comply with any applicable law or regulation within ten (10) days of being given notice of noncompliance; repeatedly breaches the Franchise Agreement or fail to comply with our specifications; or default under any other agreement between you and us (or our Affiliate) such that we (or our Affiliate) have the right to terminate the Franchise Agreement; discloses the Manual or Trade Secrets or Confidential Information in an unauthorized manner; abandon the

			Franchised Business for 5 consecutive days; surrender or transfer control of the Franchised Business in an unauthorized manner; fail to maintain the Franchised Business under the supervision of a Designated Manager if you die or become disabled; submit reports on 2 separate occasions understating any amounts due by more than 3%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; loss of premises; misuse or make unauthorized use of the Marks, copyrights.
i.	Your obligations on termination/nonrenewal	Section 16.1	If the Franchise Agreement is terminated or not renewed, you must: stop operating the Franchised Business; stop using any Trade Secrets or other Confidential Information, the System and the Marks; if requested, assign your interest in the Approved Location to us; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the termination provisions of the Franchise Agreement; return the Manual and all other Trade Secrets or other Confidential Information; assign your telephone and facsimile numbers to us; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement
j.	Assignment of contract by us	Section 17.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k.	“Transfer” by you-defined	Section 17.2	“Transfer” includes transfer of ownership in the franchise, the Franchise Agreement, the Approved Location, the Franchised Business’s assets or the franchisee entity.
l.	Our approval of transfer by you	Section 17.2	You may not transfer your interest in any of the above without our prior written consent.

m.	Conditions for our approval of transfer	Section 17.2	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form satisfactory to us; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement and a non-disclosure and non-competition agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of \$20,000, as well as: (1) if we work with a third party that acts as a broker, agent or consultant in connection with the sale or transfer, as a condition of transfer, you must pay us the greater of: (a) Thirty Thousand Dollars (\$30,000.00), or (b) the amount the third party charges us, including any and all third-party commissions and charges assessed in connection with the sale or transfer; or (2) if we refer or otherwise place you in communication with the transferee, you must pay us the greater of (a) Thirty Thousand Dollars (\$30,000.00), or (b) actual costs and expenses incurred by us in connection with referring, identifying or otherwise placing you in contact with transferee, including any and all lead generation costs; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; and, transferee complied with all applicable laws and has obtained all necessary consents by third parties.
n.	Our right of first refusal to acquire your Franchised Business	Section 18	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o.	Our option to purchase your Franchised Business	Section 16.4	During the 60-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for fair market value.

p.	Your death or disability	Section 17.6	If you (or one of your owners) die or become incapacitated, your representative must transfer, subject to the terms of the Franchise Agreement, your interest in the Franchised Business within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q.	Non-competition covenants during the term of the franchise	Sections 16.3 and 6.4	You, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: attempting to divert any business or customer of the Franchised Business to a Competitive Business or causing injury or prejudice to the Marks or the System; owning or working for a Competitive Business (subject to applicable state law and Exhibit H of the FDD).
r.	Non-competition covenants after the franchise is terminated or expires	Section 16.2	For two years after the termination or expiration of the Franchise Agreement, you, your owners (and members of their families and households) and your officers, directors, executives, managers or professional staff are prohibited from: owning or working for a Competitive Business operating within 50 miles of 1) the Approved Location (or within the Protected Territory, if greater) or 2) any other UNITS Business; or soliciting or influencing any of our employees or business associates to compete with us (subject to applicable state law and Exhibit H of the FDD).
s.	Modification of the agreement	Section 21.7 and 8.2	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Manual.
t.	Integration/merger clause	Section 21.7	Only the terms of the Franchise Agreement are binding. Any other promises may not be enforceable. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable (subject to applicable state law and Exhibit H of the FDD).

u.	Dispute resolution by arbitration or mediation	Section 22.2 and 22.3	You must bring all disputes before our Chief Executive Officer prior to bringing a claim before a third party. After exhausting this internal dispute resolution procedure, at our option, all claims or disputes between you and us must be submitted first to mediation in Charleston County, South Carolina in accordance with the American Arbitration Association's Commercial Mediation Rules then in effect (subject to applicable state law and Exhibit H of the FDD).
v.	Choice of forum	Section 22.5	Any litigation must be pursued in courts located in Charleston County, South Carolina (subject to applicable state law and Exhibit H of the FDD).
w.	Choice of law	Section 22.1	South Carolina law applies, except those disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) (subject to applicable state law and Exhibit H of the FDD).

**ITEM 18
PUBLIC FIGURES**

We do not presently use any public figures to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATION

BACKGROUND

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may 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.

This Item sets forth historical Gross Sales data for certain of our franchisee-owned UNITS markets achieved for the 2022 calendar year.

As of December 31, 2022, there were 61 UNITS Businesses in operation, including 59 franchised locations and 2 affiliate locations (the “Affiliate Locations”). Three of the 59 franchised locations operate as fractional franchises (“Fractional Franchises”) and the remaining 56 franchised locations operated as traditional franchises (“Traditional Franchises”). Each Location offered similar products and services as would generally be offered by a typical UNITS franchise offered under this disclosure document. Of the 56 Traditional Franchised Locations, 43 were open and in operation for the entire 2022 calendar year.

Table 1-A sets forth the Number of UNITS Franchises within certain annual sales thresholds of the Traditional Franchises who provided the necessary information for the fiscal years of 2022 (43 Traditional Franchises), 2021 (28 Traditional Franchises), and 2020 (22 Traditional Franchises). Table 1-B sets forth the Average Annual Revenues for the 2 Affiliate Locations during the 2022 calendar year.

39 of the Traditional Franchises provided the expense information we requested for the 2022 calendar year. Table 2-A sets forth certain Revenue and Expense information for these 39 Traditional Franchises for the 2022 calendar year, and Table 2-B sets forth certain Revenue and Expense information for the 2 Affiliate Locations for the 2022 calendar year.

Written substantiation of the data used in preparing this information will be made available upon reasonable request.

TABLE 1-A: NUMBER OF UNITS FRANCHISES WITHIN CERTAIN ANNUAL SALES THRESHOLDS FOR YEARS ENDING DECEMBER 31, 2020, DECEMBER 31, 2021 AND DECEMBER 31, 2022

Sales Thresholds	2022	2021	2020
Over \$2,000,000	1	2	0
\$1,000,000 to \$1,999,999	10	5	3
\$750,000 to \$999,999	8	8	3
\$500,000 to \$749,999	10	7	7
\$250,000 to \$499,999	14	6	9

**TABLE 1-B: AVERAGE ANNUAL REVENUE INFORMATION
FOR THE AFFILIATE LOCATIONS FOR THE 2022
CALENDAR YEAR**

Average Annual Revenue	No. Above/Below Average	Median	No. of Markets Above \$1 MM	No. of Markets Above \$725,000	No. of Markets Above \$500,000	No. of Markets Below \$500,000
				Below \$1 MM	Below \$725,000	
\$1,004,736	1 / 1	\$1,004,736	1	1	0	0

Notes to Table One.

1. “Annual Revenues” is defined as the total gross revenues generated from the Traditional Franchised Locations and 2 Affiliate Locations with operations during the complete 12 months of the applicable fiscal year. This includes income from the rental of portable storage and moving containers, deliveries associated with container rental including local moves, container and contents coverage and ancillary moving and storage supplies. Annual Revenues exclude (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by a franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Business.

2. The “Average Annual Revenues” for the Traditional Franchise Locations is determined by taking the sum of included franchisees Annual Revenues divided by the number by the number of Traditional Franchises for the applicable fiscal year (in 2022, 43 Traditional Franchises; in 2021, 28 Traditional Franchises; and in 2020, 22 Traditional Franchises). The “Average Annual Revenues” for the 2 Affiliate Locations is determined by taking the sum of the affiliate Annual Revenues divided by the number 2.

3. “Median” means relating to a value or quantity lying at the midpoint of a frequency distribution of observed values or quantities, such that there is an equal probability of falling above or below it.

4. The Highest Annual Revenue over the 2022 calendar year for the 2 Affiliate Locations disclosed in Table 1-B was \$1,159,657, and the Lowest Annual Revenue for these units was \$849,818.

TABLE 2-A: FRANCHISEE REVENUE / GROSS PROFIT INFORMATION

Franchise Locations	Open 12-24 Months		Open 24-48 Months		Open 48 Months or longer		All Locations	
	Average	Median	Average	Median	Average	Median	Average	Median
Annual Revenue	\$501,901	\$424,731	\$855,227	\$852,354	\$1,063,942	\$976,102	\$835,425	\$690,959
Annual Direct Operating Expense								
Real Estate Expenses	\$172,481	\$180,710	\$201,054	\$179,254	\$200,278	\$211,582	\$190,399	\$179,254
Labor Costs	\$124,206	\$110,393	\$129,971	\$112,092	\$181,472	\$176,363	\$154,312	\$150,413
Marketing/Advertising	\$70,110	\$65,117	\$74,720	\$75,224	\$66,809	\$65,676	\$69,008	\$66,504
Royalty	\$44,723	\$36,970	\$68,577	\$67,488	\$95,988	\$78,694	\$74,076	\$56,430
Other Expenses	\$98,632	\$89,777	\$183,297	\$174,287	\$182,542	\$157,005	\$152,517	\$133,586
Total	\$510,152	\$482,967	\$657,619	\$608,345	\$727,089	\$689,320	\$640,312	\$586,187
Annual Gross Profit	-\$8,251	-\$58,236	\$197,608	\$244,009	\$336,853	\$286,782	\$195,113	\$104,772
Annual Gross Profit Margin	-1.60%	-13.70%	23.1%	28.7%	31.7%	29.4%	23.4%	15.2%
Gross Profit Margin Over/Under	5 / 9	10 / 4	3 / 2	2 / 3	8 / 12	9 / 11	17 / 22	22 / 17

TABLE 2-B: AFFILIATE REVENUE / GROSS PROFIT INFORMATION

	Charleston	Charlotte
Annual Revenues	\$1,159,657	\$849,818
Annual Direct Operating Expense		
Real Estate Expenses	\$79,529	\$242,303
Labor Costs	\$307,141	\$124,873
Marketing/Advertising	\$132,749	\$69,155
<u>Imputed Fees</u> <i>(See Note 2)</i> :		
Royalty Fees (8%)	\$92,773	\$67,985
National Ad Fund Contribution (2%)	\$23,193	\$16,996
Annual POS (\$400 per month)	\$4,800	\$4,800
Other Expenses	\$232,323	\$139,061
Total	\$872,508	\$665,173
Annual Gross Profit	\$287,149	\$184,645
Annual Gross Profit Margin	24.8%	21.7%

Notes to Table Two.

1. “Annual Revenues” is defined as the total gross revenues generated from the 39 Traditional Franchised Locations that were in operation for the entire 2022 calendar year and that submitted the financial information we requested (for purposes of Table 2-A), and the total gross revenues generated from the 2 Affiliate Locations with operations during the entire 2022 calendar year (for purposes of Table 2-B). This includes income from the rental of portable storage and moving containers, deliveries associated with container rental including local moves, container and contents coverage and ancillary moving and storage supplies. Annual Revenues exclude (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by a franchisee for or on behalf of any governmental taxing authority and paid thereto, (c) and the value of any allowance issued or granted to any customer that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Business.

- Table 2(A): For Traditional Franchisees open between 12-24 months, the lowest annual revenue in the data set was \$283,514 and the highest annual revenue in the data set was \$1,026,391. For Traditional Franchisees open between 24-48 months, the lowest annual revenue was \$427,649 and the highest annual revenue was \$1,146,590. For Traditional Franchisees open over 48 months, the lowest annual revenue in the data set was \$521,678 and the highest annual revenue in the data set was \$2,569,313.

32. “Annual Direct Operating Expense” is defined as the total Expenses (as defined below), the 39 Franchise Locations and 2 Affiliate Locations reported they incurred through their normal business operations. “Expenses” for purposes of Tables 2A and 2B are defined as including the following reported expenses: Cost of Goods Sold (locks, blankets, straps, etc.), Ad Fund Fee, Advertising, Auto Insurance, Auto Repair & Maintenance, Equipment Repair & Maintenance, Fuel, Health Insurance, Lease / Rent for Storage Center, Merchant Bank Card Fees, Payroll Processing Fees, Payroll Taxes, Repair on Containers, Royalty Fee, Uniforms, Utilities, Wages, and Workman’s Comp Insurance. “Imputed Fees” reflect the Royalty Fee,

National Advertising Fund Contributions, and annual POS fees that the Affiliate Locations would have been required to pay pursuant to the terms and conditions of the Franchise Agreement.

4.3. “Annual Gross Profit” is defined by taking “Annual Revenues” and subtracting “Annual Direct Operating Expense.”

5.4. “Annual Gross Profit Margin” is defined by taking Annual Gross Profit” and dividing by “Annual Revenues.”

6.5. “Average” is determined by taking the sum of the 39 included Traditional Franchises and divided by 39; and for the Affiliate Franchises the sum of the 2 included locations is divided by 2.

7.6. “Median” means relating to a value or quantity lying at the midpoint of a frequency distribution of observed values or quantities, such that there is an equal probability of falling above or below it.

9.7. “Gross Profit Margin Over/Under” reflects the number of locations (for both Traditional and Affiliate) that are over and under the “Average” and the “Median.”

FOOTNOTES TO ITEM 19

1. The financial performance representations do not reflect all of costs of sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your UNITS Business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our President at 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE 1
System-Wide Outlet Summary for Years 2020, 2021, 2022

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2020	25	31	+6
	2021	31	45	+14
	2022	45	59	+14
Company-Owned	2020	3	3	0
	2021	3	3	0
	2022	3	2	-1
Total	2020	28	34	+6
	2021	34	48	+14
	2022	48	61	+13

TABLE 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor) for Years 2020, 2021, 2022

STATE	YEAR	NUMBER OF TRANSFERS
Arizona	2020	0
	2021	1
	2022	0
California	2020	0
	2021	0
	2022	1
Florida	2020	1
	2021	0
	2022	0
Georgia	2020	0
	2021	0
	2022	0
New Jersey	2020	0
	2021	0
	2022	1
Pennsylvania	2020	1
	2021	0
	2022	0
Texas	2020	1
	2021	0
	2022	0

Wisconsin	2020	0
	2021	1
	2022	0
Totals	2020	3
	2021	2
	2022	2

TABLE 3
Status of Franchised Locations for Years 2020, 2021, 2022

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	TERMINATIONS	NON-RENEWALS	RE-ACQUIRED BY FRANCHISOR	CEASED OPERATIONS OTHER REASONS	LOCATIONS AT END OF THE YEAR
AL	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
AZ	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
CA	2020	5	0	0	0	0	0	5
	2021	5	1	0	0	0	0	6
	2022	6	0	0	0	0	0	6
CO	2020	1	0	0	0	0	0	1
	2021	1	1	0	0	0	0	2
	2022	2	0	0	0	0	0	2
FL	2020	2	1	0	0	0	0	3
	2021	3	2	0	0	0	0	5
	2022	5	1	0	0	0	0	6
GA	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
ID	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
IL	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
IA	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
KY	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
LA	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
MD	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

MA	2020	0	0	0	0	0	0	0
	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3

MN	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
MO	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	1	0	0	0	0	2
NE	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NV	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
NJ	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
NY	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
NC	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
OH	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
OK	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
PA	2020	1	0	0	0	0	0	1
	2021	1	2	0	0	0	0	3
	2022	3	1	0	0	0	0	4
SC	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	0
TN	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
TX	2020	3	1	0	0	0	0	4
	2021	4	2	0	0	0	0	6
	2022	6	1	0	0	0	0	7
UT	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

VA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
WA	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
WI	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Totals	2020	23	2	0	0	0	0	31
	2021	31	14	0	0	0	0	45
	2022	45	14	0	0	0	0	59

TABLE 4
Status of Company-Owned and Affiliate-Owned Businesses
For Years 2020, 2021, 2022

STATE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS OPENED	OUTLETS REACQUIRED FROM FRANCHISEES	OUTLETS CLOSED	OUTLETS SOLD TO FRANCHISEES	OUTLETS AT END OF THE YEAR
North Carolina	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
South Carolina	2020	2	0	0	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	0	0	1	1
Totals	2020	3	0	0	0	0	3
	2021	3	0	0	0	0	3
	2022	3	0	0	0	1	2

TABLE 5
Projected Openings as of December 31, 2022

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLETS NOT OPEN	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
ALABAMA	1	0	0
IDAHO	1	0	0
INDIANA	1	0	0
KANSAS	1	0	0
MICHIGAN	2	0	0
NEW JERSEY	1	1	0
OKLAHOMA	1	1	0
OREGON	0	1	0
TENNESSEE	1	1	0
VIRGINIA	0	1	0
WISCONSIN	1	0	0
TOTAL	10	5	0

Included in this Franchise Disclosure Document as Exhibit F are the names, addresses, and telephone numbers of all of our franchisees. Also included in Exhibit F is a list of franchisees who have had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the application date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In the past three years, current and former franchisees have signed confidentiality 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 of those franchisees will be able to communicate with you. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

ITEM 21 FINANCIAL STATEMENTS

Attached as Exhibit E are our audited financial statements for our fiscal years ended December 31, 2020, 2021, and 2022. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

The UNITS Franchising Group, Inc. Franchise Agreement (with exhibits) is attached to this Franchise Disclosure Document as Exhibit C.

The UNITS Franchising Group, Inc. Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit A.

The UNITS Franchising Group, Inc. Personal Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Exhibit B.

A sample copy of the general release is attached as Exhibit D to the Franchise Agreement.

ITEM 23 RECEIPTS

Exhibit J of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed original to our mailing address at 234 Seven Farms Drive, Suite 111-B Daniel Island, South Carolina 29492.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE ADMINISTRATORS

The following is a list of state administrators responsible for registration and review of franchises. We may register in one or more of these states.

California Department of Financial Protection
and Innovation
TOLL FREE 1-(866) 275-2677
LA Office
320 West 4th Street, Suite 750
Los Angeles, CA 90013-2344
(213) 576-7500

Sacramento Office
2101 Arena Blvd
Sacramento, CA 95834
(866) 275-2677

San Diego Office
1455 Frazee Road, Suite 315
San Diego, CA 92101-3697
(619) 525-4233

San Francisco Office
1 Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8565

Florida Department of Agricultural
and Consumer Services
Division of Consumer Services
Mayo Building, Second Floor
Tallahassee, Florida 32399-
0800 (904) 922-2770

Commissioner of Securities of the State of
Hawaii
Department of Commerce and Consumer
Affairs Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-11
Indianapolis, IN 46204
(317) 232-6681

Kentucky Office of the Attorney General
Consumer Protection Division
P.O. Box 2000
Frankford, KY 40602
(502) 573-2200

Maryland Securities Commissioner
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020
(410) 576-6360

Michigan Department of the Attorney General
Consumer Protection Division
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933
(517) 373-7117

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198
(651) 539-1500

Nebraska Department of Banking and Finance
1200 North Street, Suite 311
P.O. Box 95006
Lincoln, NE 68509-5006
(402) 471-3445

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236

North Dakota Securities Department
State Capital, 5th Floor
600 East Boulevard Avenue
Bismarck, ND 58505-0510
(701) 328-2910

Oregon Department of Consumer
and Business Services
Division of Finance and Corporate
Securities labor and Industries
350 Winter Street, NE, Room 410
Salem, OR 97310-3881
(503) 378-4140

Rhode Island Division Of Securities
233 Richmond Street, Suite 232
Providence, RI 02903-4232

Department of Labor and Regulation
Securities Regulation
124 S. Euclid Suite 104
Pierre, SD 57501
(605) 773-3563

Statutory Document Section
Texas Secretary of State
P.O. Box 12887
Austin, TX 78711
(512) 475-1769

State of Utah
Division of Consumer Protection
P.O. Box 45804
Salt Lake City, Utah 84145-
0804 (801) 530-6601

Virginia, State Corporation Commission
Division of Securities and Retail Franchising
1300 East Main Street, 9th Floor
Richmond, VA 23219
(804) 371-9051

State of Washington
Director, Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501
(360) 902-8760

Wisconsin Commissioner of Securities
201 W Washington Ave.
3rd Floor
Madison, WI 53703
(608) 266-8557

EXHIBIT B TO THE FRANCHISE DISCLOSURE DOCUMENT

LIST OF STATE AGENTS FOR SERVICE OF PROCESS

The following state agencies are designated as our agent for service of process in accordance with the applicable state laws. We may register in one or more of these states.

UNITS Franchising Group, Inc.
234 Seven Farms Drive, Suite
111-B
Daniel Island, South Carolina
29492 (866) 569-8648

Mailing Address:
234 Seven Farms Drive, Suite 111-B
Daniel Island, South Carolina 29492

California Department of Financial Protection
and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013-
2344

Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101-2198

Department of Financial Protection and
Innovation
1 Sansome Street, Suite 600
San Francisco, CA 94104

New York Secretary of the
State 99 Washington Avenue
Albany, NY 12231

Commissioner of Financial Protection and
Innovation
2101 Arena Blvd
Sacramento, CA 95834

North Dakota Securities Commissioner
State Capitol – 5th Floor
600 E. Boulevard
Avenue Bismarck, ND
58505

Commissioner of Securities of the State of
Hawaii
Department of Commerce & Consumer
Affairs Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Director of Rhode Island
Division of Securities
Suite 232
233 Richmond Street
Providence, RI 02903-4232

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Department of Labor and Regulation
Division of Securities
445 East Capitol
Avenue Pierre, SD
57501-3185

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, IN 46204

Clerk of the State Corporation Commission
Tyler Building, 1st Floor
1300 East Main Street
Richmond, VA 23219

Maryland Securities Commissioner
Office of Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202-2020

Director, Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA
98501

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, MI 48933

Wisconsin Commissioner of Securities
201 West Washington Avenue, 3rd
Floor Madison, WI 53703
(608) 261-9555

**EXHIBIT C TO THE FRANCHISE DISCLOSURE DOCUMENT
UNITS FRANCHISING GROUP, INC. FRANCHISE AGREEMENT**

UNITS FRANCHISING GROUP, INC.

FRANCHISE AGREEMENT

**TABLE OF
CONTENTS**

SECTION	PAGE
1. GRANT OF FRANCHISE; APPROVED LOCATION	3
2. FEES.....	4
3. TERM AND RENEWAL.....	6
4. APPROVED LOCATION.....	7
5. MARKS.....	11
6. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION	13
7. TRAINING AND ASSISTANCE.....	14
8. MANUAL.....	15
9. FRANCHISE SYSTEM	16
10. MARKETING AND PROMOTIONAL ACTIVITIES	16
11. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS	19
12. STANDARDS OF OPERATION	20
13. FRANCHISOR' S ADDITIONAL OPERATIONS ASSISTANCE	23
14. INSURANCE	24
15. DEFAULT AND TERMINATION	25
16. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION.....	27
17. TRANSFERABILITY OF INTEREST.....	29
18. RIGHT OF FIRST REFUSAL AND FRANCHISOR'S OPTION TO PURCHASE.....	32
19. BENEFICIAL OWNERS OF FRANCHISEE	33
20. RELATIONSHIP AND INDEMNIFICATION.....	33
21. GENERAL CONDITIONS AND PROVISIONS.....	34
22. DISPUTE RESOLUTION.....	36
23. ACKNOWLEDGMENTS.....	38

EXHIBITS

- A. NONDISCLOSURE AND NON-COMPETITION AGREEMENT
- B. PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS
- C. STATE SPECIFIC ADDENDA
- D. SAMPLE TERMINATION AND RELEASE AGREEMENT

UNITS FRANCHISING GROUP, INC. FRANCHISE AGREEMENT

This Franchise Agreement (“Agreement”), made this ___ day of _____, 20___, (the “Effective Date”) is by and between UNITS FRANCHISING GROUP, INC., a South Carolina corporation, having its principal place of business at 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492, mailing address 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492 (“Franchisor”), and _____, whose principal address is _____, an individual/partnership/corporation/limited liability company established in the State of _____ (“Franchisee”).

RECITALS

Franchisor has obtained a license to use and the right to sublicense the “UNITS®” name and such other related trademarks, trade names, service marks, logotypes, commercial symbols, insignias, trade dress and designs as are now designated, and may hereinafter be designated from time to time (the “Marks”) in connection with the establishment, development, operation, and promotion of a network of distinctive self-storage rental and moving businesses throughout the United States and elsewhere, referred to, collectively and individually, as “UNITS Businesses.”

Franchisor has developed procedures for operating and managing a mobile storage business in the manner set forth in this Agreement and in the Operations Manual provided by us, as modified periodically (“System”) identified by the Marks and relating to the establishment, development, and operation of UNITS Businesses, featuring delivery, warehouse storage, and transport of portable, structurally secure, modular self-storage containers (“Containers”) which may be delivered on-site and left at a customer’s property, picked up and stored within a UNITS warehouse facility, or transported from one location to another, including long distance moves between two UNITS Businesses, and other uses.

Franchisor has developed or acquired Containers, packing and moving supplies, trucks and robo-lifts (“UNITS Moving and Portable Storage Delivery Systems”) and other items bearing the “UNITS” and other Marks which are furnished to Franchisee and other franchisees on a for-profit basis.

In addition to the UNITS Moving and Portable Storage Delivery Systems, the distinguishing characteristics of the UNITS System include, among other things, uniform standards and procedures for efficient business operations; the Marks; the Manual; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; specifications for product sourcing, distinctive interior and exterior store and warehouse facility design, layout and décor; and other strategies, techniques, and trade secrets; and specifications for certain equipment and supplies, all of which Franchisor may improve, further develop, or otherwise modify from time to time.

Franchisor grants to certain qualified persons and business entities the right to own and operate a UNITS Business using the System and the Marks.

Franchisee desires to operate a UNITS’ franchised business (“Franchised Business”), has applied for a Franchised Business, possesses the financial ability to operate a Franchised Business, and its application has been approved by Franchisor in reliance upon all the representations made therein.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, operations, and service and the necessity of operating its Franchised Business in strict conformity with Franchisor’s System.

In consideration of the foregoing and the mutual covenants and consideration below, Franchisor

and Franchisee, intending to be legally bound, agree as follows:

1.

GRANT OF FRANCHISE: APPROVED LOCATION

1.1 Grant. Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one (1) UNITS Business using the System and Marks.

1.2 Approved Location. The “Approved Location” in which Franchisee may operate its business is _____
_____.

1.3 Sub-franchising/Agents. Franchisee shall not sublicense the use of the System or Marks to any person or entity to perform any part of Franchisee’s rights or obligations licensed hereunder, or to grant any person or entity the right to act as Franchisee’s agent to perform any part of Franchisee’s rights or obligations hereunder. In the event Franchisee sublicenses or grants an agency as prohibited by this Section, Franchisor may terminate this Agreement.

1.4 Protected Territory. Except as otherwise provided in this Agreement, for so long as Franchisee complies with the terms and conditions hereof, Franchisor shall not establish and operate, nor license any party other than Franchisee to establish and operate, any UNITS Business or substantially similar business within the protected area identified below (“Protected Territory”), during the term hereof; provided, however, that Franchisor is not required to take legal action against another franchisee regarding your Protected Territory. Franchisor and its Affiliates retain all other rights, including, without limitation, the right to distribute products and services as described in Section 1.5 hereof within the Protected Territory. “Affiliate” means an entity or person that is controlled by, controlling, or under common control with such named entity or person. Franchisee is not permitted to solicit customers or advertise outside of its Protected Territory without Franchisor’s prior written consent, which it may grant and remove at its sole discretion. Franchisor may condition Franchisor’s authorization upon Franchisee’s agreement to offer System franchisees who are operating UNITS Businesses in territories encompassed by the circulation base of the proposed advertising the opportunity to participate in, and share the expense of, such solicitation or advertising. Notwithstanding the foregoing, Franchisee may accept customers from outside Franchisee’s Protected Territory, provided Franchisee did not solicit such customers by advertising outside of Franchisee’s Protected Territory without Franchisor’s prior written consent. Franchisor is currently the sole approved provider of Long-Distance Moving services and reserves the right to require that Franchisee use Franchisor, its Affiliate(s) or its designees for Long-Distance Moving services within the Protected Territory. Franchisee may not advertise the Franchised Business or any products or services offered by the Franchised Business via the Internet or any other means of e-commerce, except as provided for herein. Franchisor shall have the right, among others, during the term of this Agreement to use, and to license others to use, the System and Marks for the operation and licensing of other UNITS Businesses at any location outside of the Protected Territory. The population of the Protected Territory shall be determined by reference to the most recent figures available from the U.S. Census Bureau at the time the Protected Territory is designated. The Protected Territory shall consist of a series of contiguous zip codes and shall be delimited by zip codes or other physical, political, or natural boundaries. The Protected Territory granted hereunder exists within the following boundaries:

_____.

1.5 Franchisor’s Rights. Except to the extent provided in Section 1.4, Franchisor retains all its rights and discretion with respect to the System and Marks, including the right:

1.5.1 to establish, and license others to establish, UNITS Businesses outside of the Protected

Territory as Franchisor deems appropriate;

1.5.2 to establish, and license others to establish, other businesses under other systems using other proprietary marks at such locations and on such terms and conditions as Franchisor deems appropriate;

1.5.3 to sell UNITS Equipment and the services, including Long-Distance Moving services, and other products authorized for UNITS Businesses using the Marks or other trademarks, service marks, and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies and direct mail, pursuant to such terms and conditions as Franchisor deems appropriate, provided however, that no such sales shall be made to a “Competitive Business,” as defined in Section 6.3, within the Protected Territory; and

1.5.4 to engage in any activities not expressly forbidden by this Agreement.

1.5.5 Franchisee acknowledges and agrees that Franchisee has no right: (i) to distribute the services as described in this Section 1.5; or (ii) to share in any proceeds derived from Franchisor’s reserved rights and activities through alternative channels of distribution.

1.6 National Accounts. Franchisor reserves the right to, directly or indirectly, including through its Affiliates or licensees (including other System franchisees), enter into and provide services to one or more National or Regional Account Contracts (as defined below), even if the services are performed in the Protected Territory. Franchisor may require Franchisee’s participation in any National or Regional Account Contracts within your Protected Territory from time to time. The term “National or Regional Account Contract” means a contract with a national or regional business chain with multiple locations open and in operation on a regional or national level. If the terms of the National or Regional Account Contract permit Franchisee to service the account at locations within the Protected Territory, Franchisor will authorize Franchisee to service that National or Regional Account Contract in the Protected Territory if Franchisee: (a) is, at all times during the term of this Agreement in full compliance with its obligations under the Franchise Agreement; (b) enters into any and all program participation agreements Franchisor designates, which may require additional or increased fees, costs and expenses; and (c) services the National or Regional Account Contract in accordance with the terms and conditions Franchisor specifies, including the requirement that Franchisee honor price terms, properly identify all national account client jobs received in the current operating system for reporting purposes, and participate in all designated promotional and marketing campaigns as Franchisor and/or the party to the National or Regional Account Contract designates. If Franchisee does not comply with these terms, Franchisor may refuse to permit Franchisee to service the National or Regional Account Contract, effective on notice to Franchisee. If Franchisee is not permitted to service a National or Regional Account Contract for any reason, including due to Franchisee’s refusal or failure to adhere to the service terms and conditions, Franchisor has the right to service the account directly, or Franchisor may permit its Affiliates or other System franchisees or licensees the right to service the National or Regional Account Contract (even if the services are rendered in the Protected Territory), in which case Franchisee will not derive any revenue or receive any compensation on account of such activities. If Franchisee is permitted but not required by Franchisor to service a National or Regional Account Contract, and Franchisee does not comply with the designated terms and conditions, including pricing and promotion participation requirements, Franchisor may terminate Franchisee’s right to service the account effective on notice to Franchisee.

2.

FEES

2.1 Franchise Fee. In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor an initial franchise fee (“Franchise Fee”) in the amount of \$_____. The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services

to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting, and other professional fees.

2.2 Royalty Fee. Each month, Franchisee shall pay to Franchisor without offset, credit, or deduction of any nature, so long as this Agreement shall be in effect, a monthly fee (“Royalty Fee”) 8% of the previous month’s Gross Sales for the remainder of the term. Each monthly Royalty Fee payment shall accompany the Gross Sales Report for the same period, as required by Section 11.2. If Franchisor requires Franchisee to pay Royalty Fees through electronic transfer as set forth in Section 2.5, then such reports shall instead be submitted to Franchisor electronically, or in such other format as designated by Franchisor from time to time. For purposes of this Agreement, “Gross Sales” means the aggregate of all revenue from the sale of services and products from all sources in connection with the Franchised Business whether or not collected by Franchisee and whether for check, cash, credit or otherwise including, without limitation, all rental fees and all proceeds from any business interruption insurance, but excluding (a) all refunds made in good faith, (b) any sales and equivalent taxes that are collected by Franchisee for or on behalf of any governmental taxing authority and paid thereto, and (c) the value of any allowance issued or granted to any customer of the Franchised Business that is credited by Franchisee in full or partial satisfaction of the price of any services and products offered in connection with the Franchised Business.

2.3 National Advertising Fund Contribution. Franchisor has established and, directly or through its designee, administers a System-wide marketing, advertising, and promotion fund (“National Advertising Fund”). Franchisee must contribute monthly to the National Advertising Fund an amount equal to two percent (2%) of monthly Gross Sales (“National Advertising Fund Contribution”). National Advertising Fund Contributions shall be made at the same time and in the same manner as Royalty Fee payments provided in Sections 2.2 and 2.5. The National Advertising Fund shall be maintained and administered by Franchisor or its designee.

2.4 Interest. Any Royalty Fees or National Advertising Fund Contributions due on revenues collected by Franchisee, and any other amounts due from Franchisee, which are not received by Franchisor within five (5) days after the due date shall bear interest at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, National Advertising Fund Contributions, or any other amounts due Franchisor, including reasonable accounting and legal fees.

2.5 Electronic Transfer. Franchisor has the right to require all Royalty Fees, National Advertising Fund Contributions, amounts due for purchases by Franchisee from Franchisor, and other amounts due to Franchisor to be paid through an Electronic Depository Transfer Account. At Franchisor’s request, Franchisee shall open and maintain an Electronic Depository Transfer Account and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every week, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor’s or Franchisee’s bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor’s written consent.

2.6 Taxes. Franchisee shall pay to Franchisor an amount equal to all sales taxes, use taxes, and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease, or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

2.7 Application of Payments. Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee for

Royalty Fees, National Advertising Fund Contributions, purchases from Franchisor, or any other amount owed to Franchisor.

3.

TERM AND RENEWAL

3.1 Term. This Agreement shall be effective and binding on the date that Franchisor signs this Agreement and will continue for ten (10) years, unless sooner terminated as provided in this Agreement.

3.2 Renewal Term. Subject to the conditions below, Franchisee has the right to renew this Franchise at the expiration of its term. Franchisee's right to enter into a new franchise agreement is limited to a renewal term of ten (10) years, such that the total term of the Franchise shall not exceed twenty (20) years. To qualify for a renewal, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

3.2.1 Franchisee has, during the entire term of this Agreement, substantially complied with all material provisions;

3.2.2 Franchisee has access to and, for the duration of the renewal term, the right to remain in possession of the Approved Location, or a suitable substitute location approved by Franchisor, which is in full compliance with Franchisor's then-current specifications and standards for the duration of the renewal term;

3.2.3 Franchisee has at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor's then-current standards and specifications, provided however, that the cost of such modifications during the initial term of this Agreement shall not exceed the Franchise Fee set forth in Section 2.1 of this Agreement;

3.2.4 Franchisee has satisfied all monetary obligations owed by Franchisee to Franchisor (or any Affiliate) and has timely met these obligations throughout the term of this Agreement;

3.2.5 Franchisee is not in default of any provision of this Agreement or any other agreement between Franchisee and Franchisor;

3.2.6 Franchisee has given written notice of renewal to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the initial term;

3.2.7 Franchisee has executed Franchisor's then-current form of the Franchise Agreement, or has executed renewal documents at Franchisor's election (with appropriate modifications to reflect the fact that the Franchise Agreement relates to the grant of a renewal franchise), which franchise agreement shall supersede this Agreement in all respects, and the terms of which may differ from the terms of this Agreement by requiring, among other things, a different percentage Royalty Fee or National Advertising Fund Contribution; provided, however, that Franchisee shall not be required to pay the then-current Franchise Fee;

3.2.8 Franchisee has complied with Franchisor's then-current qualifications for a new franchisee and has agreed to comply with any training requirements; and

3.2.9 Franchisee has executed a general release, in a form specified by us, of any and all claims against Franchisor, its Affiliate(s) and against their officers, directors, shareholders, and employees, except to the extent prohibited by the laws of the state where the Franchised Business is located; and

3.2.10 Franchisee has paid a franchise renewal fee of ONE THOUSAND DOLLARS (\$1,000) for

each territory/franchise agreement renewed, at least 120 days prior to the expiration of the Franchise Agreement.

4.

APPROVED LOCATION

4.1 Selection of Site. Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. If Franchisor approves of such selection, the site will be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including the condition of the premises, demographics of the surrounding area, proximity to other franchisees, lease requirements, square footage of warehouse space, and overall suitability. Franchisee must complete the development of the approved location in accordance with the requirements of this Agreement, including as set forth in Sections 4.2 and 4.3. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor. Franchisor does not represent that it or any of its employees have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for finding and selecting the Approved Location.

4.2 Lease of Approved Location. After the designation of the Approved Location, Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms of which must have been previously approved by Franchisor. Franchisor shall not unreasonably withhold its approval. Franchisor's review of the lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of the lease or purchase agreement. Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to maintain the lease, if any, of the Approved Location while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default hereunder and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon inclusion of terms in the lease acceptable to Franchisor and, at Franchisor's option, the lease shall contain such provisions as Franchisor may reasonably require, including:

4.2.1 a provision reserving to Franchisor the right, at Franchisor's election, to receive an assignment of the leasehold interest upon termination or expiration of the Franchise grant;

4.2.2 a provision expressly permitting the lessor of the premises to provide Franchisor all sales and other information lessor may have obtained or received relating to the operation of the Franchised Business, as Franchisor may request;

4.2.3 a provision requiring the lessor to provide Franchisor with a copy of any written notice of deficiency sent by the lessor to Franchisee, and granting to Franchisor, in its sole discretion and sole option, the right (but not the obligation) to cure any deficiency under the lease should Franchisee fail to do so within fifteen (15) days after the expiration of the period in which Franchisee may cure the default;

4.2.4 a provision allowing Franchisee to display the Marks in accordance with the specifications required by the Manual, as defined in Section 8, subject only to the provisions of applicable law;

4.2.5 a provision prohibiting the premises from being used for any purpose other than the operation

of the Franchised Business;

4.2.6 a provision stating that any default under the lease which remains uncured after the expiration of all applicable notice or cure periods or a termination of the lease shall constitute a material default under this Agreement; and

4.2.7 a provision stating that upon default of this Agreement, Franchisor or its nominee has the right to take possession of the premises and operate the Franchised Business.

4.3 Development of Approved Location. Franchisor shall make available to Franchisee, copies of standard plans and specifications for the development of a UNITS Business, including exterior and interior design and layout, fixtures, equipment, décor, and signs. Such plans and specifications are subject to alteration as may be necessary in Franchisor’s sole discretion. Franchisee shall cause the Approved Location to be developed, equipped, improved, and operating in accordance with such plans and specifications within two hundred and seventy (270) days after the Effective Date. In connection with the development of the Approved Location, Franchisee shall:

4.3.1 employ a competent licensed architect or engineer to prepare, for Franchisor’s approval, preliminary plans and specifications for improvement of the Approved Location adapted from the plans furnished by Franchisor;

4.3.2 obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor’s approval, final plans for construction based upon the preliminary plans and specifications;

4.3.3 obtain all required building, utility, sign, health, and business permits and licenses, and any other required permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

4.3.4 employ a qualified, licensed general contractor to complete construction of all required improvements to the Approved Location;

4.3.5 purchase and install all required equipment, signs, furniture and fixtures, including any point-of-sale and computer equipment necessary for the operation of the Franchised Business and in accordance with Franchisor’s specifications for same; and

4.3.6 obtain at least two (2) telephone numbers solely dedicated to the Franchised Business.

4.4 Containers.

4.4.1. As described more fully below, Franchisee must purchase or lease a minimum of between 90 and 120 Containers depending on Franchisee’s Protected Territory size prior to commencing operation of the Franchised Business, and Franchisee must thereafter purchase or lease the requisite number Containers for operation of the Franchised Business pursuant to the schedule set forth below.

4.4.1.1 Minimum Requirements for a Population of less than 600,000 (“Small Territory”):

Number of Months after Opening	Minimum Inventory of Containers
0 (Initial Requirement)	90
12	120
24	145
36	170

48	195
60	220
72	245
84	270
96	295

If occupancy is below 85%, Franchisee’s obligation to purchase additional Containers as per the above table will be suspended and Franchisee will immediately increase Franchisee’s local advertising expenditure to \$6,000 per month until such time as Franchisee’s monthly occupancy reaches 85%. Once Franchisee’s occupancy reaches 85%, Franchisee’s obligation to continue purchasing the minimum inventory of Containers as required under the above table will resume and Franchisee will revert back to spending the minimum amount Franchisee is required to spend on Local Advertising under this Agreement. At 108 months, and for every 12 months thereafter, Franchisee must purchase an additional 25 Containers if occupancy is at or above 95%. If occupancy is below 95%, you will not be required to purchase additional Containers.

4.4.1.2 Minimum Requirements for a Population of Between 600,000 and 900,000 (“Mid-Size Territory”):

Number of Months after Opening	Minimum Inventory of Containers
0 (Initial Requirement)	90
12	120
24	160
36	200
48	240
60	280
72	320
84	360
96	400

If occupancy is below 85%, Franchisee’s obligation to purchase additional Containers as per the above table will be suspended and Franchisee will immediately increase Franchisee’s local advertising expenditure to \$6,000 per month until such time as Franchisee’s monthly occupancy reaches 85%. Once Franchisee’s occupancy reaches 85%, Franchisee’s obligation to continue purchasing the minimum inventory of Containers as required under the above table will resume and Franchisee will revert back to spending the minimum amount Franchisee is required to spend on Local Advertising under this Agreement. At 108 months, and for every 12 months thereafter, Franchisee must purchase an additional 40 Containers if occupancy is at or above 95%. If occupancy is below 95%, you will not be required to purchase additional Containers.

4.4.1.3 Minimum Requirements for a Population of Between 900,000 and 1,200,000 (“Large Territory”):

Number of Months after Opening	Minimum Inventory of Containers
0 (Initial Requirement)	120
12	160
24	210
36	260
48	310
60	360
72	410

84	460
96	510

If occupancy is below 85%, Franchisee’s obligation to purchase additional Containers as per the above table will be suspended and Franchisee will immediately increase Franchisee’s local advertising expenditure to \$6,000 per month until such time as Franchisee’s monthly occupancy reaches 85%. Once Franchisee’s occupancy reaches 85%, Franchisee’s obligation to continue purchasing the minimum inventory of Containers as required under the above table will resume and Franchisee will revert back to spending the minimum amount Franchisee is required to spend on Local Advertising under this Agreement. At 108 months, and for every 12 months thereafter, Franchisee must purchase an additional 50 Containers if occupancy is at or above 95%. If occupancy is below 95%, you will not be required to purchase additional Containers.

4.4.2. Franchisee agrees to have in inventory the minimum number of Containers set forth in the applicable table above.

4.4.3. Franchisee must obtain a minimum of 12 Containers with each order, or such amount as Franchisor may specify in writing from time to time.

4.4.4. Franchisee shall be responsible for all freight and other shipping costs associated with purchasing Containers and other UNITS Equipment.

4.4.5. Franchisor reserves the right to change its requirements as to the quantity and specifications of Containers placed by Franchisee pursuant to each order and their price. Franchisee acknowledges that Franchisor and its Affiliates may derive revenues from required Containers purchases.

4.4.6. Franchisee may purchase Containers directly from Franchisor or lease Containers from a third-party provider, if available. Franchisee may also obtain third-party financing for the purchase of the Containers from Franchisor. Franchisor has no obligation to help Franchisee secure any third-party financing and makes no representations or warranties about Franchisee’s ability to obtain third-party financing or the lease terms Franchisee may be able to secure.

4.5 Opening.

4.5.1 Before opening the Franchised Business and commencing business, Franchisee must:

- 4.5.1.1 fulfill all of the obligations pursuant to the other provisions of this Section 4;
- 4.5.1.2 hire any personnel required for the operation of the Franchised Business;
- 4.5.1.3 complete initial training to the satisfaction of Franchisor;
- 4.5.1.4 furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request; and
- 4.5.1.5 pay in full all amounts due to Franchisor.

4.5.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within two hundred and seventy (270) days after the Effective Date. Time is of the essence.

4.5.3 Failure to open within 270 days of the Effective Date may, at Franchisor’s option, result in

termination of this Agreement. Notwithstanding the foregoing, Franchisor reserves the right to offer Franchisee a reasonable extension period upon a showing that Franchisee is undertaking reasonable measures to promptly open and commence operations of the Franchised Business.

4.6 Use of Approved Location. Franchisee shall not use the Approved Location for any purpose other than for the operation of a UNITS Business in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor.

4.7 Relocation. Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor, which may be withheld or delayed at Franchisor's sole discretion. If the lease for the Approved Location expires or terminates without the fault of Franchisee or if the Franchised Business's premises is destroyed, condemned, or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may, in its reasonable discretion, allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense and shall proceed in accordance with the requirements set forth in Sections 4.1 through 4.4. Franchisee must notify Franchisor of Franchisee's intention to relocate and procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location. Franchisor has the right to charge Franchisee for any costs incurred by Franchisor in providing assistance to Franchisee, including legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If no relocation site meets with Franchisor's approval, this Agreement shall terminate as provided in Section 15.

5

MARKS

5.1 Ownership. Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications, and operating procedures prescribed from time to time by Franchisor. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title, or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

5.2 Limitations on Use. Franchisee shall not use any Mark or trade name, or any portion of any Mark or trade name, as part of any corporate or trade name of Franchisor including, but not limited to, the use of any such name or Mark with any prefix, suffix, or other modifying words, terms, designs, or symbols or in any modified form, without the prior written consent of Franchisor. In the event a modification is approved, such modification shall be considered the property of Franchisor and such modification can be licensed to other franchisees. Franchisee shall not use any trade name or any Mark in connection with the sale of any unauthorized products or services, or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and shall obtain such fictitious or assumed name registrations as may be required under applicable law. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards, and other such identification, and shall display at the Approved Location, a prominent notice stating that the Franchised Business is independently owned and operated by Franchisee.

5.3 Notification of Infringements and Claims. Franchisee shall, within seven (7) business days of obtaining notice or knowledge of any claim, demand, or cause of action based upon, or arising from, any attempt by any other person or business to use the Marks or any colorable imitation thereof notify

Franchisor of such claim, demand or cause of action. Franchisee shall notify Franchisor of any action, claim or demand against Franchisee relating to the Marks within seven (7) business days after Franchisee receives notice of said action, claim, or demand. Upon receipt of timely notice of an action, claim, or demand against Franchisee relating to the Marks, Franchisor has the right, at its option, to control the defense of any such action. Franchisor has the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise such right in its sole discretion. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge, contest, action, or claim; provided, however, Franchisee may communicate with its counsel at its own expense. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by Franchisor, Franchisee shall cooperate with Franchisor and execute any and all documents and take all actions as may be desirable or necessary, in the opinion of Franchisor's counsel, to carry out such defense or prosecution. Both parties shall make every effort consistent with the foregoing to protect, maintain, and promote the Marks as identifying the System.

5.4 Indemnification for Use of Marks. Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has timely notified Franchisor of such proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor has the right to defend and control the defense and engage counsel to represent both Franchisor and Franchisee of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuing the use of the Marks. This Section is not applicable to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This Section is not applicable to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

5.5 Discontinuance of Use. If it becomes advisable at any time, in Franchisor's sole discretion, for Franchisor or Franchisee to modify or discontinue use of any of the Marks, or use one (1) or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchisee shall comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute trademark or service mark.

5.6 Right to Inspect. To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee is rendering its services and conducting its activities and operations, and to inspect facilities, financials, equipment, supplies, reports, forms and documents, and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of any item used in the rendering of services, to test whether such item meet Franchisor's then-current standards.

5.7 Franchisor's Sole Right to Domain Name. Franchisee shall not establish, create, or operate an Internet site, website, or mobile application using a domain name or uniform resource locator containing the words "UNITS" or any variation thereof. Franchisor retains the sole right to advertise on the Internet and create websites and mobile applications using the "UNITS" name and any other domain name(s) designated by Franchisor in the Manual. Franchisor is the sole owner of all right, title and interest in and to such domain names, as Franchisor shall designate in the Manual from time to time.

6.

TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

6.1 Requirement of Confidentiality. Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. For purposes of this Agreement, “Confidential Information” means technical and non-technical information not commonly known by or available to the public including, without limitation, Trade Secrets and any other information identified as “confidential” when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure to transfer or disclose such information. Confidential Information also includes Franchisor’s (i) trade secrets, (ii) price marketing mixes related to the products and services authorized or offered for sale by System franchisees, (iii) current customer and prospective customer names and addresses, (iv) information about credit extensions to customers, (v) customer service purchasing histories, (vi) rates charged to customers, and (vii) sources of suppliers and their pricing. For purposes of this Agreement, “Trade Secrets” means information, without regard to form, including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential clients or suppliers which are not commonly known by or available to the public, and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Franchisee shall not acquire any interest in the Trade Secrets and other Confidential Information, other than the right to utilize it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information is proprietary and is disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers, and members of the professional staff of Franchisee): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents, and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of the Trade Secrets or other Confidential Information by any of them.

6.2 Additional Developments. All ideas, concepts, techniques, or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, must be promptly disclosed to Franchisor and will be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation will be due to Franchisee or its owners or employees therefor. At Franchisor’s discretion, such items may be incorporated into the System. To the extent any item does not qualify as a “work made-for-hire” for Franchisor, Franchisee shall assign ownership of that item, and all related rights to that item, to Franchisor and must sign whatever assignment or other documents Franchisor requests to show Franchisor’s ownership or to assist Franchisor in obtaining intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor’s efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

6.3 Exclusive Relationship. Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets or other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among System franchisees if owners of UNITS Businesses and members of their immediate families and households were permitted to hold an interest in or perform services for any Competitive Business. For purposes of this Agreement, “Competitive Business” means any business that offers (or grants franchises or licenses to others to operate a business that offers) moving or storage services or any products or services which are the same as or similar to those provided by UNITS Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, its Affiliates, or System franchisees; provided, however, that the term “Competitive Business” shall not apply to: (a) any business operated by Franchisee under a Franchise Agreement with Franchisor; or (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest. Franchisee acknowledges and agrees that Franchisor’s in-term and post-term restrictive covenants as set forth in this Agreement are necessary to protect the goodwill associated with the Marks, protect Franchisor’s business methods which are conveyed to Franchisee through the Operations Manual, initial training, and ongoing support and assistance during the term of this Agreement, to protect investments made by other System franchisees in the System, and to protect against customer confusion as to the source and origin of the products and services provided through UNITS Businesses. Therefore, during the term of this Agreement, Franchisee, any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families and households), and any officer, director, executive, manager, or member of the professional staff of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, trust, corporation, limited liability company, or other business entity, shall not:

6.3.1 Divert or attempt to divert any business or customer of the Franchised Business to any Competitive Business, 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;

6.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business.

6.4 Nondisclosure and Non-Competition Agreements with Certain Individuals. Franchisor has the right to require Franchisee and any holder of a legal or beneficial interest in Franchisee (and any member of their immediate families or households), and any officer, director, executive, manager, or member of the professional staff of Franchisee to execute a standard form nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit A, at any time, including upon execution of this Agreement or prior to each such person’s affiliation with Franchisee. Upon Franchisor’s request, Franchisee shall provide Franchisor with copies of all nondisclosure and non-competition agreements to be signed pursuant to this Section. Said agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third-party beneficiary with the right to enforce covenants contained in such agreements.

6.5 Reasonableness of Restrictions. Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System, and the Marks.

7.

TRAINING AND ASSISTANCE

7.1 Initial Training. Franchisor shall make an initial training program available to the Designated Manager and up to three (3) additional people. “Designated Manager” means the person designated by Franchisee who has primary responsibility for managing the day-to-day affairs of the Franchised Business, and if Franchisee is an individual and not a business entity, the Designated Manager may be Franchisee. At least thirty (30) days prior to the opening of the Franchised Business, Franchisee’s Designated Manager,

Account Manager, Customer Service Representative, and Delivery Specialist (collectively the “Required Personnel”) must attend and successfully complete, to Franchisor’s satisfaction, an initial training program consisting of approximately four (4) days of classroom and on-the-job instruction pertaining to the operation of the Franchised Business including, but not limited to, sales and marketing methods; financial controls; maintenance of quality standards; customer service techniques, record keeping and reporting procedures and other operational issues. For purposes of satisfying the initial training, the Designated Manager may also assume a second role and be considered the Account Manager, Customer Service Representative, or the Delivery Specialist. Franchisor shall conduct the initial training program at its headquarters or at another designated location. Franchisor shall not charge tuition or similar fees for initial training, however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses, and employees’ salaries and expenses, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

7.2 Opening Assistance. In conjunction with, and prior to, the beginning of operation of the Franchised Business, Franchisor shall make available to Franchisee, at Franchisor’s expense, for approximately three (3) days, one (1) or more of Franchisor’s representatives, experienced in the System, for the purpose of providing general assistance and guidance in connection with the opening or continued operation of the Franchised Business. Should Franchisee request additional assistance from Franchisor to facilitate the opening of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisor shall provide such additional assistance at Franchisor’s then- current standard rates, plus expenses.

7.3 Failure to Complete Initial Training Program. Franchisee and Franchisee’s Required Personnel shall attend and complete Franchisor’s initial training to Franchisor’s satisfaction at least thirty (30) days prior to the opening of Franchisee’s Franchised Business. Should Franchisee or Franchisee’s Required Personnel fail to complete the initial training program to Franchisor’s satisfaction, the respective person may repeat the course, or in the case of an employee, Franchisee may send a replacement (the “Replacement Personnel”) to the next available initial training program. Franchisor may charge for such Replacement Personnel attending an initial training program. Failure by Franchisee, Required Personnel, or any Replacement Personnel to complete the initial training program to Franchisor’s satisfaction at least thirty (30) days prior to the opening of the Franchised Business shall constitute default of this Agreement and Franchisor may terminate the Agreement.

7.4 New Designated Manager. After beginning operations, if Franchisee names a new Designated Manager, the new Designated Manager must complete the initial training program to Franchisor’s satisfaction within sixty (60) days. The new Designated Manager may attend the initial training program without charge. Franchisee shall be responsible for all travel costs, room and board expenses, and employees’ salaries incurred in connection with the Designated Manager’s attendance at such training.

7.5 Ongoing Training. From time to time Franchisor may provide, and if it does, has the right to require that the Required Personnel attend, ongoing training programs or seminars during the term of this Agreement. Except for the registration fees for System national conventions, Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than one (1) session in any calendar year and collectively not more than three (3) days in any calendar year. Franchisee or its Designated Manager must attend any mandatory System national conventions and pay the then-applicable registration fee for the convention. Should Franchisee or its Designated Manager not attend the national convention, Franchisor may charge Franchisee a training enforcement fee of \$3,000. Franchisee shall be responsible for all travel costs, room and board expenses, and employees’ salaries incurred in connection with the attendance at any such training or convention.

8.1 Loan by Franchisor. While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor from time to time and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement. For purposes of this Agreement, “Manual” or “Operations Manual” means the UNITS operations manual, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time through any means Franchisor determines, including email or other electronic updates, that contain or describe UNITS’ Brand Standards, methods, procedures, and specifications of the System, including other operations, administration and managers’ manuals, and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor.

8.2 Revisions to the Manual. Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures, and rules prescribed by Franchisor; provided, however, that no such addition or modification shall alter Franchisee’s fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes.

8.3 Confidentiality of Manual. The Manual contains the Trade Secrets and other Confidential Information of Franchisor and shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. Franchisee shall not disclose, duplicate, or otherwise use any portion of the Manual in an unauthorized manner. Franchisee shall maintain the Manual in a locked receptacle at the Approved Location and shall only grant authorized personnel, as defined in the Manual, access to the key or combination of such receptacle. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor’s headquarters shall be controlling.

9.

FRANCHISE SYSTEM

9.1 Uniformity. Franchisee shall strictly comply, and shall cause the Franchised Business to strictly comply, with all requirements, specifications, standards, operating procedures, and rules set forth in this Agreement, the Manual, or other communications supplied to Franchisee by Franchisor.

9.2 Modification of the System. Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and new or additional computer hardware, software, equipment, inventory, supplies, or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement at the time of execution hereof. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require. Any required expenditure for changes or upgrades to the System shall be in addition to expenditures for repairs and maintenance as required in Section 12.3.

9.3 Variance. Franchisor has the right, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards or specifications for any franchisee based upon that particular franchisee’s qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices, or any other condition which Franchisor deems to be of importance to the successful operation of any particular UNITS Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

10.

MARKETING AND PROMOTIONAL ACTIVITIES

10.1 Grand Opening Advertising. Franchisee shall spend no less than TEN THOUSAND DOLLARS (\$10,000.00) during the three-month period leading up to the commencement of operation of the Franchise Business (“Grand Opening Advertising”). Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 10.2. Grand Opening Advertising expenditures shall be in addition to any National Advertising Fund Contributions, local advertising required in Section 10.2, or Cooperative Advertising Program contributions.

10.2 Local Advertising. Commencing on the earlier to occur of (a) the date on which Franchisee opens the Franchise Business; or (b) the date on which Franchisee is required to commence operation of the Franchise Business under the terms of this Agreement and continuing through the remainder of the term of this Agreement, Franchisee must spend a minimum of \$3,000 each month on local advertising within the Protected Territory. If the Franchise Business achieves monthly revenues equal to or greater than \$30,000 per month for a consecutive three-month period, Franchisee must increase Franchisee’s Local Advertising expenditure to \$3,500 per month. If the Franchise Business achieves monthly revenues equal to or greater than \$40,000 per month for a consecutive three-month period, Franchisee must increase Franchisee’s Local Advertising expenditure to \$4,000 per month. If the Franchise Business achieves monthly revenues equal to or greater than \$50,000 per month for a consecutive three-month period, Franchisee must increase Franchisee’s Local Advertising expenditure to \$4,500 per month. Franchisee hereby acknowledges and agrees that Franchisor makes no representations, warranties, promises, or guarantees relating to the level of revenues Franchisee may derive in connection with the operation of the Franchised Business. Franchisee acknowledges that Franchisee may never reach the monthly revenue thresholds set forth in this paragraph.

Franchisee will pay for Franchisee’s ads and promotions directly, but Franchisor will provide Franchisee with general marketing guidelines, and Franchisor will review and provide a response as to its approval or disapproval of Franchisee’s advertisements. Franchisee may not advertise on the Internet without Franchisor’s prior written consent. Franchisee shall continuously promote the Franchised Business. Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts, and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials within twenty (20) days, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor. The submission of advertising materials to Franchisor for approval shall not affect Franchisee’s right to determine the prices at which Franchisee provides services or sells products. Franchisee may not solicit customers or advertise outside of its Protected Territory without Franchisor’s prior written consent, which consent may be terminated at any time upon prior written notice. If Franchisee is permitted to advertise in an area outside of its Protected Territory, and that territory is subsequently sold to another UNITS franchisee, upon receiving written notice from Franchisor or the new franchisee, Franchisee agrees to immediately cease all customer solicitation and advertising activities in that area, and refer all future business from customers within the area to the new UNITS Franchisee, without compensation.

10.3 National Advertising Fund. Franchisor has established a National Advertising Fund, as defined in Section 2.3. Franchisee is required to make monthly National Advertising Fund Contributions equal to two percent (2%) of that month’s Gross Sales. The National Advertising Fund shall be maintained and administered by Franchisor or its designee as follows:

10.3.1 Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee will benefit directly or *pro rata* from expenditures by the National Advertising Fund. The program(s) may be local, regional, or System-wide. Franchisee’s National Advertising Fund Contributions may be used to meet the costs of producing, maintaining, administering, and directing consumer advertising (including, without limitation, the cost of preparing and conducting

television, radio, Internet, magazine, and newspaper advertising campaigns, generating, administrating, funding, and maintaining national accounts, and other public relations activities; developing and hosting an Internet websites, mobile applications, and similar activities; employing advertising agencies and employees to assist Franchisor with marketing activities; and providing promotional brochures and other marketing materials to franchisees). All National Advertising Fund Contributions shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor's general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the National Advertising Fund, including, but not limited to, the salaries of employees who manage marketing agencies, administer the National Advertising Fund, or directly create marketing materials or tools. Franchisor has the right to form, change, or dissolve marketing advisory groups composed of System franchisees selected by Franchisor. All of the System's advisory groups serve in an advisory capacity and do not have operational or decision-making power.

10.3.2 Although Franchisor intends the National Advertising Fund to be of perpetual duration, Franchisor has the right to terminate the National Advertising Fund at any time. The Fund shall not be terminated, however, until all National Advertising Fund Contributions have been expended for advertising and promotional purposes or returned to Franchisee and other franchisees on a *pro rata* basis.

10.3.3 It is anticipated that all National Advertising Fund Contributions shall be expended for programs during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in the National Advertising Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the National Advertising Fund and next out of prior year contributions and then out of current contributions.

10.3.4 An accounting of the operation of the National Advertising Fund shall be prepared annually and high-level summary shall be available to Franchisee upon request. Franchisor retains the right to have the National Advertising Fund audited, at the expense of the Fund, by an independent certified public accountant selected by Franchisor.

10.3.5 Franchisee acknowledges that the National Advertising Fund is not a trust and Franchisor assumes no fiduciary duty in administering the National Advertising Fund.

10.4 Cooperative Advertising. Franchisor has the right, but not the obligation, to create a Cooperative Advertising program for the benefit of UNITS Businesses located within a particular region. Franchisor has the right to allocate any portion of the National Advertising Fund to a Cooperative Advertising program. For purposes of this Agreement, "Cooperative Advertising" means the combined advertising of two (2) or more franchisees established within a common market which Franchisor may require for Franchised Businesses within a particular region. Franchisor has the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program, and to require that Franchisee participate in such Cooperative Advertising programs when established within Franchisee's region. If a Cooperative Advertising program is implemented in a particular region, Franchisor has the right to establish an advertising council to self-administer the Cooperative Advertising program. Franchisee shall participate in the council according to the council's then-current rules and procedures and Franchisee shall abide by the council's decisions.

10.5 Internet Advertising. Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at the uniform resource locator ("URL") www.UNITSstorage.com that provides information about the System and the services that Franchisor and its franchisees provide. Franchisor may include at the UNITS website and any mobile application an interior page containing information about the Franchised Business. Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides from time to time. All such information shall be subject to Franchisor's approval prior to posting. Franchisor

retains the sole right to market on the Internet, including the use of websites, domain names, URL 's, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce, mobile applications, and co-branding arrangements. Franchisee may be asked to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies, and requirements. Franchisor retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, mobile applications, search terms and meta-tags, and in connection with linking, marketing, co-branding, and other arrangements. Franchisor retains the sole right to approve any linking or other use of the UNITS website.

11.

ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

11.1 Records. During the term of this Agreement, Franchisee shall maintain full, complete, and accurate books, records, and accounts in accordance with the standard accounting system prescribed by Franchisor in the Manual or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by applicable law.

11.2 Gross Sales Reports. Franchisee shall maintain an accurate record of Gross Sales and shall, upon Franchisor's request, deliver to Franchisor a signed and verified statement of Gross Sales ("Gross Sales Report") for the week ending each Saturday in a form that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding week must be provided to Franchisor by the close of business on Tuesday of each week. Franchisor has the right to electronically review and inspect Franchisee's records relating to Gross Sales at all times.

11.3 Financial Statements. Franchisee shall supply to Franchisor quarterly, in a form and at a date approved by Franchisor, a balance sheet as of the end of the preceding quarter and an income statement for the preceding quarter and the year-to-date. Franchisee shall, at its expense, submit to Franchisor within sixty (60) days after the end of each fiscal year, an income statement for the fiscal year just ended and a balance sheet as of the last day of the fiscal year. Such financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Further, Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

11.4 Other Reports. Franchisee shall submit to Franchisor copies of all state and local sales and use tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisee shall provide Franchisor with quarterly reports, in a form and at a date approved by Franchisor, detailing Franchisee's expenses on all local advertising within the Protected Territory for the prior quarter. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders, investors, prospective lenders, and prospective investors. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

11.5 Computer/Point-of-Sale System. Franchisee shall purchase and utilize computer and point-of-sale systems consisting of hardware and software in accordance with Franchisor's specifications and requirements, including Franchisor's designated software system. Franchisee must pay all then-applicable ongoing fees required in connection with the license of the designated software. Franchisor reserves the right to require Franchisee to pay the software fees to Franchisor or its Affiliate at any time during the term.

Franchisor shall have full access to all of Franchisee's computer and point-of-sale data and systems and all related information by means of direct access, either in person or by telephone, modem, or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement. In addition, Franchisee agrees to pay to Franchisor or the designated vendor of franchisor's choice (as Franchisor designates), a software and point-of-sale system fee in the amount designated by the vendor. As of April 2023, the monthly software and point-of-sale system fee ranges from \$250 to \$600 per month and is subject to increase, as Franchisor designates in its sole discretion, upon prior notice to Franchisee.

11.6 Right to Inspect. Franchisor, or its designee, has the right, during normal business hours, to examine, copy, and audit the books, records, and tax returns of Franchisee. If the audit or any other inspection reveals an underpayment of Royalty Fees, National Advertising Fund Contributions, or other amounts due to Franchisor on revenue or payments received directly by Franchisee, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum or the maximum rate permitted by law, whichever is less. If the inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have. If Franchisee submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise, any reports or other data, information or supporting records that understate any Royalty Fee, National Advertising Fund Contribution, or any other amounts owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error, as set forth in Section 15.2.9, Franchisor may terminate this Agreement.

11.7 Release of Records. At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting professionals, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

12.

STANDARDS OF OPERATION

12.1 Authorized Products, Services, and Suppliers. Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality goods and services to its customers. Accordingly, Franchisee shall provide or offer for sale or at the Franchised Business only those supplies, signs, equipment, and other items and services that Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such items or services shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, Franchisor or its Affiliate). Franchisee shall not offer for sale, sell, or provide through the Franchised Business or from the Approved Location any services or products that Franchisor has not approved.

Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and, if required, a list of Approved Suppliers for some or all of the supplies, signs, equipment and other approved or specified items and services, and Franchisor may from time to time issue revisions to such list. If Franchisor or an Affiliate is an Approved Supplier, Franchisee shall execute a standard form purchase or supply agreement for the items to be supplied by Franchisor or its Affiliate. If Franchisee desires to utilize any services or products that Franchisor has not approved (for services and

products that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications, and samples for Franchisor to determine whether the service or product complies with its standards and specifications, or whether the supplier meets its Approved Supplier criteria. Franchisee shall bear all reasonable expenses incurred by Franchisor in connection with determining whether it shall approve an item, service or, supplier. Franchisor will decide within a reasonable time (usually thirty [30] days) after receiving the required information whether Franchisee may purchase or lease such items or services from such supplier. Approval of a supplier shall be in Franchisor's sole discretion and may be conditioned on requirements such as the frequency of delivery, standards of service, consistency, reliability, and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor, in its discretion, deems confidential.

Notwithstanding anything contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor may revoke its approval of any item, service, or supplier at any time, and in its sole discretion, by notifying Franchisee. Franchisee shall, at its own expense, promptly cease using, selling, or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor.

Franchisor has the right to designate certain services and products, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, Franchisee qualifications, test marketing and regional or local differences. Franchisor has the right, in its sole discretion from time to time, to give its consent to one (1) or more System franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 9.3 and shall not create any rights in Franchisee to provide the same products or services.

Franchisor and its Affiliates have the right to derive and to retain volume rebates, markups, and other benefits from suppliers or in connection with the sale or lease of any and all products and services. Franchisee shall have no entitlement to or interest in any such benefits.

12.2 UNITS Equipment. Franchisor has developed and acquired a line of UNITS equipment, including Containers, UNITS Moving and Portable Storage Delivery Systems, packing and moving supplies, and other items bearing the Marks which are especially suited for use in connection with the Franchised Business ("UNITS Equipment"). To maintain the consistency, quality, and uniformity of the System, Franchisor shall make the UNITS Equipment available to Franchisee in reasonable quantities, subject to market availability, in accordance with the procedures for ordering, handling, and shipping stated in the Manual that Franchisor may determine from time to time, provided that Franchisee is in compliance with this Agreement and all other agreements with Franchisor and its Affiliate(s). Franchisee shall be responsible for the freight and other shipping costs associated with purchasing UNITS Equipment.

Franchisee acknowledges and agrees that the UNITS Equipment developed and furnished by Franchisor are distinctive as a result of being developed pursuant to the combined experience of Franchisor and its Affiliate(s) and are inextricably interrelated with the Marks. Franchisee agrees to order and purchase all of its requirements of UNITS Equipment exclusively from Franchisor, its Affiliate, or a supplier designated by Franchisor. Franchisee agrees to, at all times, maintain an inventory of UNITS Equipment as necessary to operate the Franchised Business at full capacity.

Franchisor commits to provide the UNITS Equipment at competitive prices; however, Franchisee acknowledges that Franchisor and its Affiliate(s) have the right to earn a reasonable profit on the sale of its UNITS Equipment.

12.3 Appearance and Condition of the Franchised Business. Franchisee shall maintain the Franchised Business and the Approved Location in "like new" condition, and shall repair or replace UNITS Equipment,

any other equipment, fixtures, and signage as necessary to comply with the health and safety standards and specifications of Franchisor and Franchisee's lessor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 9.2.

12.4 Right to Inspect. In addition to Franchisor's rights set forth in Sections 5.6 and 11.6 of this Agreement, Franchisor, or its designee, has the right to inspect the Franchised Business at all reasonable times for cleanliness, maintenance, safety, quality, management practices, compliance with this Agreement, and strict adherence to the System. Franchisee shall permit Franchisor to remove samples of products, material, supplies, and other items offered for sale from or used in the operation of the Franchised Business in amounts reasonably necessary for testing by Franchisor to determine whether such samples meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business, interview customers and employees, and photograph and record video of the premises.

12.5 Ownership and Management. The Franchised Business shall, at all times, be under the direct supervision of Franchisee. Franchisee shall appoint a Designated Manager, who shall devote his or her full-time efforts to the management of the day-to-day operation of the Franchised Business. "Full-time" means the expenditure of at least thirty-five (35) hours per week, excluding vacation, sick leave, and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

12.6 Days of Operation. Franchisee shall keep the Franchised Business open for business during normal business hours on the days specified in the Manual.

12.7 Licenses and Permits. Franchisee shall secure and maintain in force all required licenses, permits, regulatory approvals and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances, and regulations including, but not limited to, state and federal motor carrier and transportation statutes and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances, and regulations regarding the operation of the Franchised Business.

12.8 Notification of Proceedings. Franchisee shall notify Franchisor in writing of the commencement of any action, suit, or proceeding involving Franchisee or the Franchised Business, and of the issuance of any order, writ, injunction, award, or decree which may affect the operation or financial condition of the Franchised Business, not more than five (5) days after such commencement or issuance. Franchisee shall deliver to Franchisor not more than five (5) days after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate, or rating by any governmental agency relating to any health, transportation, motor carrier, or safety law, rule or regulation that reflects Franchisee's failure to meet and maintain the highest applicable rating or Franchisee's noncompliance or less than full compliance with any applicable law, rule, or regulation.

12.9 Compliance with Good Business Practices. Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created hereby. Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous, and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors, and the general public adhere to the highest standards of honesty, fair dealing, and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisee shall reimburse

Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

12.10 Uniforms. Franchisee shall abide by any uniform or dress-code requirements stated in the Manual. Uniforms, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms.

12.11 Credit Cards. Franchisee shall, at its expense, lease or purchase the required point-of-sale or payment processing equipment and software and shall establish an account with a Franchisor-approved payment processing service provider.

12.12 Best Efforts. Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's employees, managers, officers, agents, and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System.

12.13 Required Personnel. Throughout the term of this Agreement and any renewal franchise agreement, Franchisee shall employ the Required Personnel on a full-time basis. For purposes of meeting this requirement, the Designated Manager may assume a second role and be considered the Account Manager, Customer Service Representative, or the Delivery Specialist.

12.14 Acknowledgment. Franchisee agrees and acknowledges as follows:

12.14.1 Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's Affiliates.

12.14.2 Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees or independent contractor, nor vice versa.

12.15 Long-Distance Moving. UNITS Businesses offer customers long-distance moving services when the customer desires to move from a UNITS Business' Protected Territory into another UNITS Business' Protected Territory ("Long-Distance Moving"). Franchisor is currently the only approved Long-Distance Moving service provider. Franchisor has the right to require Franchisee to use Franchisor (its Affiliate(s) and/or its designees) for Long-Distance Moving services and charge its then-current rates, as determined by Franchisor in its sole and absolute discretion. Franchisor (or its Affiliate(s) or designees, if applicable) may collect payment directly from customers and may remit payments to Franchisee, less all fees, costs and expenses for services provided. Franchisor has the sole right to designate the parameters around the Long-Distance Moving services from time to time. Franchisee is not permitted to provide Long-Distance Moving except as Franchisor designates or allows from time to time. Franchisor reserves the right to require Franchisee to enter into Franchisor's designated form of Long-Distance Moving addendum or agreement, effective on notice to Franchisee. Franchisee must enter into any such Long-Distance Moving addendum or agreement and comply with Franchisor's designated Long-Distance Moving program Franchisor may create at Franchisee's sole cost and expense.

13.

FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

13.1 General Advice and Guidance. Franchisor shall be available to render advice, discuss problems,

and offer general guidance to Franchisee by telephone, e-mail, newsletters, and other methods with respect to planning, opening, and operating the Franchised Business. Franchisor shall not charge for this service; however, Franchisor retains the right to alter or discontinue this service should Franchisee, in Franchisor's discretion, be deemed to be utilizing this service too frequently or in an unintended manner. Franchisor may provide advice or guidance to Franchisee regarding prices for services and products. Franchisor's pricing guidance will be based on its judgment on what constitutes good business practice, which comes from Franchisor's experience as a franchisor assisting franchisees in operating UNITS Businesses and an analysis of costs and prices charged for competitive services and products. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business, however, all pricing must comply with any applicable National or Regional Account Contract requirement that Franchisee offer its best commercial pricing that Franchisee makes available to other commercial customers.

13.2 Periodic Visits. Franchisor or Franchisor's representative shall make periodic visits to the Franchised Business for the purposes of consultation, assistance, and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor, and Franchisor's representatives who visit the Franchised Business, may prepare, for the benefit of both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report may be provided to Franchisee. Franchisee shall implement any required changes or improvements in a timely manner.

13.3 System Improvements. Franchisor shall communicate improvements in the System to Franchisee as such improvements are developed or acquired by Franchisor and implemented as part of the System.

13.4 Marketing and Promotional Materials. Franchisor may periodically provide advertising and promotional materials including ad-slicks, brochures, fliers, and other materials to Franchisee for use in the operation of the Franchised Business.

14.

INSURANCE

14.1 Types and Amounts of Coverage. At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date or before Franchisee opens for business, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below, the policies of which, except any workers' compensation insurance, shall expressly name Franchisor as an additional insured or loss payee and each of which shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. Franchisor may require Franchisee to participate in any captive insurance policy programs it creates. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

14.1.1 "all risk" property insurance coverage on all assets including inventory, storage containers, furniture, fixtures, equipment, supplies, and other property used in the operation of the Franchised Business. Franchisee's property insurance policy shall include coverage for fire, vandalism, and malicious mischief and must have coverage limits of at least full replacement cost;

14.1.2 workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) or, if higher, the statutory minimum limit as required by state law;

14.1.3 comprehensive general liability insurance against claims for bodily and personal injury, death, and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS (\$1,000,000.00) per occurrence or, if higher, the statutory

minimum limit required by state law;

14.1.4 business interruption insurance with a minimum coverage limit of ONE MILLION DOLLARS (\$1,000,000.00);

14.1.5 container coverage with a minimum coverage limit for each Container equal to the amount set forth by Franchisor in the Manual or otherwise in writing from time to time;

14.1.6 container coverage with a minimum coverage limit of FIVE THOUSAND DOLLARS (\$5,000) for each Container stored at a UNITS facility containing customers' personal property;

14.1.7 motor truck cargo coverage with a minimum coverage limit of TEN THOUSAND DOLLARS (\$10,000) per truck per occurrence;

14.1.8 automobile liability insurance for owned or hired vehicles, with minimum liability coverage of at least ONE MILLION DOLLARS (\$1,000,000.00) per occurrence or, if higher, the statutory minimum limit required by state law; and

14.1.9 such insurance as Franchisor deems necessary from time to time to provide coverage under the indemnity provisions set forth in Section 20.2.

14.2 Future Increases. Franchisor has the right to reasonably increase the minimum liability protection requirement and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards, or other relevant changes in circumstances.

14.3 Carrier Standards. Such policies shall be written by an insurance company licensed in the state in which Franchisee operates and having at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide.

14.4 Evidence of Coverage. Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 20.2. Franchisee shall provide, annually and at Franchisor's request, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums. Franchisee shall furnish certificates of insurance prior to opening, and upon any subsequent renewal of this Agreement.

14.5 Failure to Maintain Coverage. Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

15.

DEFAULT AND TERMINATION

15.1 Automatic Termination. This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or

insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.

15.2 With Notice and Without Opportunity to Cure. Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 Fails to establish and equip the Franchised Business pursuant to this Agreement and the Operations Manual, provided, however, that Franchisor reserves the right in its sole discretion to offer Franchisee an extension period if the Franchisor determines that the Franchisee is exerting reasonable efforts to commence operation; fails to satisfactorily complete the training program within the time frame specified in this Agreement;

15.2.2 if the lease Agreement for the Approved Location is terminated;

15.2.3 makes any material misrepresentation or omission in its application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;

15.2.4 is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee, or the Franchised Business;

15.2.5 discloses, duplicates, or otherwise uses in an unauthorized manner any portion of the Manual, any Trade Secret, or other Confidential Information;

15.2.6 abandons, fails, or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or, if first approved by Franchisor, fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Approved Location or the destruction, condemnation, or other event rendering the Approved Location unusable;

15.2.7 surrenders or transfers control of the operation of the Franchised Business, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;

15.2.8 fails to maintain the Franchised Business under the primary supervision of a Designated Manager during the one hundred eighty (180) days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee, pursuant to Section 17.6;

15.2.9 submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee, National Advertising Fund Contribution, or any other amounts owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

15.2.10 misuses or makes an unauthorized use of any of the Marks or commits any other act which can reasonably be expected to impair the goodwill associated with any of the Marks;

15.2.11 fails on two (2) or more separate occasions within any period of twelve (12) consecutive months to submit reports or other information or supporting records when due, to pay any Royalty Fee, National Advertising Fund Contribution, amounts due for purchases from Franchisor and any Affiliate, or other payment when due to Franchisor or any Affiliate, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee;

15.2.12 continues to violate any health or safety law, ordinance, or regulation, or operates the Franchised Business in a manner that presents a health or safety hazard to its customers, employees, or the public;

15.2.13 engages in any activity exclusively reserved to Franchisor;

15.2.14 fails to comply with any applicable law or regulation within ten (10) days after being given notice of noncompliance;

15.2.15 repeatedly breaches this Agreement or repeatedly fails to comply with mandatory specifications, customer service standards, or operating procedures prescribed in the Manual, whether or not previous breaches or failures are cured; or

15.2.16 defaults under any other agreement between Franchisor (or any of its Affiliates) and Franchisee, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates.

15.3 Upon 30 Days' Notice to Cure. Except as otherwise provided in Section 15, upon any other default by Franchisee, including Franchisee's failure to purchase or obtain the minimum quantity of Containers or Franchisee's failure to otherwise maximize the revenues of the Franchised Business, as required under Section 4.4.1 of this Agreement, or upon Franchisee's failure to comply with any mandatory specification, standard, or operating procedure prescribed in the Manual or otherwise prescribed in writing, Franchisor has the right to terminate this Agreement by giving notice of such termination at least thirty (30) days before the effective date of the termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure before the effective date of termination, or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is effected if such default or failure cannot reasonably be cured before the effective date of the termination.

15.4 Reinstatement and Extension. If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, or nonrenewal other than in accordance with applicable law, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

15.5 Right of Franchisor to Discontinue Sales to Franchisee. If Franchisor delivers to Franchisee a notice of termination pursuant to Section 15, in addition to Franchisor's other remedies, Franchisor and its Affiliates reserve the right to discontinue furnishing any products or services to Franchisee for which Franchisor or its Affiliates are an Approved Supplier. In addition, Franchisor reserves the right to discontinue Franchisee's access to the UNITS website, mobile application, or any intranet or network associated with the System.

16.1 Actions to be Taken. Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

16.1.1 immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of Franchisor;

16.1.2 cease to use the Trade Secrets and other Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms, and any other items which display or are associated with the Marks;

16.1.3 upon demand by Franchisor, at Franchisor's sole discretion, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Approved Location to Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement, and Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due;

16.1.4 take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any assumed name or equivalent registration filed with federal, state, city, or county authorities which contains the name "UNITS" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within thirty (30) days after termination or expiration of this Agreement;

16.1.5 pay all sums owing to Franchisor and its Affiliates which may include, but not be limited to, all damages, costs, and expenses, including reasonable attorneys' fees, unpaid Royalty Fees, and any other amounts due to Franchisor or its Affiliates;

16.1.6 pay to Franchisor all costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of the Franchise in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement;

16.1.7 immediately return to Franchisor the Manual, Trade Secrets, and all other Confidential Information including records, files, instructions, brochures, agreements, disclosure statements, and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

16.1.8 assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Marks in any regular, classified, or other telephone directory listing and shall authorize transfer of same to or at the direction of Franchisor; and

16.1.9 comply with all other applicable provisions of this Agreement.

16.2 Post-Termination Covenant Not to Compete. Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 6.3 above are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

- (1) to protect the Trade Secrets of Franchisor;
- (2) to induce Franchisor to grant a franchise to Franchisee; and
- (3) to protect Franchisor against its costs in training Franchisee and its officers,

directors, executives, professional staff, and Designated Managers.

Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, executive, manager, or member of the professional staff of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

(a) own an interest in, manage, operate, or provide services to any Competitive Business located or operating (a) within a fifty (50) mile radius of the Approved Location or within the Protected Territory (whichever is greater), or (b) within a fifty (50) mile radius of the location of any other UNITS Business in existence at the time of termination or expiration; or

(b) solicit or otherwise attempt to induce or influence any business associate of Franchisor to terminate or modify his, her, or its business relationship with Franchisor or to compete against Franchisor.

In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit A.

16.3 Unfair Competition. If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy, or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake, or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description, or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Section 16.1 or 16.2. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

16.4 Franchisor's Option to Purchase Certain Business Assets. Franchisor has the right (but not the duty), for a period of sixty (60) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including leasehold improvements, equipment, and supplies. The purchase price shall be equal to the assets' fair market value, excluding any goodwill. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price. If Franchisor and Franchisee cannot agree on a fair market value, an independent appraiser selected by Franchisor will determine the fair market value.

16.5 Survival of Certain Provisions. All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

17.1 Transfer by Franchisor. This Agreement and all rights and duties hereunder are fully transferable in whole or in part by Franchisor and such rights will inure to the benefit of any person or entity to whom transferred if all conditions of this Section are satisfied in the sole discretion of Franchisor; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor hereunder and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement.

17.2 Transfer by Franchisee to a Third Party. The rights and duties of Franchisee as set forth in this Agreement, and the Franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's personal or collective skill and financial ability. Accordingly, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense, or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets, or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor. Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement. If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

17.2.1 Franchisee has complied with the requirements set forth in this Agreement;

17.2.2 All obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

17.2.3 Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release of any and all claims against Franchisor, including its officers, directors, shareholders, and employees, in their corporate and individual capacities including, without limitation, claims arising under federal, state, or local laws, rules, or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited by applicable law, Franchisee shall give the maximum release allowed by state and federal law;

17.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's then-current management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require, in its sole discretion, to demonstrate ability to conduct the Franchised Business;

17.2.5 the transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current Franchise Agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and National Advertising Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

17.2.6 the transferee has executed a general release of any and all claims against Franchisor and its officers, directors, shareholders, and employees, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

17.2.7 Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective transferee relating to the intended sale or transfer of the Franchise;

17.2.8 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of TWENTY THOUSAND DOLLARS (\$20,000.00). In addition to the transfer fee: (i) if Franchisor works with a third party that acts as a broker, agent or consultant in connection with the sale or transfer, as a condition of transfer, Franchisee must pay to Franchisor on or before the effective date of the transfer, the greater of: (a) Thirty Thousand Dollars (\$30,000.00), or (b) the amount the third party charges Franchisor, including any and all third-party commissions and charges assessed in connection with the sale or transfer; or (2) if Franchisor refers or otherwise places Franchisee in communication with the transferee, as a condition of transfer, Franchisee must pay to Franchisor on or before the effective date of the transfer, the greater of (a) Thirty Thousand Dollars (\$30,000.00), or (b) actual costs and expenses incurred by Franchisor in connection with referring, identifying, or otherwise placing Franchisee in contact with transferee, including any and all lead generation costs. Franchisee acknowledges and agrees that all amounts paid pursuant to this Section are non-refundable;

17.2.9 the transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable federal, state, and local laws, rules, ordinances, and requirements applicable to the transfer have been complied with or satisfied;

17.2.10 Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit A; and

17.2.11 Prior to assuming the management of the day-to-day operation of the Franchised Business, the transferee's Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 7.1. Transferee shall be responsible for all costs and pay the current hourly rate for the Designated Manager's training.

17.3 Transfer to a Controlled Entity. If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company, or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax, or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

17.3.1 the Controlled Entity is newly organized, and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

17.3.2 Franchisee or all holders of a legal or beneficial interest in Franchisee own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

17.3.3. all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied;

17.3.4 the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

17.3.5 all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor jointly and severally guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

17.3.6 each stock certificate or other ownership interest certificate of the Controlled Entity has

conspicuously endorsed upon the face thereof of a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement; and

17.3.7 copies of the Controlled Entity's articles of incorporation, bylaws, operating agreement, and other governing regulations or documents, including resolutions of the board of directors authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption.

The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

17.4 Franchisor's Disclosure to Transferee. Franchisor has the right, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business, or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss, or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by a potential or intended transferee.

17.5 For-Sale Advertising. Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising or engage consultants or brokers, sales agents, etc. relating to the sale of the Franchised Business or the rights granted hereunder.

17.6 Transfer by Death or Incapacity. Upon the death or incapacity (as determined by a court of competent jurisdiction) of any individual Franchisee or any holder of a legal or beneficial interest in Franchisee, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement. During that one hundred eighty (180) day period, the Franchised Business must be under the primary supervision of a Designated Manager who otherwise meets Franchisor's management and training qualifications.

18.

RIGHT OF FIRST REFUSAL AND FRANCHISOR'S OPTION TO PURCHASE

18.1 Submission of Offer. If Franchisee, or any of its owners, proposes to sell the Franchised Business (or any of its property or other assets outside of the normal course of business, including, but not limited to, real estate assets and property improvements), any ownership interest in Franchisee or any ownership interest in the franchise granted hereunder, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

18.2 Franchisor's Right to Purchase upon Transfer. Franchisor shall, for forty-five (45) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the

offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

18.3 Non-Exercise of Right of First Refusal upon Transfer. If Franchisor does not exercise this right of first refusal within forty-five (45) days, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale fail to close within one hundred twenty (120) days after the offer is delivered to Franchisor, Franchisor's right of first refusal shall renew and be implemented in accordance with this Section.

19.

BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that all holders of a legal or beneficial interest (in the stated proportions) of Franchisee shall execute the Personal Guaranty and Assumption of Obligations attached as Exhibit B to this Agreement.

20.

RELATIONSHIP AND INDEMNIFICATION

20.1 Independent Contractor. Franchisee is and shall be an independent contractor. Franchisee is not an agent, legal representative, joint venturer, partner, employee, or servant of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty, or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public as an independent contractor operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery, or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business.

20.2 Indemnification. Franchisee shall hold harmless and indemnify Franchisor, its Affiliates, Franchisor's parent or subsidiary entities and owners, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, employees, agents, successors, and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses, and liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation, or proceeding, or any settlement thereof, which arises from or is based upon Franchisee's (a) ownership or operation of the Franchised Business; (b) violation, breach, or asserted violation or breach of any federal, state, or local law, regulation, or rule; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any of its Affiliates); (d) defamation of Franchisor or the System; (e) acts, errors, or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (f) infringement, violation, or alleged infringement or violation of any mark, intellectual property right, patent, or copyright or any misuse of the Confidential Information.

20.3 Right to Retain Counsel. Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation, or proceeding that may give rise to a claim for indemnification by a

Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation, or proceeding. To protect persons, property, Franchisor's reputation, or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation, or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

21.

GENERAL CONDITIONS AND PROVISIONS

21.1 No Waiver. No failure of Franchisor to exercise any power reserved to it hereunder, or to insist upon strict compliance by Franchisee with any obligation or condition hereunder, and no custom nor practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

21.2 Injunctive Relief. As any breach by Franchisee of any of the restrictions contained in this Agreement, including the confidentiality, restrictive covenant, and trademark usage provisions of this Agreement, would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction, or a permanent injunction) against any such breach, whether actual or contemplated.

21.3 Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (b) on the next business day after transmission by reasonably reliable electronic communication system; (c) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (d) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

UNITS FRANCHISING GROUP, INC.
Attention: President
234 Seven Farms Dr., Suite 111B
Daniel Island, South Carolina 29492

21.4 Attorneys' Fees. If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor or Franchisor's Affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs, and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee's claims in such an action are denied or the action is dismissed, Franchisor is entitled to recover Franchisor's 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.

21.5 Personal Guaranty and Assumption of Obligations. If Franchisee is a corporation, or subsequent to execution hereof, Franchisee assigns this Agreement to a corporation, all shareholders owning more than 10% of Franchisee's outstanding shares (or if Franchisee is a partnership, or subsequent to execution hereof, Franchisee assigns this Agreement to a partnership, all general partners, or if Franchisee is a limited liability company, or subsequent to execution hereof Franchisee assigns this Agreement to a limited liability company, all members and managers) hereby personally and unconditionally guarantee without notice, demand, or presentment, the payment of all of Franchisee's monetary obligations under this Agreement and any other agreement between Franchisee and Franchisor and Franchisor's Affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination, or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors must execute a continuing personal guarantee in the form attached hereto as Exhibit B.

21.6 Approvals. Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor therefore and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties nor guarantees upon which Franchisee may rely, and assumes no liability nor obligation to Franchisee or any third party to which it would not otherwise be subject, by providing any waiver, approval, advice, consent, or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefore.

21.7 Entire Agreement. This Agreement, its exhibits, and the documents referred to herein shall be construed together and constitute the entire, full, and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's UNITS Franchise Disclosure Document), inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change, or variance from this Agreement shall be binding on either party unless executed in writing by both parties. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement; provided, however, nothing herein is intended to disclaim any representations made in the Franchise Disclosure Document provided to Franchisee.

21.8 Severability and Modification. Except as noted below, each paragraph, part, term, and provision of this Agreement shall be considered severable, and if any paragraph, part, term, or provision herein is ruled to be unenforceable, unreasonable, or invalid, such ruling shall not impair the operation of or affect the remaining portions, paragraphs, parts, terms, and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable, or invalid paragraphs, parts, terms, or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

Notwithstanding the above, each of the covenants contained in Sections 6.1, 6.3, 6.4, and 16.2 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable, or invalid, then it shall be amended to provide

for limitations on disclosure of Trade Secrets and other Confidential Information or on competition to the maximum extent provided or permitted by law.

21.9 Construction. All captions herein are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

21.10 Force Majeure. Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, pandemics, governmental regulation or control, or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

21.11 Timing. Time is of the essence; except as set forth in Section 21.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

21.12 Withholding Payments. Franchisee shall not, for any reason, withhold payment of any Royalty Fees, National Advertising Fund Contribution, or other amounts due to Franchisor or to any of its Affiliates. Franchisee shall not withhold or offset any amounts, damages, or other monies allegedly due to Franchisee against any amounts due to Franchisor. No endorsement or statement on any payment for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction, and Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor may set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

21.13. Further Assurances. Each party to this Agreement will execute and deliver such further instruments, contracts, forms, or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

21.14 Duty of Reasonableness and of Good Faith. To honor the intent and purpose of this Agreement, and any of the documents referenced herein, both Franchisor and Franchisee shall act reasonably and in good faith. If the consent of either party is required or contemplated hereunder, the party whose consent is required shall not unreasonably withhold consent, unless such consent is expressly subject to such party's sole discretion pursuant to the terms of this Agreement.

21.15 Execution. Both parties may execute multiple copies of this Agreement, and each executed copy will be deemed an original, and all of which together shall constitute one and the same instrument. The parties may electronically sign this Agreement and such signatures shall have the same force and effect as handwritten signatures.

22.

DISPUTE RESOLUTION

22.1 Choice of Law. Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1846 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. References to any law refer also to any successor laws and to any published regulation for such laws, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

22.2 Prior Notice of Claims and Internal Dispute Resolution. As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages. In addition, Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's President or Chief Executive Officer, after providing notice as set forth in herein. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

22.3 Mediation. At Franchisor's option, all claims or disputes between Franchisor and Franchisee or its Affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisor and Franchisee or its Affiliates, or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 22.2 above, must be submitted first to mediation, in Charleston County, South Carolina 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, Franchisee 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 Franchisee as to whether Franchisor or its Affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee 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 shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

22.4 Injunctive Relief. Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor 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, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

22.5 Consent to Jurisdiction. Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in Charleston County, South Carolina and the jurisdiction and venue of the United States District Court for the District of South Carolina, and except as expressly agreed otherwise, both parties agree to bring any action, claim, suit, or demand allegedly arising from or related to this Agreement within these jurisdictions and venues in South Carolina. Franchisee acknowledges that this Agreement has been entered into in the State of South Carolina, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in South Carolina, including but not limited to training, assistance, support, and the development of the System. In recognition of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Charleston, South Carolina as set forth above.

22.6 Cumulative Rights and Remedies. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Agreement shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a waiver or preclude exercise of any other remedy.

22.7 Limitations of Claims. Franchisee further agrees that no cause of action arising out of or related to this Agreement or the relationship between the parties (including Franchisee's decision to enter into this Agreement) may be maintained by Franchisee against Franchisor or any of Franchisor's Affiliates, principals, officers, directors or employees, 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 the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against any such party, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

22.8 Limitation of Damages. Franchisee waives, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against Franchisor, and agrees that if there is a dispute with Franchisor, Franchisee will be limited to the recovery of actual damages sustained by it. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's damages shall not exceed and shall be limited to a total of Franchisee's Franchise Fee and the Royalty Fee payments actually paid by Franchisee to Franchisor within the three (3) years prior to the dispute.

22.9 Waiver of Jury Trial. With respect to any litigation, 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 shall 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 Franchisee's purchase from Franchisor of the franchise and any goods or services.

22.10 No Personal Liability. Franchisee agrees that fulfillment of any and all of Franchisor's obligations written in this Agreement or based on any oral communications which may be ruled to be binding in a court of law shall be Franchisor's sole responsibility and none of Franchisor's agents, representatives, nor any individuals associated with Franchisor's franchise company shall be personally liable to Franchisee for any reason. Franchisee agrees that nothing Franchisee has been told by Franchisor or Franchisor's representatives shall be binding unless it is written in this Agreement. This is an important part of this Agreement. Do not sign this Agreement if there is any question concerning its contents or any representations made.

22.11 Third Party Beneficiaries. Franchisor's officers, directors, shareholders, agents and employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 22, each having authority to specifically enforce the right to mediate/arbitrate claims asserted against such persons by Franchisee.

22.12 No Right to Offset. Franchisee shall not withhold all or any part of any payment to Franchisor or any of its Affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's Affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

23.

ACKNOWLEDGMENTS

23.1 Receipt of this Agreement and the Franchise Disclosure Document. Franchisee represents and acknowledges that it has received, read, and understands this Agreement and Franchisor's Franchise Disclosure Document; and Franchisee has had ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received an exact copy of this Agreement and its exhibits at least seven (7) calendar days prior to the date on which this Agreement was executed. Franchisee further represents and acknowledges that it has received, at least fourteen (14) calendar days prior to the date on which this

Agreement was executed, the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

23.2 Terms of Other Franchises May Differ. Franchisee acknowledges that other franchisees of UNITS have or will be granted franchises at different times and in different situations, and further acknowledges that the terms and conditions of such franchises and the resulting franchise agreements may vary substantially in economics, form, and substance from those contained in this agreement.

23.3 Consultation by Franchisee. Franchisee represents that it has been urged to consult with its own advisors with respect to the legal, financial, and other aspects of this Agreement, the business franchised hereby and the prospects for that business. Franchisee represents that it has either consulted with such advisors or has deliberately declined to do so.

23.4 True and Accurate Information. Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete, and accurate in all respects, and Franchisee acknowledges that Franchisor is relying upon the truthfulness, completeness, and accuracy of such information.

23.5 Risk. Franchisee represents that it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a UNITS Business involves business and financial risks, and that the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. **Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby.**

23.6 No Guarantee of Success. Franchisee represents and acknowledges that it has not received or relied on any guarantee, express or implied, as to the revenues, profits, or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, employees, or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

23.7 No Violation of Other Agreements. Franchisee represents that its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed this Agreement.

UNITS FRANCHISING GROUP, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE: _____

(type/print name)

By: _____

Name: _____

Title: _____

[or, if an individual]

Signed: _____

Name printed: _____

EXHIBIT A TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of the _____ day of _____, 20_ , by _____ and between _____
_____ d/b/a a UNITS Franchise, ("Franchisee"), and _____ ("Individual").

BACKGROUND

WHEREAS, Franchisee is a party to that certain Franchise Agreement with UNITS FRANCHISING GROUP, INC., ("Company") dated _____, 20__ ("Franchise Agreement"); and

WHEREAS, Franchisee desires Individual to have access to and/or to review certain Trade Secrets, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to said Trade Secrets; and

WHEREAS, Individual agrees not to disclose any such Trade Secrets to any other party or use such Trade Secrets to compete against Company, Franchisee or any other franchisee of Company in the same and/or a similar business, ("Competitive Business") now or in the future.

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

1. Trade Secrets. Individual understands Franchisee possesses and will possess Trade Secrets, which is important to its business. For purposes of this Agreement, "Trade Secrets" is information, without regard to form including, but not limited to, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, pro-formas, strategic plans, product plans, lists of actual or potential customers or suppliers which are not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Individual understands Franchisee's providing of access to the Trade Secrets creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets.

2. Confidentiality/Non-Disclosure.

a) Individual agrees not to communicate or divulge to, (or use for the benefit of himself or herself), any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets possessed, owned, or used by Franchisee, the discovery, development or knowledge of which is known to or acquired by Individual by reason of his or her meeting with, and/or participation in the business and affairs of, or as a result of his or her association with, or which may be revealed to him or her by Franchisee.

b) Individual agrees that his or her obligations under paragraph 2(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Franchisee is entitled to communicate Individual's obligations under this Agreement to any future customer or employer to the extent deemed necessary by Franchisee for protection of its rights hereunder and regardless of whether Individual or any of its Affiliates or assigns becomes an investor, partner, joint venturer, broker, distributor or the like in the UNITS System.

3. Non-Competition.

a) Individual agrees that for a period of two (2) years hereafter, Individual shall not, directly or indirectly, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within: (1) fifty miles (50) miles of the premises of Franchisee's UNITS Business located at: _____; or (2) fifty (50) miles of the boundaries of Franchisee's Protected Territory which are: _____.

b) "Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business which offers) moving or storage services or products or services the same as or similar to those provided by UNITS franchises or in which Trade Secrets could be used to the disadvantage of Company or its other franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated under a Franchise Agreement with Company, or (b) any business operated by a publicly held entity in which Individual owns less than a five percent (5%) legal or beneficial interest.

4. Miscellaneous.

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations, and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) Individual agrees that if one (1) or more provisions of this Agreement are held to be illegal or unenforceable under applicable law, such illegal or unenforceable portion(s) shall be limited or excluded from this Agreement to the minimum extent required so that this Agreement shall otherwise remain in full force and effect and enforceable in accordance with its terms. Individual also agrees to reimburse Franchisee for any and all costs and attorney fees incurred by Franchisee in the enforcement of the terms of this Agreement.

c) This Agreement shall be effective as of the date this Agreement is executed and shall be binding upon the successors and assigns of Individual and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns.

d) This Agreement can only be modified by a subsequent written agreement executed by an authorized officer of Franchisee.

e) The failure of either party to insist in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

f) No amendments or additions to this Agreement shall be binding unless in writing and signed by both parties.

g) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement.

h) In the event that any part of this Agreement shall be held to be unenforceable or invalid, the remaining parts hereof shall nevertheless continue to be valid and enforceable as though the invalid portions were not a part hereof.

[Signature Page to Follow]

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

IN WITNESS WHEREOF, Franchisee has hereunto caused this Agreement to be executed by its duly authorized officer, and Individual has executed this Agreement, all being done in duplicate originals with one (1) original being delivered to each party as of the day and year first above written.

WITNESSES:

Franchisee

By: _____

Its: _____

Individual

Signature: _____

Printed Name: _____

EXHIBIT B TO THE FRANCHISE AGREEMENT

PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS PERSONAL GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this
____ day of 20 __, by _____.

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS MUST EXECUTE THE FOLLOWING UNDERTAKING.

ARTICLE I PERSONAL GUARANTY

The undersigned persons (individually and collectively "you") hereby represent to UNITS Franchising Group, Inc. ("Franchisor") that you are all of the shareholders, general partners, or all of the members and managers of _____ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to the franchisee as herein provided, each 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 UNITS Franchising Group, Inc. Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee to Franchisor and its successors and assigns 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 confidentiality provisions contained in Article 6 of the Franchise Agreement, the in-term and post-term covenants against competition contained in Article 16 of the Franchise Agreement, the indemnification obligations contained in Section 20.2 of the Franchise Agreement, and all of the dispute resolution provisions contained in Section 22 of the Franchise Agreement.

Each of you shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Sections 6.1 and 6.4 of the Agreement. Each of the you waive: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of you consents and agrees that: (a) your direct and immediate liability under this

Guaranty shall be joint and several; (b) you shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any other person including, without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of this Agreement.

IN WITNESS WHEREOF, this Guaranty has been entered into the day and year first before written.

PERSONAL GUARANTOR

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Printed Name)

Personally and Individually (Signature)

Personally and Individually (Signature)

HOME ADDRESS

HOME ADDRESS

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____%

EXHIBIT C TO THE FRANCHISE AGREEMENT
STATE SPECIFIC ADDENDA
TO THE FRANCHISE AGREEMENT UNITS FRANCHISING GROUP, INC.

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to this _____ day of _____, 20____, between UNITS FRANCHISING GROUP, INC. and _____
_____ to amend and revise said Franchise Agreement as follows:

1. In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code §§31000-3516 and the California Franchise Relations Act, Cal. Bus. And Prof. Code §§20000-20043, the Franchise Agreement for UNITS FRANCHISING GROUP, INC. shall be amended as follows:

- The California Franchise Relations Act provides rights to Franchisee concerning termination or nonrenewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 4.1 and 16.1.
- Section 16.1.9 of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11U.S.C. Section 101, *et seq.*).
- Section 16.2 of the Franchise Agreement contains a covenant not to compete which extends beyond the expiration or termination of the Agreement; this covenant may not be enforceable under California Law.
- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. This provision might not be enforceable for any cause of action arising under California law.
- The Franchise Agreement requires application of the laws of a state other than California. This provision might not be enforceable under California law.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the California Investment Law and/or the California Franchise Relations Act are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.
3. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

UNITS FRANCHISING GROUP, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF ILLINOIS

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

1. The Franchisor and Franchisee hereby acknowledge that this Agreement shall be governed by Illinois law.
2. 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 any provision of the Illinois Franchise Disclosure Act or any other law of Illinois is void.”
3. The conditions under which the Franchised Business may be terminated and the Franchisee’s rights upon non-renewal are governed by Illinois Compiled Statutes 1992, Chapter 815, Section 705/19 through 705/20.
4. With respect to any agreement executed and operational in the State of Illinois, any governing law or choice of law clause granting authority to a state other than Illinois is hereby amended to grant authority of Illinois law.
5. Notwithstanding anything contained in the Franchise Agreement to the contrary, you do not have to pay us the Initial Franchise Fee until we perform our pre-opening obligations under the Franchise Agreement and your first Franchised Business is open. Once we complete this obligation and you are open, you must immediately pay us all initial fees we deferred. The Illinois Attorney General’s Office imposed this condition due to Franchisor’s financial condition.
6. The Franchise Agreement is amended to state the following: “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 (a) 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.”

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

UNITS FRANCHISING GROUP, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF INDIANA

To the extent the Indiana Franchise Registration and Disclosure Law applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The laws of the State of Indiana supersede any provisions of the Franchise Agreement, the other agreements or Arizona law if such provisions are in conflict with Indiana law.

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 Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

The Franchise Agreement is amended to state the following: "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 (a) 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."

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

UNITS FRANCHISING GROUP, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF MARYLAND

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

Regarding Item 17, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

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

Regarding Item 17, under certain circumstances, the Franchise Agreement requires you to submit to a court proceeding in the State of Pennsylvania. These provisions may run contrary to the Maryland Franchise Registration and Disclosure Law. Therefore, nothing will preclude you from being able to enter into litigation with us in Maryland, as long as the nature of the litigation is not the type of dispute, controversy, claim, action, or proceeding which would be subject to litigation under the Franchise Agreement.

Regarding Item 17's discussion of our right to terminate you upon your bankruptcy, this provision in the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

The Franchise Agreement is amended to state the following: "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 (a) 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."

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE AGREEMENT
REQUIRED BY THE STATE OF MARYLAND**

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

Section 20.8 of the Franchise Agreement is hereby modified by adding the following at the end of the first sentence thereof: “. . . , provided, however, that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.”

With respect to franchisor's right to terminate you upon your bankruptcy as stated in Section 17.1 of the Franchise Agreement, termination of the Franchise Agreement for this reason may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

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

Notwithstanding anything to the contrary in Section 20.4 of the Franchise Agreement, the Maryland Franchise Registration and Disclosure Law prohibits the Franchisor from precluding the Franchisee from initiating litigation against the Franchisor in Maryland. Accordingly, Section 20.4 is hereby modified to provide that the Franchisee may initiate litigation or sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

No representation or disclaimer by the Franchisee in the Franchise Agreement is 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 Franchise Agreement is amended to state the following: “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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

IN WITNESS THEREOF, the parties have executed this Addendum as of the Effective Date of the Franchise Agreement.

FRANCHISOR:

By: _____

Printed Name: _____

Its: _____

FRANCHISEE:

(Name of individual or Entity)

By: _____

Printed Name: _____

Its: _____

FOR THE STATE OF MINNESOTA

1. Notwithstanding anything contained in the Franchise Agreement to the contrary, the Franchisor shall protect the Franchisee's right to use the trademarks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the Franchisee has been permitted to use under the Franchise Agreement.
2. 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 for non-renewal of the Franchise Agreement.
3. Any reference contained in the Franchise Agreement to the effect that the Franchisor "is entitled" to injunctive relief, or any imputation that the Franchisee can waive any rights under any law shall, in any Franchise Agreement entered into in the State of Minnesota be deleted and replaced with the words, "may seek".
4. Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
5. With respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Rule 2860.4400D which prohibits a franchisor from requiring a franchisee to assent to a general release as a requirement to renew or extend.
6. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.
7. Except as expressly modified by this Addendum, Franchise Agreement remains unmodified and in full force and effect.
8. The Franchise Agreement is amended to state the following: "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 (a) 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."

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

UNITS FRANCHISING GROUP, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

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

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

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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

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

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

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

8. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

FOR THE STATE OF NEW YORK

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20____, between UNITS FRANCHISING GROUP, INC. and _____ to amend and revise said Franchise Agreement as follows:

1. In recognition of the requirements of the General Business Laws of the State of New York, Article 33, §§ 680 through 695, the Franchise Agreement for UNITS FRANCHISING GROUP, INC. shall be amended as follows:

- Sections 4.2, 8.3, and 17.2 require Franchisee to sign a general release as a condition of renewal, termination and transfer of the franchise; such release shall exclude claims arising under the General Business Laws.
- Under Section 17.1 of the Franchise Agreement, Franchisor will not transfer and assign its rights and obligations under the Franchise Agreement unless the transferee will be able to perform the Franchisor’s obligations under the Franchise Agreement, in Franchisor’s good faith judgment, so long as it remains subject to the General Business Laws of the State of New York.
- Section 20.2 is amended to provide that Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee’s reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.
- Section 22.1 of the Franchise Agreement requires that the franchise be governed by the laws of the state the Franchisor’s principal business is then located, such a requirement will not be considered a waiver of any right conferred upon the Franchisee by Article 33 of the General Business Laws.
- The Franchise Agreement is amended to state the following: “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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the New York Law applicable to the provisions are met independent of this Addendum. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement or exhibits or attachments thereto, the terms of this Addendum shall govern.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

UNITS FRANCHISING GROUP, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to this ___ day of _____, 20___, between UNITS FRANCHISING GROUP, INC. and _____
_____ to amend and revise said Franchise Agreement as follows:

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for UNITS Franchising Group for use in the Commonwealth of Virginia shall be amended as follows:

- Section 15 of the Franchise Agreement which terminates the Franchise Agreement upon the bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 15.1.17 of the Franchise Agreement is amended to prohibit a franchisor to cancel a franchise without reasonable cause or to use undue influence to induce a franchisee to surrender any right given to him by any provision contained in the franchise.
- The Franchise Agreement is amended to state the following: “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 (a) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.”

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, and understands and consents to be bound by all of its terms.

UNITS FRANCHISING GROUP, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF WASHINGTON

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WASHINGTON ARE HEREBY AMENDED AS FOLLOWS:

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. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

The Franchise Agreement is amended to state the following: "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 (a) 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."

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

UNITS FRANCHISING GROUP, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

FOR THE STATE OF WISCONSIN

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF WISCONSIN ARE HEREBY AMENDED AS FOLLOWS:

This Addendum shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with the Wisconsin Fair Dealership Law. Notwithstanding anything which may be contained in the body of the Franchise Agreement to the contrary, the agreements shall be amended as follows:

Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of this Agreement or a related document between Franchisor and franchisee inconsistent with the Law.

The Franchise Agreement is amended to state the following: "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 (a) 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."

UNITS FRANCHISING GROUP, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

EXHIBIT D TO THE FRANCHISE AGREEMENT
SAMPLE TERMINATION AND RELEASE AGREEMENT

TERMINATION OF FRANCHISE AGREEMENT AND RELEASE

This Termination of Franchise Agreement and Release (the "Agreement") is made this __ day of _____, 20__, by and between UNITS Franchising Group, Inc., a corporation with its principal place of business at 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492 (mailing address of 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492) (herein called "Franchisor"), and ____ ("Franchisee"), _____ ("Guarantor").

BACKGROUND

- A. On _____, Franchisee entered into a franchise agreement (the "Franchise Agreement") with Franchisor for the right to operate a distinctive self-storage rental and moving business under the "UNITS®" mark (the "Franchised Business") in the territory identified in the Franchise Agreement (the "Territory").
- B. Guarantor signed the Franchise Agreement as shareholders of Franchisee, and are individually jointly and severally liable for performance thereunder.
- C. Franchisor and Franchisee wish to termination the Franchise Agreement pursuant to the terms of this Agreement.

AGREEMENT

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Franchisee shall pay Franchisor the sum of [_____] in consideration of all past due royalty, advertising and other fees due to Franchisor under the Franchise Agreement through the date of this Agreement.
2. Termination. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Franchisee arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.
3. Post-Termination Obligations. Franchisee hereby acknowledges and agrees that nothing in this Agreement is intended to release Franchisee or Guarantor from all post-termination covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to confidentiality, indemnification, restrictions on competition, and Guarantor and Franchisee's obligations upon termination under Article 16 of the Franchise Agreement and in the Personal Guaranty attached as Exhibit B to the Franchise Agreement.
4. Release by Guarantor and Franchisee. Guarantor and Franchisee, for themselves and all persons and entities claiming by, through, or under them, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the "Franchisor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which they, by themselves, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer or sale of the Franchised Business and the parties' rights or obligations under the Franchise Agreement.
5. Release by Franchisor. Except as otherwise provided in this Agreement, Franchisor, for itself and all persons and entities claiming by, through, or under it, releases, acquits and forever discharges Franchisee and Guarantor and their present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns from all obligations, claims, debts, demands,

covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which Franchisor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, has, had or claims to have against Franchisee and Guarantor arising out of or related to the parties' rights or obligations under the Franchise Agreement. Specifically excepted from this release are any claims asserted against Franchisor or any of its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement or the ownership or operation of the Franchised Business. Franchisee and Guarantor, jointly and severally, agree to indemnify and hold the Indemnified Parties harmless from any and all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees incurred in connection with such claims.

6. Governing Law. This Agreement shall be construed under the laws of the State of South Carolina, which laws shall control in the event of any conflict of law.

7. Advice of Counsel. Each party declares that the terms of this Agreement have been completely read and fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

8. Binding Effect. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Attorney's Fees. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

10. Forum. With the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of South Carolina pursuant to the mediation, arbitration and forum selection provisions of the Franchise Agreement.

11. Entire Agreement. This Agreement constitutes the entire integrated agreement of the parties with respect to subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

12. Counterparts. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.

UNITS FRANCHISING GROUP, INC.

Attest: _____ **By:** _____

FRANCHISEE

Witness: _____ **By:** _____

GUARANTOR

Witness: _____ **By:** _____

Witness: _____ **By:** _____

EXHIBIT D TO THE FRANCHISE DISCLOSURE DOCUMENT

UNITS FRANCHISING GROUP, INC.

TABLE OF CONTENTS OF OPERATIONS MANUAL

A. INTRODUCTION

UNITS FRANCHISE OPERATIONS MANUAL	2
UNITS Franchise Operation Manual (continued)	3
MANUAL ORGANIZATION.....	3
PAGE LAYOUT	3
UNITS FRANCHISE TRAINING	3
STATEMENT OF CONFIDENTIALITY	4
Statement of Confidentiality (continued).....	5
CORRESPONDENCE AND FRANCHISEE FEEDBACK	6
UNITS FRANCHISE SUPPORT	6
SUGGESTED POLICY/PROCEDURE CHANGE	7
LIMITATIONS OF THE MANUAL	8
A INTRODUCTION	1
LETTER FROM THE FOUNDER	3
THE IDEAL TEAM PLAYER	4
UNITS MISSION STATEMENT	5
UNITS Mission Statement:	5
UNITS CODE OF VALUES	6
UNITS CODE OF VALUES.....	6
SERVICES OF THE FRANCHISOR ORGANIZATION	7
Site Selection	7
Sources of Supply	7
Training and Assistance	7
Continuing Education	9
Advisory Assistance.....	9
Marketing and Advertising Materials	9
Marketing Fund	10
Cooperative Advertising Program	10
Operations Consulting.....	11
Required Software	11
Trademarked Products.....	11
Ongoing Research and Development.....	12
Helpline.....	12
Web Site	12
RESPONSIBILITIES OF A UNITS FRANCHISEE	13
Responsibilities To Your Customers:	13
Responsibilities To Your Fellow Franchisees:	14

RESPONSIBILITIES OF A UNITS FRANCHISEE	13
Responsibilities To Your Customers:	13
Responsibilities To Your Fellow Franchisees:	14
Responsibilities To Your Employees:	15
Responsibilities to the Franchisor:	16
Responsibilities to the Community:	18
VISITS FROM THE CORPORATE OFFICE.....	19
FRANCHISE FIELD CONSULTANT.....	20
UNITS Franchise Field Consultant:	20
FRANCHISE FIELD CONSULTANT/CHECKLIST CONFIRMATION.....	21
COMMENTS FROM THE FIELD CONSULTANT (to be attached, if necessary).....	29
COMMENTS FROM FRANCHISEE (to be attached, if necessary).....	29

. ESTABLISHING A UNITS BUSINESS

Page 1

INTRODUCTION	1
YOUR STATUS AS AN INDEPENDENT CONTRACTOR	2
BUSINESS NAME	2
SIGNAGE	3
DAYS AND HOURS OF OPERATION	4
UNITS' RECOGNIZED HOLIDAYS	4
PREOPENING TIMETABLE AND PREPARATION	5
GENERAL GUIDELINES	5
PAYING TAXES AND REPORTING	14
EMPLOYER IDENTIFICATION NUMBER	14
EIN PROCESS	14
Paying Taxes and Reporting (continued)	15
WHEN TO APPLY	15
STATE UNEMPLOYMENT TAX	15
SALES TAX	15
COUNTY AND TOWN TAXES OVERVIEW	16
SALES TAX	16
PERSONAL PROPERTY TAX	16
COUNTY OR TOWN BUSINESS TAX	16
PAYING ADDITIONAL FEES	17
LATE PAYMENTS	17
AUDITS	17
INSURANCE POLICIES	18
TRANSFERS	18
FRANCHISE TRAINING	18
LEGAL FEES	19
EMERGENCY OPERATING FEES	19
ALTERNATE SUPPLIERS	19
GENERAL OPERATING ACCOUNTS	20
GENERAL OPERATING ACCOUNTS OVERVIEW	20

B. ESTABLISHING A UNITS BUSINESS

Page 2

CHART OF ACCOUNTS	21
Standard Sitelink Reports for Accounting.....	27
Standard Sitelink Reports for Accounting (continued).....	28
FRANCHISE ROYALTY CALCULATION.....	29
Franchise Royalty Calculation (continued).....	30
Franchise Royalty Calculation (continued).....	31
Franchise Royalty Calculation (continued).....	32
Franchise Royalty Calculation (continued).....	33
BAD DEBT WRITE OFF POLICY AND PROCEDURES	34
Bad Debt Write Off Policy and Procedures (continued).....	35
SITELINK DATING AND DELETING TRANSACTIONS.....	36
D. CUSTOMER REFUNDS	37
EQUIPMENT PURCHASE PROCESS	38
SELECTING THE IDEAL STORAGE FACILITY	39
Selecting the Ideal Storage Facility (continued).....	40
Selecting the Ideal Storage Facility (continued).....	41
STORAGE FACILITY REQUIREMENTS.....	42
REQUIRMENTS	43
Storage Facility Requirements (continued)	44
REQUIRED LEASE INCLUSIONS	45
DEVELOPING YOUR SITE AND UNITS APPROVAL	46
Developing Your Site and UNITS Approval (continued)	47
REQUIRED INSURANCE COVERAGES	48
Required Insurance Coverages (continued)	49
SPECIAL LICENSES AND PERMITS	50
CONTRACTING FOR UTILITIES AND SERVICES.....	51
➤ Utilities	51
➤ Regular Services.....	51
Contracting for Utilities and Services (continued)	52
➤ Occasional Services.....	52
INTERNET AND TELEPHONE SERVICES	53

B. ESTABLISHING A UNITS BUSINESS

Page 3

INTERNET AND LANDLINE TELEPHONE SERVICES	53
Internet and Telephone Services (continued)	54
UNITS ANSWERING SERVICE	55
LOGO AND SIGNAGE SPECIFICATIONS	56
CONTAINER DISPLAY SIGNAGE	57
CONTAINER SPECIFICATION SHEET (16')	58
REQUIRED EQUIPMENT AND FRANCHISOR SUPPORT	59
UNITS EQUIPMENT CHECKLIST	60
OFFICE EQUIPMENT AND FURNISHINGS CHECKLIST	62
COMPUTER SYSTEM AND SOFTWARE REQUIREMENTS	64
OFFICE FORMS AND PRINT MARKETING ESSENTIALS	65
BOXES AND PACKING SUPPLIES	66
MANAGING CONTAINER COUNTS AND INVENTORY	67
UNIT INVENTORY REPORT (SITELINK REPORT)	67
BRANDING STYLE GUIDE	69
ON BOARDING & COUNTDOWN TO OPENING	70
GRAND OPENING TIPS AND PREPARATION	71
Grand Opening Tips and Preparation (continued)	72

C. FRANCHISE PERSONNEL

FRANCHISE PERSONNEL	2
INTRODUCTION	6
Introduction (continued)	7
THE UNITS POLICY ON FAIR EMPLOYMENT PRACTICES	8
COMPLYING WITH LAWS THAT PROHIBIT DISCRIMINATION	8
THE ROLE OF THE EQUAL EMPLOYMENT OPPORTUNITY COMMISSION(EEOC).....	10
AVOIDING DISCRIMINATORY PRACTICES IN HIRING	11
INAPPROPRIATE PRE-EMPLOYMENT INQUIRIES.....	12
WAGE AND LABOR LAWS.....	16
REQUIRED POSTERS	16
THE FAIR LABOR STANDARDS ACT	17
Wages:.....	17
Hours:	17
Child Labor:.....	18
STATE STATUTES	20
Training Time	20
Shifts	20
Consistent and Regular Paydays.....	20
Employee Resignations	20
Terminations	21
Paycheck Deductions	21
COMPLYING WITH THE IMMIGRATION REFORM AND CONTROL ACT OF 1986.....	22
WHAT YOU MUST DO.....	22
Complying with the Immigration Reform and Control Act of 1986 (continued)	23
FORM I-9.....	24
JOB DESCRIPTIONS	23
FRANCHISE OWNER/MANAGER.....	24
Franchise Owner/Manager Duties and Responsibilities:	24
Franchise Owner/Manager Duties and Responsibilities (continued)	25
CUSTOMER SERVICE REPRESENTATIVE	26
Customer Service Representative (CSR) Summary	26
Required Management Skill Set	26
CUSTOMER SERVICE REPRESENTATIVE DUTIES AND RESPONSIBILITIES	27
CSR Duties and Responsibilities (continued).....	28

C. PERSONNEL

Page 2

CSR Duties and Responsibilities (continued).....	29
CSR QUALIFICATIONS	30
CUSTOMER SERVICE REPRESENTATIVE JOB POSTING	31
Management Skill Set.....	31
CSR Duties & Responsibilities.....	32
Customer Service Representative Job Posting (continued).....	33
OUTSIDE SALES MANAGER.....	34
Duties and Responsibilities:.....	34
Outside Sales Manager Duties and Responsibilities (continued)	35
OUTSIDE SALES MANAGER QUALIFICATIONREQUIREMENTS	36
OUTSIDE SALES MANAGER JOB POSTING	37
Job Summary.....	37
Primary responsibilities	37
Outside Sales Manager Job Posting (continued)	38
DELIVERY DRIVER	39
Duties and Responsibilities:.....	39
Delivery Drive Duties and Responsibilities (continued).....	40
Delivery Drive Duties and Responsibilities (continued).....	41
DELIVERY DRIVER QUALIFICATIONS REQUIREMENTS	42
CHARACTERISTICS OF THE IDEAL UNITS EMPLOYEE	43
Characteristics of the Ideal UNITS Employee (continued).....	44
Characteristics of the Ideal UNITS Employee (continued).....	45
THE RECRUITMENT AND SELECTION PROCESS	46
1. Advertise the available position(s).....	46
2. Have each applicant request an interview via phone or email	46
The Recruitment and Selection Process (continued)	47
4. Conduct interviews.....	47
5. Check references.....	47
6. Notify successful applicants	47
The Recruitment and Selection Process (continued)	48
8. Conduct criminal background check of the top candidate	48
THE INTERVIEW PROCESS.....	49
The Interview Process (continued)	50
The Interview Process (continued)	51
THE PRELIMINARY EVALUATION	52

REFERENCES

53

C. PERSONNEL

Page 3

SAMPLE REFERENCE CHECK QUESTIONS.....	53
References (continued).....	54
TELEPHONE REFERENCE CHECK PROCEDURES	54
References (continued).....	55
SELECTION	56
DOCUMENTATION.....	57
PROTECTING THE UNITS SYSTEM	58
SAMPLE NON-DISCLOSURE AND NON-COMPETITION AGREEMENT	59
OPENING PERSONNEL FILES	60
ORIENTATION AND TRAINING OF PERSONNEL	61
1. Give new employees a tour of the premises.	61
2. Have new employees' complete employment-related forms.	61
Orientation and Training of Personnel (continued)	62
4. Establish a training agenda.	62
EMPLOYEE TRAINING OUTLINE.....	63
I. PREPARATION FOR TRAINING	63
II. TRAINING STEPS	63
Employee Training Outline (continued)	64
III. TRAINING EMPLOYEES	64
ORIENTATION CHECKLIST.....	65
TOPICS FOR TRAINING STAFF	66
Topics for Training Staff (continued)	67
FORKLIFT TRAINING.....	68
THE TRIAL PERIOD	69
SCHEDULING EMPLOYEE WORK HOURS	70
TIME REPORTING PROCEDURES	71
UNITS TIME SHEETS	72
TIME SHEET GUIDELINES	72
SAMPLE TIME SHEET	73
THE UNITS UNIFORM/DRESS CODE.....	75
ESTABLISHING PERSONNEL POLICIES.....	76
PERSONNEL POLICY WORKSHEET	77
Personnel Policy Worksheet (continued).....	78
Personnel Policy Worksheet (continued).....	79
Personnel Policy Worksheet (continued).....	80
Personnel Policy Worksheet (continued).....	81

C. PERSONNEL

Page 4

Personnel Policy Worksheet (continued).....	82
EVALUATING EMPLOYEES	83
Evaluating Employees (continued).....	84
EMPLOYEE EVALUATION FORM	85
EMPLOYEE PROGRESS REPORT	87
DISCIPLINE AND TERMINATION	88
Discipline and Termination (continued).....	89
THE STEPS TO PROGRESSIVE DISCIPLINE.....	89
Discipline and Termination (continued).....	90
GROUNDS FOR IMMEDIATE TERMINATION.....	90
STATEMENT OF WARNING	91
SEPARATION NOTICE	92

D. DAILY OPERATING PROCEDURES

Introduction.....	D-1
Proper Use of Business Assets	D-2
After hours call forwarding.....	D-5
UNITS® Customer Base	D-6
UNITS® Folders on Dropbox	D-7
Accepted Method of Payment and Security	D-8
Daily Opening and Closing Procedures.....	D-10
Customer Service Representative Opening Procedures.....	D-10
Delivery Specialist Opening Procedures	D-11
Customer Service Representative Closing Procedures	D-13
Delivery Specialist Closing Procedures	D-15
Pre-Shift Forklift Inspection Checklist	D-17
Forklift Internal Combustion Engine Checklist	D-19
Gas and Diesel Engine	D-19
Electric Engine	D-20
Delivery Truck Internal Combustion Engine Checklist.....	D-22
Delivery Truck Safety Checklist.....	D-25
Driver Vehicle Inspection Report	D-27
Driver Vehicle Inspection Report Sample	D-28

Features of Sitelink Portable Storage Software	D-29
Bookkeeping and Data Entry Procedures	D-30
Scheduling Deliveries/Touches.....	D-31
Quarterly Inventory Counts	D-31
End of Day (Sitelink)	D-34
POS Cash Register System	D-38
Preparing the Bank Deposit.....	D-39

D.
DAILY OPERATING PROCEDURES

Page 2

Ordering, Storing and Receiving Merchandise	D-40
Using Approved Suppliers	D-42
List of Approved Suppliers	D-43
Request to Change Supplier	D-45
Standards of Cleanliness.....	D-46
Safety in the Workplace.....	D-48
Customer Injury and Illness	D-50
Employee Injury and Illness.....	D-51
Fire Safety Tips	D-52
Storage Center Security	D-54
Storage Center Layout and Organization.....	D-56

E.
UNITS SERVICES AND CUSTOMER CARE

<u>UNITS SERVICES AND CUSTOMER CARE</u>	1
<u>UNITS COMMITMENT TO QUALITY CARE</u>	1
<u>PREMIUM MOVING AND PORTABLE STORAGE SERVICES</u>	2
<u>Premium Moving and Portable Storage Services</u>	2
<u>UNITS Professional Knowledge & Terminology</u>	3
<u>Status of UNITS Premium Services</u>	5
<u>Sitelink Transport Screen</u>	5
<u>MANAGING RENTALS RATES AND DELIVERY FEES</u>	6
<u>UNITS ONLINE QUOTE SYSTEM</u>	7
<u>How it Works</u>	7
<u>UNITS Online Quote System Set-Up Requirements</u>	9
<u>UNITSSTORAGE.COM</u>	10
<u>UNITS Biz-Hub</u>	11
<u>UNITS Biz-Hub Home Screen</u>	11
<u>Future Development</u>	12
<u>UNITS Biz-Hub Setup</u>	12
<u>UNITS Biz-Hub Operation</u>	13
<u>Closing the Lead/Sale</u>	19
<u>Creating a New Lead</u>	23
<u>Converting Lead/Sale into a Reservation within Sitelink</u>	28
<u>UNITS Standard Charges Default Pricing (Sitelink)</u>	34
<u>UNITS CONTAINER PRICING AND INVENTORY SET-UP</u>	35
<u>Adding UNITS Containers to Sitelink</u>	35
<u>HOW TO SELL UNITS SERVICES AND PRODUCTS</u>	36
<u>CSR KEY POINTS AND IMPORTANT DETAILS</u>	37
<u>CSR Key Points and Important Details Guidelines</u>	37
<u>CSR Key Points and Important Details Guideline (continued)</u>	38
<u>CSR Key Points and Important Details (continued)</u>	39
<u>CSR SALES SCRIPT</u>	40
<u>CSR Sales Script Example:</u>	40
<u>CSR Sales Script (continued)</u>	41
<u>CSR Sales Script (continued)</u>	42
<u>CSR Sales Script (continued)</u>	43
<u>CLOSING THE SALE & PROPER DOCUMENTATION</u>	44

E.

PROVIDING UNITS SERVICES

<u>CONTAINER RESERVATION FORM</u>	45
<u>CUSTOMER WELCOME LETTER</u>	46
<u>Customer Welcome Letter</u>	46
<u>1.NO PRORATION OF MONTHLY RECURRING CHARGES:</u>	46
<u>Customer Welcome Letter (continued)</u>	47
<u>3.CLEANING FEES / EMPTY PICK UP:</u>	47
<u>4.CONTAINER DAMAGE:</u>	47
<u>5.ACCESSING YOUR UNIT:</u>	47
<u>6.TRANSPORTING A FULL UNIT:</u>	47
<u>UNITS STANDARD RENTAL AGREEMENT/LEASE</u>	48
<u>UNITS Standard Rental Agreement/Lease (continued)</u>	49
<u>UNITS Standard Rental Agreement/Lease (continued)</u>	50
<u>UNITS Standard Rental Agreement/Lease (continued)</u>	51
<u>UNITS Standard Rental Agreement/Lease (continued)</u>	52
<u>UNITS Standard Rental Agreement/Lease (continued)</u>	53
<u>UNITS Standard Rental Agreement/Lease (continued)</u>	54
<u>UNITS Standard Rental Agreement/Lease (continued)</u>	55
<u>AUTOMATIC PAYMENT AUTHORIZATION FORM</u>	56
<u>Automatic Payment Authorization Form</u>	56
<u>TENANT CONTENT PROTECTION</u>	57
<u>CUSTOMER RESPONSIBILITY ADDENDUM</u>	57
<u>Tenant Content Protection Addendum</u>	57
<u>DAMAGE WAIVER</u>	59
<u>Damage Waiver Document</u>	59
<u>Damage Waiver (continued)</u>	60
<u>CUSTOMER SATISFACTION SURVEY</u>	61
<u>DAILY FACILITY TRACKER</u>	62
<u>Daily Facility Tracker</u>	62
<u>UNITS SPACE ESTIMATOR CHART</u>	64
<u>HELPFUL PACKING TIPS</u>	65
<u>Helpful Packing Tips</u>	65
<u>Helpful Packing Tips (continued)</u>	66
<u>Dishes and Glassware</u>	66
<u>Lamps and Décor</u>	66
<u>Helpful Packing Tips (continued)</u>	67
<u>Furniture</u>	67

E.
PROVIDING UNITS SERVICES

<u>Helpful Packing Tips (continued)</u>	68
<u>“Do Not Ship” Items</u>	68
<u>Helpful Packing Tips (continued)</u>	69
<u>TRANSPORTING PORTABLE STORAGE</u>	70
<u>Transporting Portable Storage (continued)</u>	71
<u>Transporting Portable Storage (continued)</u>	72
<u>CUSTOMER CONTAINER ACCESS</u>	73
<u>CUSTOMER CARE TIPS</u>	74
<u>Customer Care Tips</u>	74
<u>Customer Care Tips (continued)</u>	75
<u>Customer Care Tips (continued)</u>	76
<u>MAINTAINING CUSTOMER RELATIONS</u>	77
<u>Maintaining Customer Relations (continued)</u>	78
<u>CUSTOMER COMPLAINTS</u>	79
<u>Tips for Addressing Customer Complaints</u>	79
<u>Customer Complaints (continued)</u>	80
<u>HANDLING POTENTIAL CUSTOMER COMPLAINTS AND INQUIRIES</u>	81
<u>1. Water has entered the customer’s secured UNITS brand container:</u>	81
<u>2. Customer was overcharged.</u>	81
<u>Handling Potential Customer Complaints and Inquiries (continued)</u>	82
<u>3. UNITS brand container not delivered by scheduled time.</u>	82
<u>4. The UNITS container doors will not close correctly / door latch</u>	82
<u>Potential Customer Complaints and Inquiries (continued)</u>	83
<u>6. After the UNIT is initially delivered and the customer has signed the rental agr</u>	83
<u>7. The HOA calls your UNITS location to complain</u>	83
<u>ANCILLARY MERCHANDISE SALES</u>	84
<u>HOLD HARMLESS AGREEMENT</u>	85
<u>Hold Harmless Agreement HOLD HARMLESS AGREEMENT</u>	85
<u>UNDERSTANDING THE UNITS FRANCHISE MODEL</u>	86
<u>Growing Your Franchise: Are you doing what it takes?</u>	86
<u>Understanding the UNITS Franchise Model (continued)</u>	87
<u>Understanding the UNITS Franchise Model (continued)</u>	88
<u>RECOMMENDED PROFESSIONAL ORGANIZATIONS</u> 89	

**EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT
UNITS FRANCHISING GROUP, INC.
FINANCIAL STATEMENTS**

**UNITS FRANCHISING GROUP, INC.
CHARLESTON, SOUTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

**UNITS FRANCHISING GROUP, INC.
DECEMBER 31, 2022 AND 2021**

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL STATEMENTS</u>	
Independent Auditors' Report	1-2
Balance Sheets	3-4
Statements of Income and Accumulated Earnings	5
Statements of Cash Flows	6
Notes to Financial Statements	7-11

INDEPENDENT AUDITORS' REPORT

To the Owner of
UNITS Franchising Group, Inc.
Charleston, South Carolina

Opinion

We have audited the accompanying financial statements of UNITS Franchising Group, Inc. (a South Carolina corporation) which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and accumulated earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNITS Franchising Group, Inc. as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UNITS Franchising Group, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 UNITS Franchising Group, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UNITS Franchising Group, Inc.'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 UNITS Franchising Group, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Glaser and Company, LLC

Charleston, South Carolina
April 7, 2023

UNITS FRANCHISING GROUP, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash	\$ 1,320,434	\$ 746,219
Accounts receivable	8,662,527	9,425,915
Lease receivable, current	103,512	93,183
Equipment inventory	1,123,198	127,457
Prepays and deposits on containers	2,321,876	1,470,768
Deferred franchise costs, current	572,260	446,869
TOTAL CURRENT ASSETS	14,103,807	12,310,411
 PROPERTY AND EQUIPMENT		
Computers and equipment	71,274	71,274
Storage units	1,353,864	1,279,264
Less: accumulated depreciation	(660,355)	(546,343)
	764,783	804,195
 OTHER LONG-TERM RECEIVABLES		
Lease receivable, net of current	161,964	294,624
Due from related entities, net	1,989,050	1,503,617
Deferred franchise costs, net of current	4,168,099	3,569,050
	6,319,113	5,367,291
TOTAL ASSETS	\$ 21,187,703	\$ 18,481,897

See accompanying notes to the financial statements.

UNITS FRANCHISING GROUP, INC.
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2022 AND 2021

LIABILITIES AND STOCKHOLDER'S EQUITY

	2022	2021
CURRENT LIABILITIES		
Accounts payable	\$ 6,237,597	\$ 7,938,902
Accrued expenses	125,732	28,189
Capital lease payable, current	108,758	150,433
Deferred franchise fees, current	1,323,719	999,404
TOTAL CURRENT LIABILITIES	7,795,806	9,116,928
NONCURRENT LIABILITIES		
Capital lease payable, net of current	202,321	286,283
Deferred franchise fees, net of current	9,894,961	8,153,044
TOTAL NONCURRENT LIABILITIES	10,097,282	8,439,327
TOTAL LIABILITIES	17,893,088	17,556,255
STOCKHOLDER'S EQUITY		
Common stock, no par value, 1,000 shares authorized		
100 shares issued and outstanding	600	600
Additional paid-in capital	512,305	512,305
Accumulated earnings	2,781,710	412,737
	3,294,615	925,642
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 21,187,703	\$ 18,481,897

See accompanying notes to the financial statements.

UNITS FRANCHISING GROUP, INC.
STATEMENTS OF INCOME AND ACCUMULATED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
REVENUE		
Royalties	\$ 3,744,114	\$ 2,574,821
Equipment sales of \$20,157,426 and \$23,207,956 net of of \$14,800,343 and \$22,686,411 in cost of sales	5,357,083	521,545
Franchise fee amortization	1,402,435	1,043,373
Franchise transfer fee	15,000	12,000
Lease interest income	10,132	12,052
Inner franchise movement revenue	3,431,979	2,317,385
Revenue sharing franchisee fees	95,620	52,619
Convention	-	64,000
Miscellaneous	10,581	24,501
	<u>14,066,944</u>	<u>6,622,296</u>
COSTS AND EXPENSES		
Salaries - corporate operations and marketing	1,099,484	859,883
Salaries - long-distance move operations	315,344	184,773
Salaries - franchise support and operations	856,562	662,671
Payroll taxes and benefits	250,403	189,424
Long-distance move operating expenses	2,611,245	1,850,036
Franchise sales commission amortization	717,029	384,973
Broker royalty expenses	209,804	156,613
Professional and consulting fees	279,940	257,124
Information technology	130,327	72,294
Rent and occupancy	33,695	50,792
Office, printing and postage	20,179	21,827
Advertising	853,129	613,384
Insurance	86,592	63,137
Trade shows and national convention	67,844	179,482
Travel and meetings	372,063	307,354
Dues and subscriptions	40,611	25,582
Depreciation	114,012	65,875
Other operating, general and administrative expenses	323,572	42,599
	<u>8,381,835</u>	<u>5,987,823</u>
INCOME FROM OPERATIONS	<u>5,685,109</u>	<u>634,473</u>
OTHER INCOME AND (EXPENSE)		
Interest income	8,286	833
Corporate enrichment consulting	(54,770)	(7,190)
Interest expense	(31,558)	(35,299)
	<u>(78,042)</u>	<u>(41,656)</u>
NET INCOME	<u>5,607,067</u>	<u>592,817</u>
Accumulated earnings, beginning of year	412,737	565,413
Distributions	(3,238,094)	(745,493)
ACCUMULATED EARNINGS, END OF YEAR	<u>\$ 2,781,710</u>	<u>\$ 412,737</u>

See accompanying notes to the financial statements.

UNITS FRANCHISING GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES		
Net income	\$ 5,607,067	\$ 592,817
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	114,012	65,875
Amortization of deferred lease interest	(10,132)	(8,215)
Receipts on deferred franchise fees	3,468,667	4,931,001
Payments on deferred franchise costs	(1,441,469)	(1,946,911)
Amortization of deferred franchise fees	(1,402,435)	(1,043,373)
Amortization of deferred franchise costs	717,029	384,973
(Increase) Decrease in:		
Accounts receivable	763,388	(6,450,418)
Lease receivable	132,463	(103,151)
Equipment inventory	(995,741)	4,118
Prepays and deposits on containers	(851,108)	(1,366,104)
Due to related entities	(485,433)	(1,637,210)
Increase (Decrease) in:		
Accounts payable	(1,701,305)	7,842,563
Accrued expenses	97,543	(40,924)
CASH PROVIDED BY OPERATING ACTIVITIES	4,012,546	1,225,041
CASH OUTFLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(74,600)	(194,667)
CASH USED FOR INVESTING ACTIVITIES	(74,600)	(194,667)
CASH OUTFLOWS FROM FINANCING ACTIVITIES		
Payments made on capital leases payable	(125,637)	(62,026)
Stockholder distribution	(3,238,094)	(745,493)
CASH USED FOR FINANCING ACTIVITIES	(3,363,731)	(807,519)
INCREASE IN CASH	574,215	222,855
Cash at beginning of year	746,219	523,364
CASH AT END OF YEAR	\$ 1,320,434	\$ 746,219
<u>Supplemental Cash Flow Information</u>		
Cash paid for interest	\$ 31,558	\$ 35,299
<u>Supplemental Investing and Financing Cash Flow Information</u>		
Operational containers acquired through direct financing lease	\$ -	\$ 200,874

See accompanying notes to the financial statements.

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by UNITS Franchising Group, Inc. (the “Company”) and the methods of applying those policies, which materially affect the determination of financial position, results of operations and cash flows are summarized below:

Organization

UNITS Franchising Group, Inc. was incorporated in South Carolina on March 1, 2005 and was capitalized by its sole shareholder. The Company was established to offer franchises to third parties to operate under its trade name UNITS, and to provide portable self-storage containers. Franchise operations are regulated by the Federal Trade Commission (FTC). The Company is presently authorized to offer and sell franchises under its amended document in states provided in its current Franchise Disclosure Document. Where registered, the Company intends to sell franchises with, among other things, uniform standards and procedures for efficient business operations, territorial rights, management training, and a license to use the trade name, UNITS. In exchange, franchisees are to pay the Company an initial franchise fee, monthly advertising fee, and monthly royalty fee based on percentage of net sales.

To offer and sell franchises, certain states require the Company to submit its Uniform Franchise Offering Circular for registration, review, and approval. Additionally, in the course of offering a franchise to a prospective franchisee, the Company must distribute a copy of its approved Uniform Franchise Offering Circular to the prospective franchisee. The Uniform Franchise Offering Circular includes a variety of financial and non-financial data regarding the franchise operations.

Revenue Recognition

Franchise royalty fees are generally based on a percentage of the franchise's monthly gross revenue. Franchise royalty fees are recognized as revenue as the fees are earned, which is when all material services or conditions have been performed or satisfied by the Company.

The Company enters into franchise agreements (“franchise sales”) committing to provide franchisees with marketing services and limited rights for the use of registered trade names and trademarks. Franchise sales fees are recognized over the term of the franchise agreement, which is typically 10 or 20 years.

Franchise Acquisition Costs, Net

The Company capitalizes commissions paid to incentivize sales to owners who enter into franchise contracts with the Company, which are presented as deferred franchise costs on the balance sheet. Contract acquisition costs are amortized using the straight-line method over the franchise agreement term which is generally 10 or 20 years. The Company reviews its franchise acquisition costs, net for impairment when indicators of impairment exist. The Company performs an analysis to determine the recoverability of the franchise acquisition costs carrying value by comparing the expected undiscounted future cash flows to the net book value of the franchise acquisition costs, net. If the carrying value is not recoverable, the Company recognizes an impairment loss for the excess carrying value over the estimated fair value in the statements of income and accumulated earnings. There were no accumulated impairment losses related to franchise acquisition costs as of December 31, 2022 and 2021.

Cash

The Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash.

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Accounts receivable is recorded when services are rendered. The direct charge off method is used for bad debts. Accounts receivable is considered delinquent after 90 days. Indebtedness that is known to be uncollectible is charged to bad debt expense. This practice is not in accordance with accounting principles generally accepted in the United States of America; however, differences between this method and those generally accepted in the United States of America are not material to the financial statements taken as a whole.

Property and Equipment

Property and equipment consist primarily of container units and vehicles used for lease or inter-franchise state to state moves that are maintained on the basis of cost if purchased or estimated fair market value if transferred, less applicable accumulated depreciation. Costs of additions and major improvements are capitalized. Expenditures for maintenance and repairs are charged directly to operations as incurred. Assets under development are recognized at cost and placed in service upon completion of testing and functionality. Depreciation charged to operations is computed using straight-line methods over estimated useful lives of the respective assets of 3 to 10 years.

Income Taxes

On May 6, 2005, the Company, with the consent of its shareholder, filed Form 2553 with the Internal Revenue Service electing to be an “S” corporation under the Internal Revenue Code and similar law. Under those provisions, the shareholder includes the Company’s taxable income, or loss, on the shareholder’s individual income tax returns. Therefore, no provision for federal or state income taxes has been made.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2022 and 2021 totalled \$853,129 and \$613,384, respectively. Costs incurred that are determined to have a useful life exceeding a year are capitalized and amortized to expense over their assigned lives.

Concentrations of Credit Risk

The Company maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits of \$250,000. At December 31, 2022, the Company had \$1,327,282 in deposits in excess of FDIC coverage.

NOTE 2 – DEFERRED FRANCHISE ACQUISITION COSTS, NET

Franchise acquisition costs, net was as follows at December 31:

	<u>2022</u>	<u>2021</u>
Franchise acquisition costs	\$ 6,762,875	\$ 5,966,967
Accumulated amortization	<u>(2,022,516)</u>	<u>(1,951,048)</u>
	<u>\$ 4,740,359</u>	<u>\$ 4,015,919</u>

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 – DEFERRED FRANCHISE ACQUISITION COSTS, NET- CONTINUED

Estimated future amortization of franchise acquisition costs at December 31, 2022 are as follows:

<u>Year</u>	
2023	\$ 572,260
2024	572,260
2025	572,260
2026	572,260
2027	565,360
Thereafter	<u>1,885,959</u>
	<u>\$ 4,740,359</u>

NOTE 3 – DEFERRED FRANCHISE FEE REVENUE

Deferred franchise fee revenue, net was as follows at December 31:

	<u>2022</u>	<u>2021</u>
Deferred franchise fee revenue	\$ 15,418,431	\$ 12,510,017
Accumulated amortization	<u>(4,199,751)</u>	<u>(3,357,569)</u>
	<u>\$ 11,218,680</u>	<u>\$ 9,152,448</u>

Estimated future amortization of deferred franchise revenue at December 31, 2022 is as follows:

<u>Year</u>	
2023	\$ 1,323,719
2024	1,323,719
2025	1,323,719
2026	1,314,943
2027	1,307,443
Thereafter	<u>4,625,137</u>
	<u>\$ 11,218,680</u>

NOTE 4 – CAPITAL LEASES

On September 19, 2017, the Company signed an equipment lease agreement with Live Oak Bank for the acquisition of (96) 16' x 8' storage containers. The Company utilized these containers to expand its inner franchise operations. The lease term was for (60) months and required monthly payments of \$4,724. The lease matured and the equipment was acquired for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 6.5%.

On July 15, 2020, the Company signed an equipment financing lease agreement with CIT Group Inc. for the acquisition of (24) storage containers. The lease term is for (60) months and requires monthly payments of \$1,270. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 1.52%.

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 – CAPITAL LEASES- CONTINUED

On November 10, 2020, the Company signed an equipment financing lease agreement with CIT Group Inc. for the acquisition of (54) storage containers. The lease term is for (60) months and requires monthly payments of \$2,802. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 4.99%.

On March 10, 2021, the Company signed an equipment financing lease agreement with Hanmi Bank for the acquisition of (36) storage containers. The lease term is for (60) months and requires monthly payments of \$3,744. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 4.40%.

On March 22, 2021, the Company signed an equipment financing lease agreement with Hanmi Bank for the acquisition of (24) storage containers. The lease term is for (60) months and requires monthly payments of \$1,248. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 4.49%.

Future minimum lease payments under this lease are as follows at December 31, 2022:

<u>Year</u>		
2023	\$	108,758
2024		108,433
2025		90,723
2026		24,908
Thereafter		-
		<u>332,822</u>
Amount representing deferred interest		<u>(21,743)</u>
	<u>\$</u>	<u>311,079</u>

NOTE 5 – LEASING ACTIVITIES

The Company's leasing activities consists primarily of leasing mobile self-storage units and trailers under direct financing leases expiring over terms of six and eight years. The components of the Company's investment in direct financing leases at December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Total minimum lease payments receivable	\$ 293,601	\$ 415,903
Less: Unearned income	<u>(28,125)</u>	<u>(28,096)</u>
	<u>\$ 265,476</u>	<u>387,807</u>

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 – LEASING ACTIVITIES - CONTINUED

Unearned income is amortized to lease income by the interest method using a constant periodic rate over the lease term. The following is a schedule, by year, of total minimum lease payments receivable under direct financing leases as of December 31, 2022:

<u>Year</u>	
2023	\$ 103,512
2024	37,728
2025	33,408
2026	36,803
2027	13,392
Thereafter	<u>68,758</u>
	293,601
Amounts representing interest	<u>(28,125)</u>
	<u><u>\$ 265,476</u></u>

NOTE 6 - RELATED PARTY TRANSACTIONS

Due from related entities in the amounts of \$1,989,050 and \$1,503,617 at December 31, 2022 and 2021, respectively, represent net advances to and from those entities primarily to settle inter-franchise customer transaction and other advances to related entities in support of Company operations and other activities. The terms of the amounts at December 31, 2022 and 2021 state they are not with scheduled payments, but some advances are interest bearing in accordance with the lending agreement of the advancing entity. The amounts are guaranteed by the sole shareholder.

NOTE 7 – CONTRACTS AND AGREEMENTS

On August 1, 2008, the Company signed a franchise development agreement with an independent contractor. The agreement was for a one-year period, with options for extension. Services under this agreement have been completed in prior years. The services under the agreement were for the development and implementation of sales processes, and to locate and present qualified franchise candidates to the Company for approval. In accordance with the terms of the agreement, the Company will continue to pay the contractor a royalty of 1% of gross sales of every business lead closed by the contractor during the service period of the agreement, for a period of 12 years from the date of the first royalty payment. Royalties earned and paid under this agreement for the year ended December 31, 2022 and 2021 are \$209,804 and \$156,613, respectively.

NOTE 8 – SUBSEQUENT EVENTS

Management has evaluated the impact of events and transactions occurring subsequent to December 31, 2022 through April 7, 2023, the date these financial statements were available to be issued. Based upon that evaluation, there were no material subsequent events that required recognition in these financial statements.

**UNITS FRANCHISING GROUP, INC.
CHARLESTON, SOUTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

**UNITS FRANCHISING GROUP, INC.
DECEMBER 31, 2021 AND 2020**

TABLE OF CONTENTS

	<u>Page</u>
<u>FINANCIAL STATEMENTS</u>	
Independent Auditors' Report	1-2
Balance Sheets	3-4
Statements of Income and Accumulated Earnings	5
Statements of Cash Flows	6
Notes to Financial Statements	7-12

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
UNITS Franchising Group, Inc.
Charleston, South Carolina

Opinion

We have audited the accompanying financial statements of UNITS Franchising Group, Inc. (a South Carolina corporation) which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and accumulated earnings, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of UNITS Franchising Group, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of UNITS Franchising Group, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 UNITS Franchising Group, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UNITS Franchising Group, Inc.'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 UNITS Franchising Group, Inc.'s ability to continue as a going concern for a reasonable period of time.

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



Charleston, South Carolina
April 21, 2022

UNITS FRANCHISING GROUP, INC.
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash	\$ 746,219	\$ 523,364
Accounts receivable	9,425,915	2,975,497
Lease receivable, current	93,183	83,439
Equipment inventory	127,457	131,575
Prepays and deposits on containers	1,470,768	104,664
Deferred franchise costs, current	446,869	254,490
TOTAL CURRENT ASSETS	12,310,411	4,073,029
PROPERTY AND EQUIPMENT		
Computers and equipment	71,274	63,313
Storage units	1,279,264	896,708
Less: accumulated depreciation	(546,343)	(485,492)
	804,195	474,529
OTHER LONG-TERM RECEIVABLES		
Lease receivable, net of current	294,624	193,002
Due from related entities, net	1,503,617	-
Deferred franchise costs, net of current	3,569,050	2,199,491
	5,367,291	2,392,493
TOTAL ASSETS	\$ 18,481,897	\$ 6,940,051

See accompanying notes to the financial statements.

UNITS FRANCHISING GROUP, INC.
BALANCE SHEETS (CONTINUED)
DECEMBER 31, 2021 AND 2020

LIABILITIES AND STOCKHOLDER'S EQUITY

	2021	2020
CURRENT LIABILITIES		
Accounts payable	\$ 7,938,902	\$ 96,339
Accrued expenses	28,189	69,113
Capital lease payable, current	150,433	93,560
Deferred franchise fees, current	999,404	530,352
TOTAL CURRENT LIABILITIES	9,116,928	789,364
NONCURRENT LIABILITIES		
Capital lease payable, net of current	286,283	204,308
Due to related entities	-	133,593
Deferred franchise fees, net of current	8,153,044	4,734,468
TOTAL NONCURRENT LIABILITIES	8,439,327	5,072,369
TOTAL LIABILITIES	17,556,255	5,861,733
STOCKHOLDER'S EQUITY		
Common stock, no par value, 1,000 shares authorized		
100 shares issued and outstanding	600	600
Additional paid-in capital	512,305	512,305
Accumulated earnings	412,737	565,413
	925,642	1,078,318
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 18,481,897	\$ 6,940,051

See accompanying notes to the financial statements.

UNITS FRANCHISING GROUP, INC.
STATEMENT OF INCOME AND ACCUMULATED EARNINGS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
REVENUE		
Royalties	\$ 2,574,821	\$ 1,564,411
Equipment sales of \$23,207,708 and \$9,150,301 net of of \$22,686,163 and \$8,448,872 in cost of sales	521,545	701,881
Franchise fee amortization	1,043,373	335,529
Franchise transfer fee	12,000	100,000
Lease interest income	12,052	12,629
Inner franchise movement revenue	2,317,385	788,673
Revenue sharing franchisee fees	52,619	99,928
Convention	64,000	-
Miscellaneous	24,501	3,679
	6,622,296	3,606,730
COSTS AND EXPENSES		
Salaries and benefits	1,284,669	883,526
Franchise support operations	662,671	-
Commissions amortization	384,973	191,209
Advertising	613,384	455,260
Trade shows and national convention	179,482	11,425
Broker royalty expenses	156,613	79,046
Professional and consulting fees	257,124	195,139
Inner franchise move expenses	1,850,036	674,253
Depreciation	65,875	50,573
Bad debts	-	4,812
Travel	279,343	56,750
Other operating, general and administrative expenses	253,653	108,218
	5,987,823	2,710,211
INCOME FROM OPERATIONS	634,473	896,519
OTHER INCOME AND (EXPENSE)		
Interest income	833	9,425
Federal financial assistance- PPP	-	104,194
Corporate enrichment consulting	(7,190)	(19,720)
Interest expense	(35,299)	(25,458)
	(41,656)	68,441
NET INCOME	592,817	964,960
Accumulated earnings (deficit), beginning of year	565,413	(181,047)
Distributions	(745,493)	(218,500)
ACCUMULATED EARNINGS, END OF YEAR	\$ 412,737	\$ 565,413

See accompanying notes to the financial statements.

UNITS FRANCHISING GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH INFLOWS (OUTFLOWS) FROM OPERATING ACTIVITIES		
Net income	\$ 592,817	\$ 964,960
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation	65,875	50,573
Bad debts	-	4,812
Amortization of deferred lease interest	(8,215)	(12,629)
Payments on deferred commissions	(1,946,911)	(1,170,314)
Amortization of deferred franchise fees	(1,043,373)	(335,529)
Amortization of deferred franchise costs	384,973	126,850
Receipts on franchise fees	4,931,001	3,040,027
(Increase) Decrease in:		
Accounts receivable	(6,450,418)	(1,535,732)
Lease receivable	(103,151)	150,128
Equipment inventory	4,118	-
Prepays and deposits on containers	(1,366,104)	(97,940)
Increase (Decrease) in:		
Accounts payable	7,842,563	(1,013,049)
Accrued expenses	(40,924)	(29,730)
Due to related entities	(1,637,210)	(136,047)
CASH PROVIDED BY OPERATING ACTIVITIES	1,225,041	6,380
CASH OUTFLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(194,667)	(99,001)
CASH USED FOR INVESTING ACTIVITIES	(194,667)	(99,001)
CASH OUTFLOWS FROM FINANCING ACTIVITIES		
Payments made on capital leases payable	(62,026)	(58,320)
Stockholder distribution	(745,493)	(218,500)
CASH USED FOR FINANCING ACTIVITIES	(807,519)	(276,820)
INCREASE IN CASH	222,855	(369,441)
Cash at beginning of year	523,364	892,805
CASH AT END OF YEAR	\$ 746,219	\$ 523,364
<u>Supplemental Cash Flow Information</u>		
Cash paid for interest	\$ 35,299	\$ 25,458
<u>Supplemental Investing and Financing Cash Flow Information</u>		
Operational containers acquired through direct financing lease	\$ 200,874	\$ 214,500

See accompanying notes to the financial statements.

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies followed by UNITS Franchising Group, Inc. (the “Company”) and the methods of applying those policies, which materially affect the determination of financial position, results of operations and cash flows are summarized below:

Organization

UNITS Franchising Group, Inc. was incorporated in South Carolina on March 1, 2005 and was capitalized by its sole shareholder. The Company was established to offer franchises to third parties to operate under its trade name UNITS, and to provide portable self-storage containers. Franchise operations are regulated by the Federal Trade Commission (FTC). The Company is presently authorized to offer and sell franchises under its amended document in states provided in its current Franchise Disclosure Document. Where registered, the Company intends to sell franchises with, among other things, uniform standards and procedures for efficient business operations, territorial rights, management training, and a license to use the trade name, UNITS. In exchange, franchisees are to pay the Company an initial franchise fee, monthly advertising fee, and monthly royalty fee based on percentage of net sales.

To offer and sell franchises, certain states require the Company to submit its Uniform Franchise Offering Circular for registration, review, and approval. Additionally, in the course of offering a franchise to a prospective franchisee, the Company must distribute a copy of its approved Uniform Franchise Offering Circular to the prospective franchisee. The Uniform Franchise Offering Circular includes a variety of financial and non-financial data regarding the franchise operations.

Revenue Recognition

Franchise royalty fees are generally based on a percentage of the franchise's monthly gross revenue. Franchise royalty fees are recognized as revenue as the fees are earned, which is when all material services or conditions have been performed or satisfied by the Company.

The Company enters into franchise agreements (“franchise sales”) committing to provide franchisees with marketing services and limited rights for the use of registered trade names and trademarks. Franchise sales fees are recognized over the term of the franchise agreement, which is typically 10 or 20 years.

Franchise Acquisition Costs, Net

The Company capitalizes commissions paid to incentivize sales to owners who enter into franchise contracts with the Company, which are presented as franchise contracts, net the balance sheet. Contract acquisition costs are amortized using the straight-line method over the franchise agreement term which is generally 10 or 20 years. The Company reviews its franchise acquisition costs, net for impairment when indicators of impairment exist. The Company performs an analysis to determine the recoverability of the franchise acquisition costs, net carrying value by comparing the expected undiscounted future cash flows to the net book value of the franchise acquisition costs, net. If the carrying value is not recoverable, the Company recognizes an impairment loss for the excess carrying value over the estimated fair value in our statements of income and accumulated earnings. There were no accumulated impairment losses related to franchise acquisition costs as of December 31, 2021 and 2020.

Cash

The Company considers all highly liquid debt instruments with an original maturity of three months or less to be cash.

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable

Accounts receivable is recorded when services are rendered. The direct charge off method is used for bad debts. Accounts receivable is considered delinquent after 90 days. Indebtedness that is known to be uncollectible is charged to bad debt expense. This practice is not in accordance with accounting principles generally accepted in the United States of America; however, differences between this method and those generally accepted in the United States of America are not material to the financial statements taken as a whole.

Property and Equipment

Property and equipment consist primarily of container units and vehicles used for lease or inter-franchise state to state moves that are maintained on the basis of cost if purchased or estimated fair market value if transferred, less applicable accumulated depreciation. Costs of additions and major improvements are capitalized. Expenditures for maintenance and repairs are charged directly to operations as incurred. Assets under development are recognized at cost and placed in service upon completion of testing and functionality. Depreciation charged to operations is computed using straight-line methods over estimated useful lives of the respective assets of 3 to 10 years.

Income Taxes

On May 6, 2005, the Company, with the consent of its shareholder, filed Form 2553 with the Internal Revenue Service electing to be an “S” corporation under the Internal Revenue Code and similar law. Under those provisions, the shareholder includes the Company’s taxable income, or loss, on the shareholder’s individual income tax returns. Therefore, no provision for federal or state income taxes has been made.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2021 and 2020 totalled \$613,384 and \$455,260, respectively. Costs incurred that are determined to have a useful life exceeding a year are capitalized and amortized to expense over their assigned lives.

Concentrations of Credit Risk

The Company maintains its cash in financial institutions insured by Federal Deposit Insurance Corporation (FDIC). Deposit accounts, at times, may exceed federally insured limits of \$250,000. At December 31, 2021, the Company had \$651,033 in deposits in excess of FDIC coverage.

NOTE 2 – DEFERRED FRANCHISE ACQUISITION COSTS, NET

Franchise acquisition costs, net was as follows at December 31:

	<u>2021</u>	<u>2020</u>
Franchise acquisition costs	\$ 5,966,967	\$ 4,043,175
Accumulated amortization	<u>(1,951,048)</u>	<u>(1,589,194)</u>
	<u>\$ 4,015,919</u>	<u>\$ 2,453,981</u>

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 – DEFERRED FRANCHISE ACQUISITION COSTS, NET- CONTINUED

Estimated future amortization of franchise acquisition costs at December 31, 2021 are as follows:

<u>Year</u>	
2022	\$ 446,869
2023	446,869
2024	446,869
2025	446,869
2026	446,869
Thereafter	<u>1,781,574</u>
	<u>\$ 4,015,919</u>

NOTE 3 – DEFERRED FRANCHISE FEE REVENUE

Deferred franchise fee revenue, net was as follows at December 31:

	<u>2021</u>	<u>2020</u>
Deferred franchise fee revenue	\$ 12,510,017	\$ 7,580,015
Accumulated amortization	<u>(3,357,569)</u>	<u>(2,315,195)</u>
	<u>\$ 9,152,448</u>	<u>\$ 5,264,820</u>

Estimated future amortization of deferred franchise revenue at December 31, 2021 is as follows:

<u>Year</u>	
2022	\$ 999,404
2023	999,404
2024	999,404
2025	994,169
2026	990,628
Thereafter	<u>4,169,439</u>
	<u>\$ 9,152,448</u>

NOTE 4 – CAPITAL LEASES

On September 19, 2017, the Company signed an equipment lease agreement with Live Oak Bank for the acquisition of (96) 16' x 8' storage containers. The Company will be utilizing these containers to expand its inner franchise operations. The lease term is for (60) months and requires monthly payments of \$4,724. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 6.5%.

On July 15, 2020, the Company signed an equipment financing lease agreement with CIT Group Inc. for the acquisition of (24) storage containers. The lease term is for (60) months and requires monthly payments of \$1,270. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 1.52%.

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 – CAPITAL LEASES- CONTINUED

On November 10, 2020, the Company signed an equipment financing lease agreement with CIT Group Inc. for the acquisition of (54) storage containers. The lease term is for (60) months and requires monthly payments of \$2,802. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 4.99%.

On March 10, 2021, the Company signed an equipment financing lease agreement with Hanmi Bank for the acquisition of (36) storage containers. The lease term is for (60) months and requires monthly payments of \$3,744. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 4.40%.

On March 22, 2021, the Company signed an equipment financing lease agreement with Hanmi Bank for the acquisition of (24) storage containers. The lease term is for (60) months and requires monthly payments of \$1,248. At maturity of the equipment lease agreement the Company can acquire the containers for a price of \$1. Accordingly, the lease is accounted for as a capital lease. The disclosed lease interest rate was 4.49%.

Future minimum lease payments under this lease are as follows at December 31, 2021:

<u>Year</u>	
2022	\$ 150,433
2023	108,758
2024	108,433
2025	90,723
2026	16,476
Thereafter	-
	<u>474,823</u>
Amount representing deferred interest	<u>(38,107)</u>
	<u><u>\$ 436,716</u></u>

NOTE 5 – LEASING ACTIVITIES

The Company's leasing activities consists primarily of leasing mobile self-storage units and trailers under direct financing leases expiring over terms of six and eight years. The components of the Company's investment in direct financing leases at December 31 are as follows:

	<u>2021</u>	<u>2020</u>
Total minimum lease payments receivable	\$ 415,903	\$ 302,339
Less: Unearned income	<u>(28,096)</u>	<u>(25,898)</u>
	<u><u>\$ 387,807</u></u>	<u><u>276,441</u></u>

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 5 – LEASING ACTIVITIES - CONTINUED

Unearned income is amortized to lease income by the interest method using a constant periodic rate over the lease term. The following is a schedule, by year, of total minimum lease payments receivable under direct financing leases as of December 31, 2021:

<u>Year</u>	
2022	\$ 117,552
2023	103,512
2024	37,728
2025	33,408
2026	36,803
Thereafter	<u>86,900</u>
	415,903
Amounts representing interest	<u>(28,096)</u>
	<u>\$ 387,807</u>

NOTE 6 - PAYCHECK PROTECTION PROGRAM NOTE

On April 20, 2020, the Company issued a note with CresCom Bank through the Small Business Administration and the Paycheck Protection Program. The loan was forgivable under expanding terms if the Company was able to retain employees and expend funds under the criteria of the PPP. The Company met the terms of PPP forgiveness and has applied for forgiveness of this note. In accordance with generally accepted accounting principles in the United States of America (US GAAP), an organization can elect to treat a PPP note as federal financial assistance if it is probable it will meet the PPP forgiveness criteria at the time of note issuance or during the term of the related note. Accordingly, the Company has treated the forgiveness as federal financial assistance, and not gain on forgiveness of debt under US GAAP. Further, the Company presented such federal financial assistance in the operating section of the statement of cash flows versus the financing section under these standards.

NOTE 7 - RELATED PARTY TRANSACTIONS

Due from (to) related entities in the amounts of \$1,503,617 and \$(133,593) at December 31, 2021 and 2020, respectively, represent net advances to and from those entities primarily to settle inter-franchise customer transaction and other advances to related entities in support of Company operations. The terms of the amounts at December 31, 2021 and 2020 state they are not with scheduled payments, but some advances are interest bearing in accordance with the lending agreement of the advancing entity. The amounts are guaranteed by the sole shareholder.

NOTE 8 – CONTRACTS AND AGREEMENTS

On August 1, 2008, the Company signed a franchise development agreement with an independent contractor. The agreement was for a one-year period, with options for extension. Services under this agreement have been completed in prior years. The services under the agreement were for the development and implementation of sales processes, and to locate and present qualified franchise candidates to the Company for approval. In accordance with the terms of the agreement, the Company will continue to pay the contractor a royalty of 1% of gross sales of every business lead closed by the contractor during the service period of the agreement, for a period of 12 years from the date of the first royalty payment. Royalties earned and paid under this agreement for the year ended December 31, 2021 and 2020 are \$156,613 and \$79,046, respectively.

UNITS FRANCHISING GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 9 – SUBSEQUENT EVENTS

Management has evaluated the impact of events and transactions occurring subsequent to December 31, 2021 through April 21, 2022, the date these financial statements were available to be issued. Based upon that evaluation, there were no material subsequent events that required recognition in these financial statements.

**EXHIBIT F TO THE FRANCHISE DISCLOSURE DOCUMENT
UNITS FRANCHISING GROUP, INC.
LIST OF FRANCHISEES**

**LIST OF CURRENT FRANCHISEES AS OF
12/31/2022**

ARIZONA

Ron Davis Desert Storage Ventures, Inc. 150 South
Dobson
Mesa, AZ 85202
(602) 258-8648

ALABAMA

Tim Blackmon
Blackmon Storage Solutions, LLC
100 Airpark Industrial Rd.
Alibaster AL 35007
(205) 974-4493

CALIFORNIA

Don Clauson StakUP Units, LLC
12245 Kirkham Rd., Ste 100
Ponway, CA 92064
(858) 6993-8648

Sam & Lee McKillip NIMA Group, LLC 4710 Kilzer
Ave #690
McClellan, CA 95652
(916) 929-4435

Arthur Papazyan
Drop it Self Storage, LLC 13617 Talc St.
Sana Fe Springs, CA 90670 (323) 374-6611

Gary Ratliff
Southern Cal Portable Storage 1595 E. 6th St., #B
Corona, CA 92879
(951) 520-8800

Brian Lee
Bay Area Storage, LLC 7503 Las Positas Rd.
Livermore, CA 94551
(925) 454-8648

Tom Jovicich
TAJ UNITS Holdings, LLC
4880 Adhor Ln
Camarillo, CA 91320

COLORADO

Paul Gaudet
L&G Investments, Inc. 15100 E. 40th Ave.
Units B
Denver, CO 80012
(303) 373-5338

Todd Keirms
Front Range Asset Protection Corp.
11751 Huron St.
Westminster, CO 80234
(720) 703-9297

DELAWARE

Michael Delzingaro & Joseph Delzingaro
Philadelphia Portable Storage, LLC
905 Lambson Lane
New Castle, DE 19720
(609) 841-6521

FLORIDA

Christian & Melissa Martinez
Caleco Investments, LLC
11401 NW 134th St. Suite 108
Medley, FL 33178
(786) 708-6487

Russell Sachs
First Coast Modular, LLC 1625 Jessie St
Jacksonville, FL 32206
(904) 704-6133

Craig Mateer Storage MCO, LLC
3600 Parkway Center Court
Orlando, FL 32808
(407) 257-1038

Craig Mateer
Storage MCO, LLC
1700 Northwest 33rd St.
Pompano Beach, FL 33064
(407) 257-1038

Craig Mateer
Storage MCO, LLC
12450 Automobile Blvd.
Pinellas Park, FL 33762
(803) 318-5000

Albert Seecharan
2875 Alex McKay Place
Sarasota, FL
412-719-5368

GEORGIA

Gyl Grinberg
CLR Solutions, LLC
555 Riverside Parkway, Ste 200
Austell, GA 30168
(678) 838-6556

John Crowell
Crowell Holdings, LTD
922 Stevens Creek Rd.
Augusta, GA 30907
(706) 860-3566

ILLINOIS

Tom Koenig
Koenig Storage & Moving, Inc.
355 Hastings Drive
Buffalo Grove, IL 60089
(847) 257-5458

IOWA

Jim Becker
Q&S, LLC
1300 Gateway Dr.
Grimes, IA 15011
(402) 320-9140

KENTUCKY

Kevin Mitts
1841 Taylor Ave.
Louisville, KY 40213
(859) 444-8442

LOUISIANA

Sam Caruso
Gulf State Portable Storage, LLC
109 Productions Dr.
Slidell, LA 70460
(985) 244-3050

MASSACHUSETTS

Seth Leiboh
Carella Storage, LLC
53 Ayer Rd
Boston, MA 01460
(978) 637-8648

Christopher Fearey
ATH Storage, LLC
380 Washington St. 2nd Floor
Wellesley, MA 02481
(508) 392-5552

Ramin Doorandish
Evayan Mobile Storage, Inc.
7 Upland Field Rd.
Lincoln, MA 01733
(781) 413-4094

MISSOURI

Mike & Chris Krenning
Jetco Group, Inc.
4347 Green Ash Dr
Earth City, MO 63045
(636) 206-7055

Rafael Dorador
Kansas City, MO
(812) 390-6801

MINNESOTA

Rich Mast
10580 Naples St NE
Blaine, MN 55449
(612) 919-5253

MARYLAND

Peter Burstein
Ellabby Storage Group, LLC
815 Central Avenue, Ste N
Linthicum Heights, MD 21090
(443) 842-7400

NEBRASKA

Mike Coghlan
MAC Industries, LLC
14565 Portal Circle
Omaha, NE 68138
(712) 898-9880

NEVADA

Martin Mapes, Drew Erra
MDM Enterprises, LLC
2945 Lincoln Rd
Las Vegas, NV 89115
(702) 650-1700

NEW JERSEY

Matt Coolidge
Bird & Pup, Inc.
67 Love Lane Dr.
Netcong, NJ 07857
(908) 528-4082

Seth Levy
49 Plymouth Ave.
Maplewood, NJ 07040
(856) 495-7697

NEW YORK

George Rainer
Sail Away Storage Corp.
80 Comsewogue Rd
E. Setauket, NY 11733
(631) 255-0767

NORTH CAROLINA

Sabrah and William Hardin
Hardin Mobile Storage, LLC
45 Industrial Park Rd.
Siler City, NC 27298 (866) 658-6487

Peter Ballhaussen
Brightrock Properties, LLC
509 11th Street NW
Hickory, NC 28601
(828) 493-7613

Bradley Zohn
1830 Carver Dr.
Rocky Point, NC 28457
(919) 812-8357

OHIO

John L. Miller and Steve Miller
Miller Bros Storage, LLC
1031 Redna Terrace
Cincinnati, OH 45215
(513) 242-8648

Steve Bergfeld
Blazing Star Investments, Inc.
3635 Zane Trace Dr.
Columbus, OH 43228
(740) 217-3800

Larry Lang
528 E. Washington St.
Chagrin Falls, OH 44022
(248) 496-8400

OKLAHOMA

Denver McPhail
2800 West Albany St.
Broken Arrow, OK 74012
(918) 760-3645

Troy Davis
8901 I-35 Service Rd
Oklahoma City, OK 73131
(402) 210-7954

PENNSYLVANIA

Chris DeGuiseppe
DWL Enterprises, LLC
1302 Gary St., Ste. 101
Bethlehem, PA 18018
(610) 997-8648

Brandon Swartz
Justice Storage, LLC
219 Rittenhouse Circle
Bristol, PA 19007
(215) 694-3215

Robert Fletcher
Memphis Stone, Ltd.
1209 Palo Alto St
Pittsburgh, PA 15212
(412) 860-4208

JR Kitchel
1891 Loucks Rd
York, PA 17404
(215) 694-3215

SOUTH CAROLINA

Gerry Romanelli
308 Pennsylvania Ave Greer, SC 29651
(864) 479-0156

TENNESSEE

Rick Thomson
Charles Ann Enterprises
5207 Linbar Drive #702
Nashville, TN 37211
(615) 216-6300

Jeff Wilkins
Memphis, TN
(916) 671-0064

TEXAS

Matt Loving
Loving Houston Storage, LLC
1811 Brittmoore Road, #800
Houston, TX 77043
(713) 932-8648

Don Clauson
Lockaway Units, LLC
827 AT& T Center Parkway
San Antonio, TX 78219
(325) 236-2804

Ken Fisher & Jon Fisher
JFKF, LLC
3741 Drossett Dr.
Austin, TX 78744
(512) 400-2424

Scott Bell
Dallas Storage
Solutions, LLC
1900 Lakeway Dr. Suite 100
Dallas, TX 75057
972-886-8648

Chad and Kelley Whiteside
Mantha, LLC
2 1606 Greens Rd.
Houston, TX 77032
(832) 402-8648

Todd Strong & Jody Strong
StroCo Ventures, Inc.
1080 S Kimball Ave, Suite 120
Southlake, TX 76092
(214) 415-2229

Brent Clark
2200 Big Town Blvd. Suite 140
Mesquite, TX 75149
(469) 260-6390

UTAH

Matt Shupe
S3 Development
3289 S. Midland Drive
Ogden, UT 84401-3381
801-791-4461

VIRGINIA

Eric Miller
706 Westwood Office Park
Fredericksburg, VA 22401
(540) 907-5454

Neil Katz
713 Fenway Ave.
Chesapeake, VA 23323
(760) 703-7852

WASHINGTON

Viden Nediakov
8226 S. 208th St. Suite G106
Kent, WA 98032
(206) 347-8201

WISCONSIN

Rick Gordon
LMS of Wauwatosa, Inc.
2900 S. 163rd Street
New Berlin, WI 53151
(414) 476-8648

LIST OF FRANCHISEES WITH FRANCHISE AGREEMENTS SIGNED BUT NOT OPENED AS OF 12/31/2022

David McArdle
Rock City Portable McStorage,
LLC
2775 Wall Triana Hwy.
Huntsville, AL 35824
(256) 690-2643

Doug Donaldson
SCURRYFUNGE INC.
24660 Dequindre Rd
Warren MI 48091
(248) 655-7010

Brad Poller
Austin Paige Corp
(201) 320-4884

Bill Schwertfeger
STOREU247, LLC
499 Center Cross Lane
Lenoir City, 37771
(865) 635-8108

Kevin Gray
130 N Main St
Maple Hill, KS 66507
(785) 256-4499

Mark
Fijalkowski
UNITS of Ann
Arbor, LLC
7803 Jackson Road
Ann Arbor, MI 48103
(734) 402-8080

Denver McPhail
2800 West Albany St.
Broken Arrow, OK 74012
(918) 760-3645

Todd Purdy
Purdy Good Company
8226 S 208th Street
Madison, WI 53704
(630) 240-1258

Jim Brown
Koenig Storage & Moving, Inc.
1410 West Karcher Road
Nampa, ID 83687
(512) 228-2675

LIST OF FRANCHISEES WHO LEFT THE SYSTEM IN 2022

Robert Fletcher*
Memphis Stone Ltd.
1209 Palo Alto Street
Pittsburgh PA 15212

*Terminated agreement prior to opening

**EXHIBIT G TO THE FRANCHISE DISCLOSURE
DOCUMENT UNITS FRANCHISING GROUP, INC.
FRANCHISEE DISCLOSURE QUESTIONNAIRE**

NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES : CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE) : FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, DO NOT COMPLETE THIS QUESTIONNAIRE OR TO RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, UNITS FRANCHISING GROUP, INC. and you are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, UNITS FRANCHISING GROUP, INC. will be referred to as “we” or “us.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the UNITS FRANCHISING GROUP, INC. Franchise Agreement and each exhibit, addendum and schedule attached to it? Yes No

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it? Yes No

If “No”, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

3. Have you received and personally reviewed our Franchise Disclosure Document we provided to you? Yes No

4. Do you understand all of the information contained in the Franchise Disclosure Document? Yes No

If "No", what parts of the Franchise Disclosure Document do you not understand? (Attach additional pages, if necessary.)

5. Have you discussed the benefits and risks of operating a UNITS Business with an attorney, accountant or other professional advisor and do you understand those risks?
Yes ___ No ___
6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?
Yes ___ No ___
7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a UNITS Business that we or our franchisees operate?
Yes ___ No ___
8. Has any employee or other person speaking on our behalf made any statement or promise concerning a UNITS Business 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 our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a UNITS Business?
Yes ___ No ___
10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
Yes ___ No ___

11. If you have answered "Yes" to any of questions 7 through 10, 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 such questions, please leave the following lines blank.

12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between you and us?
Yes ___ No ___

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

Name of Franchisee/Applicant

Date: _____, 20____

Signature

Name and Title of Person Signing

**EXHIBIT H TO THE FRANCHISE DISCLOSURE DOCUMENT
UNITS FRANCHISING GROUP, INC.
STATE SPECIFIC ADDENDA**

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA**

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

2. Neither the franchisor, nor any person or franchise broker in Item 2 of the FDD 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.

3. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before the solicitation of a proposed material modification of an existing franchise.

4. ITEM 17 of the Franchise Disclosure Document is amended to add the following:

- The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.
- The Franchise Agreement provides for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- The Franchise Agreement contains covenants not to compete which extend beyond the term of the agreements. This provision might not be enforceable under California law.
- The Franchise Agreement requires litigation to be conducted in a court located outside of the State of California. These provisions might not be enforceable for any cause of action arising under California law.
- The Franchise Agreement requires application of the laws of a state other than the State of California. These provisions might not be enforceable under California law.
- Each owner of the franchise is required to execute a personal guaranty. Doing so could jeopardize the marital assets of non-owner spouses domiciled in community property states such as California.
- You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 through 31516). Businesses and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).
- The following URL address is for the franchisor's website:

www.UNITSstorage.com

FRANCHISOR'S WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfpi.ca.gov.

5. The Franchise Agreement is amended to state the following: "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 (a) 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.”

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS**

Illinois law shall apply to and govern the Franchise Disclosure Document.

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

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

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Notwithstanding anything contained in the Franchise Agreement to the contrary, you do not have to pay us the Initial Franchise Fee until we perform our pre-opening obligations under the Franchise Agreement and your first Franchised Business is open. Once we complete this obligation and you are open, you must immediately pay us all initial fees we deferred. The Illinois Attorney General's Office imposed this condition due to Franchisor's financial condition.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

UNITS FRANCHISING GROUP, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA**

To the extent the Indiana Franchise Registration and Disclosure Law applies, the terms of this Addendum apply. Item 17, Additional Disclosures. The following statements are added to Item 17:

The laws of the State of Indiana supersede any provisions of the Franchise Agreement/ the other agreements or South Carolina law if such provisions are in conflict with Indiana law.

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 Indiana, is deleted from any Franchise Agreement issued in the State of Indiana.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

UNITS FRANCHISING GROUP, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND**

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

Regarding Item 17, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

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

Regarding Item 17, under certain circumstances, the Franchise Agreement requires you to submit to a court proceeding in the State of South Carolina. These provisions may run contrary to the Maryland Franchise Registration and Disclosure Law. Therefore, nothing will preclude you from being able to enter into litigation with us in Maryland, as long as the nature of the litigation is not the type of dispute, controversy, claim, action, or proceeding which would be subject to litigation under the Franchise Agreement.

Regarding Item 17's discussion of our right to terminate you upon your bankruptcy, this provision in the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. §101 *et. seq.*).

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

UNITS FRANCHISING GROUP, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80c. 14, subsections 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 for non-renewal of the Franchise Agreement.

Notwithstanding anything to the contrary in the Franchise Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota, or requiring waiver of jury trial. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. However, we and you will enforce those provisions in our Franchise Agreement to the extent the law allows.

Notwithstanding anything contained in the Franchise Agreement to the contrary, the Franchisor shall protect the Franchisee's right to use the trademarks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the Franchisee has been permitted to use under the Franchise Agreement.

Any release as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by law with respect to claims arising under Minn. Rule 28604400D.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

UNITS FRANCHISING GROUP, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT
FOR THE STATE OF NEW YORK**

1. All references made herein to an “Franchise Disclosure Document” shall be replaced with the term “Offering Prospectus” as used under New York law.
2. The FDD Cover Page is amended as follows:
 - **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT THE STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE NEW YORK STATE DEPARTMENT OF LAW, 120 BROADWAY, NEW YORK, NEW YORK 10271-0332. INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION.**
 - **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. 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 PROSPECTUS.**
3. ITEM 3 is amended by the addition of the following language:
 - Neither franchisor nor any person identified in ITEM 2 has any administrative, criminal or material civil action (or a significant number of civil actions irrespective of materiality) pending against them alleging a felony; a violation of a franchise, antitrust or securities law; fraud, embezzlement, fraudulent conversion; misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations. In addition, neither franchisor nor any person identified in ITEM 2 has any 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.
 - Neither franchisor nor any person identified in ITEM 2 has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been held liable in a civil action by final judgment or been the subject of a material compliant or other legal proceeding involving violation of any franchise law, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
 - Neither franchisor nor any person identified in ITEM 2 is subject to any injunctive or restrictive order or decree relating to the franchises, or 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.
4. ITEM 4 is amended to state that:

- Neither the franchisor, nor its predecessor, officers or general partner of the franchisor has, during the ten (10) year period immediately before the date of the Franchise Disclosure Document, has: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; (c) was a principal officer of any company or a general partner in any partnership that either filed as a debtor (or had filed against it) a petition to start action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the Bankruptcy Code during or within one (1) year after the officer or general partner of the franchisor held this position in the company or partnership.

5. ITEM 5 of the Franchise Disclosure Document is amended to add the following:

- The franchise fee will be used to defray franchisor's costs in obtaining and screening franchisees, providing training, training materials and assisting in opening the Franchised Business for business.

6. ITEMS 6 and 11 of the Franchise Disclosure Document are amended to add the following:

- The franchisee will not be required to indemnify franchisor for any liability imposed on franchisor as a result of franchisee's reliance upon or use of procedures or products which were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.

7. ITEM 17 of the Franchise Disclosure Document is amended to add the following:

- No general release shall be required as a condition of renewal, termination and/or transfer which is intended to exclude claims arising under the General Business Law of the State of New York, Article 3, Sections 687.4 and 687.5.
- ITEM 17(d) is amended to provide that you may terminate the Franchise Agreement on any grounds available by law.
- ITEM 17(j) is amended to state, that no assignment will be made except to an assignee who, in the good faith judgment of franchisor, is able to assume franchisor's obligations under the Franchise Agreement.
- ITEM 17(w) is amended to state that New York law governs any cause of action which arises under the General Business Law of the State of New York, Article 33, Section 680-695.

8. The franchisor represents that this Franchise Disclosure Document does not knowingly omit anything or contain any untrue statements of a material fact.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

UNITS FRANCHISING GROUP, INC.

By: _____
 Name: _____
 Title: _____

FRANCHISEE:

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document and Franchise Agreement for UNITS Franchising Group for use in the Commonwealth of Virginia shall be amended as follows:

1. The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

UNITS FRANCHISING GROUP, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

Washington State Addendum to the Franchise Disclosure Document, Franchisee Questionnaire/Compliance Certification and any related Agreements.

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. 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 D of the Disclosure Document is amended to state that the 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.

The General Release (Exhibit G to the Disclosure Document) is amended to provide that the general release shall not apply to any liability under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

The Franchise Agreement is amended to state the following: "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 (a) 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."

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

UNITS FRANCHISING GROUP, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE:

**ADDENDUM TO THE UNITS FRANCHISING GROUP, INC.
FRANCHISE DISCLOSURE DOCUMENT
FOR THE STATE OF WISCONSIN**

For franchises and franchisees subject to the Wisconsin Fair Dealership Law, the following information supersedes or supplements, as the case may be, the corresponding disclosures in the main body of the text of the UNITS Franchising Group, Inc. Wisconsin Franchise Disclosure Document and Franchise Agreement.

Item 17.

For Wisconsin franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and franchisee inconsistent with the Law.

Modifications to the Franchise Agreement

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20__.

UNITS FRANCHISING GROUP, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE:

**EXHIBIT I TO THE FRANCHISE DISCLOSURE DOCUMENT
UNITS FRANCHISING GROUP, INC.
STATE EFFECTIVE DATES**

STATE EFFECTIVE DATES

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

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

STATE	EFFECTIVE DATE
California	Pending Registration
Florida	Pending Registration
Hawaii	Pending Registration
Illinois	Pending Registration
Indiana	Pending Registration
Kentucky	Pending Registration
Maryland	Pending Registration
Michigan	Pending Registration
Minnesota	Pending Registration
Nebraska	Pending Registration
New York	Pending Registration
North Dakota	Not Registered
Rhode Island	Pending Registration
South Dakota	Not Registered
Texas	Pending Registration
Utah	Not Registered
Virginia	Pending Registration
Washington	Pending Registration
Wisconsin	Pending Registration

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 J TO THE FRANCHISE DISCLOSURE DOCUMENT
UNITS FRANCHISING GROUP, INC.
RECEIPT**

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 UNITS Franchising Group, Inc. offers you a franchise it must provide this disclosure document to you within 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

If UNITS Franchising Group, Inc. 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 administrator identified in Exhibit A of this Franchise Disclosure Document.

New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship.

Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

A list of franchisor's agents registered to receive service of process is listed as Exhibit B to this Franchise Disclosure Document.

I have received a Franchise Disclosure Document with an issue date of April 27, 2023. Effective Dates for this Franchise Disclosure Document in the registration states are listed on the Effective Date Page following the State Cover Page. This Franchise Disclosure Document included the following Exhibits:

- A. LIST OF STATE ADMINISTRATORS
- B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS
- C. FRANCHISE AGREEMENT
- D. TABLE OF CONTENTS OF CONFIDENTIAL OPERATIONS MANUAL
- E. FINANCIAL STATEMENTS
- F. LIST OF FRANCHISEES
- G. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- H. STATE SPECIFIC ADDENDA
- I. STATE EFFECTIVE DATES
- J. RECEIPTS

Date: _____

_____ Franchisee

_____ (Print Name)

_____ (Telephone Number)

A list of the names, principal business addresses, and telephone numbers of each franchise seller offering this franchise is as follows:

UNITS Franchising Group, Inc.

Address: 234 Seven Farms Dr., Suite 111B, Daniel Island, South Carolina 29492

Telephone Number (866) 569-8648.

Michael McAlhany, Jr.
234 Seven Farms Dr., Suite 111B
Daniel Island, SC 29492
(866) 569-8648

Holly G. McAlhany
234 Seven Farms Dr., Suite 111B
Daniel Island, SC 29492
(866) 569-8648

Matthew Dillon
234 Seven Farms Dr., Suite 111B
Daniel Island, SC 29492
(866) 569-8648

Damon Crandall
234 Seven Farms Dr., Suite 111B
Daniel Island, SC 29492
(866) 569-8648

RECEIPTS

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- I. STATE EFFECTIVE DATES
- J. RECEIPTS

Date: _____

_____ Franchisee

_____ (Print Name)

_____ (Telephone Number)

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Telephone Number (866) 569-8648.

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Daniel Island, SC 29492
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Matthew Dillon
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Daniel Island, SC 29492
(866) 569-8648

Damon Crandall
234 Seven Farms Dr., Suite 111B
Daniel Island, SC 29492
(866) 569-8648