

FRANCHISE DISCLOSURE DOCUMENT

An Illinois Corporation RONLEN ENTERPRISES, INC.

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The franchise offered is for the establishment and operation of an independently owned and operated business offering home and building inspections services, environmental inspection services, and other related property evaluation services primarily for residential and certain qualified commercial properties.

The total investment necessary to begin operations of a The BrickKicker start-up franchise is \$16,000 to \$43,365. This includes \$13,000 to \$30,000 that must be paid to the franchisor or affiliate. The total investment necessary to begin operations of a The BrickKicker conversion franchise is \$98,750 to \$19,815. This includes \$7,000 to \$13,000 that must be paid to the franchisor or affiliate.

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 or grant. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Mr. Andrew Fox, 849 N. Ellsworth Street, Naperville, Illinois 60563, (800) 821-1820 or email at franchise@brickkicker.com.

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

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

Date of Issuance: March 31, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
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 Exhibits H.
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 direction. 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 includes 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 BrickKicker 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 franchisor 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 BrickKicker franchisee?	Item 20 or Exhibits H lists 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 a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make payments may result in termination of your franchise and loss of your investment.

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

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ITEM 1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this Disclosure Document, the words “we,” “our,” “us” and “franchisor” refer to Ronlen Enterprises, Inc., the franchisor of this business. “You,” “your” and “franchisee” refer to the entity that buys or is assigned the franchise, whether a corporation or a limited liability company. Certain provisions of this Disclosure Document also apply to the owners of the entity that is the franchisee

The Franchisor

We were incorporated in Illinois on February 11, 1998 to offer The BrickKicker franchises. Our principal business address is 849 N. Ellsworth Street, Naperville, Illinois 60563. We do business under our company name and the name The BrickKicker. Our agents for service of process are listed in Exhibit B to the Disclosure Document.

We franchise the right to operate an independent business that offers home and building inspection services, including inspections of structural, interior/exterior, electrical, heating/cooling, gas/water and plumbing systems primarily of residential and qualified commercial properties, and related environmental inspections, including inspections for radon, mold, termites and pests, lead-based paint and asbestos, and inspections of pool and spas and well and septic. The franchise or franchised business does business under the trade name, “The BrickKicker[®]” and our other related service marks, trademarks or logos (our “Marks”). It is expected that you will operate the franchise from a home office provided your residence has sufficient capacity and complies with your local ordinances and zoning regulations. The franchise operates using our mandatory and suggested standards and business methods, called our “System.” However, you will have sole responsibility over the day-to-day operations of your franchised business. If you have an existing home inspection business, you may apply to convert it to a franchise.

We are not involved in any other business activities. We have never operated businesses similar to a BrickKicker business. We have offered franchises since July 1999. We have never offered franchises in any other lines of business.

Our Parents and Predecessors

We do not have any parent companies. We have not had a predecessor within the last 10 years.

Our Affiliate

HBI Inspection Services, Inc. (our “Affiliate”) is an Illinois corporation incorporated on June 16, 1988, located at 849 N. Ellsworth Street, Naperville, Illinois 60563 and operates a home inspection business under the trademark The BrickKicker[®]. We and our Affiliate share common shareholders. Our Affiliate has owned and operated businesses similar to a The BrickKicker business since June 1988. Our Affiliate has never offered franchises for the business described above or in any other business in this state or elsewhere.

General Description of the Market and Competition

You will target your services to purchasers and sellers of residential and commercial property. You may have to compete with other businesses including franchised operations, national chains, and independently owned companies offering inspection services to customers.

Regulations Specific to the Industry

Many states have laws that regulate individuals conducting home inspections and/or other requirements that in some way regulate home inspection businesses. These regulations may require some form of certification, licensing or

registration in order to offer or conduct services as a home inspector and/or to establish and operate a home inspection business. This means you and your inspection staff may be required to meet basic education levels, complete training and apprentice programs, have inspection experience, complete a recognized exam, and engage in continuing education programs.

States that are currently known to have laws or regulations that require home inspectors to be certified, registered or licensed are Alabama, Alaska, Arizona, Arkansas, Connecticut, Delaware, Florida, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, Nevada, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Vermont, Washington, West Virginia and Wisconsin. Municipal or county home inspection regulations may also apply in some areas. New laws and regulations may be enacted at any time

It is your responsibility to investigate the requirements in your state for complying with all applicable laws, regulations and licensing or certification requirements for operating a home inspection business before you purchase a The BrickKicker franchise. In addition, there are other laws and regulations that govern the operation of businesses generally with which you must comply.

ITEM 2. BUSINESS EXPERIENCE

President: Andrew Fox

Mr. Fox has been our President since April 1, 2022. He was our Vice President from January 1, 2020 to March 31, 2022. He has been the President of our affiliate since January 1, 2020 and was its General Manager from March 2014 to December 31, 2019. He was our Director of IT Support/Digital Marketing from March 2014 to January 1, 2020. Mr. Fox assists in franchise support and development and franchise technical training.

Director of Administration: Sarah Westerman

Ms. Westerman has been our Director of Administration since January 1, 2022. She has been the Director of Administration/HR for our affiliate since April 2018. She was an Office Administrator for Meals on Wheels in Joliet, Illinois from November 2014 to February 2018.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

You pay a franchise fee ranging from \$12,000 to \$27,000 when you sign the Franchise Agreement for a start-up franchise and ranging from \$7,000 to \$13,000 when you sign the Franchise Agreement and Conversion Franchise Addendum for a conversion franchise. The franchise fee will be based on the population of the territory you select as outlined in the chart below. In determining population, we use the latest available US Census Data.

Population Base	Corresponding Franchise Fee	Corresponding Conversion Franchise Fee
Under 250,000	\$12,000.00	\$ 7,000.00
250,001 – 600,000	\$16,000.00	\$ 9,000.00
600,001 – 1,000,000	\$21,000.00	\$11,000.00
1,000,001 – 1,500,000	\$27,000.00	\$13,000.00

We participate in the VetFran program and offer to honorably discharged veterans a discount off the initial franchise fee above of \$3,000 for a territory of under 250,000 people, \$4,000 for a territory of 250,001 through 600,000 people, and \$5,250 for a territory of 600,001 through 1,000,000 people, and \$6,750 for a territory of 1,000,001 through 1,500,000.

We give a discount of one-third (1/3) off the franchise fee to current franchisees buying a second franchise or a former franchisee buying a new franchise.

We may finance the franchise fee under the circumstances described in ITEM 10. The franchise fee is uniform for start-up franchisees, veterans and conversion franchisees.

We will refund a portion of the franchise fee you paid, less an amount retained by us that will not exceed \$5,000, if we terminate the franchise for failure to perform your initial training obligations under the Franchise Agreement. We do not give refunds under other circumstances.

Start-up Materials

Before you start operating the franchised business, you may purchase from our Affiliate or other suppliers forms and printed materials for marketing and operating the franchise. The purchase price of an initial inventory of these materials ranges from \$500 to \$1,500. The purchase price is paid to our Affiliate when you order the materials and is non-refundable.

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ITEM 6. OTHER FEES

Type of Fee	Amount	Due Date ³	Remarks
Continuing Services and Royalty Fee ²	The greater of 6% of gross sales ¹ or the minimum monthly amount determined by the chart located in the notes below. Reduced fee for conversion franchisee per chart below.	Payable on the 15 th day of each month	You must pay your continuing services and royalty fee directly to us. See definition of gross sales.*
Advertising Fund Contribution ²	Up to 2% of gross sales ¹ ; 2% of gross sales in 2022, Phase-in of contribution for conversion franchisee per chart below.	Payable on the 15 th day of each month	You pay your advertising fund contribution to us. We will give you 30 days' notice before increasing required contributions.
Audit Expenses	All costs and expenses incurred by us associated with audit	Upon demand	Audit costs are payable to us only if the audit shows you underreported amounts you owe us by 3% or more.
Late Fees	1.5% per month or the highest rate allowed by the state where you are located, whichever is less, from the due date	Upon demand	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit.
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	One-third of the then current franchise fee; plus a training fee of up to \$2,500	At the time of transfer	Payable to us at the time of transfer. Does not apply to an assignment to a business entity owned by you.

* All citations of Section numbers throughout this Disclosure Document refer to the Franchise Agreement attached as Exhibit C.

Type of Fee	Amount	Due Date ³	Remarks
Substitute or New Manager Training/ Additional Training	You may have to pay the then current rate, plus your expenses in attending. The current rate is up to \$2,500, depending on the length of training.	Before training	Our initial training program is covered by your franchise fee. If you have to repeat initial training, we may charge you.
Field Inspector Training	The then current rate, plus your expenses in attending. The current rate is \$1,500 per week, depending on the length of training.	Before Training	
Customer Service	All costs incurred in assisting your customers if you have failed to satisfactorily resolve a complaint.	Upon demand	You must reimburse us if we determine it is necessary for us to provide assistance directly your customers if you have not satisfactorily handled a customer complaint.
Company Conference Registration Fee	You must pay the then-current standard registration fee; estimated at \$350 for next conference in 2024.	Time of program; typically, every even-numbered	Attendance is required and will not exceed 3 days in any selected year. Company Conference Registration Fee is due even if you fail to attend the conference. You are also responsible for your travel costs in attending the conference.
Additional Operations Assistance	Currently, \$50 to \$100 per hour plus our expenses	Time of assistance	We may provide assistance during the first quarter of operation. You pay us for additional assistance if you request it.
Training for Ancillary Optional Services	Varies depending on nature of training; most recent fee charged was \$500 per day.	Before training	Payable if we offer and you opt to attend training for new optional services.
Proprietary Software Fees	Currently \$0	Upon demand	We reserve the right to require you pay license fees for proprietary software we may develop in the future.
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations if we prevail.

Type of Fee	Amount	Due Date ³	Remarks
Temporary Management Assistance	Currently, \$500 per day, plus our expenses	Each month that it applies	If you breach the Franchise Agreement or following the death or incapacity of an owner of the franchise, we may temporarily manage your franchised business.
Indemnification	All costs including reasonable 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.
Renewal Fee	\$500	Upon signing renewal Franchise Agreement	Payable if you renew your franchise at the end of 5 years.
Additional Email Addresses	Currently, \$12 per month	As incurred	Payable if you would like additional email address than those provided for your territory size.

All the fees noted above are uniform and nonrefundable, except that we may, in our own discretion, make modifications to fees for renewing franchisees.

NOTES

¹ "Gross sales" means all revenue from the franchised business. Gross sales does not include sales tax or use tax. (Section 1)

² "Continuing Services and Royalty Fee" means a monthly continuing services and royalty fee equal to the greater of 6% of the gross sales derived from the franchised business or the minimum monthly amount determined in the second chart below. Conversion franchisees pay a reduced Continuing Services and Royalty Fee and a phase-in of the Advertising Fund Contribution as shown in the first chart below.

³ We provide and you must use designated email addresses at no charge, the number provided being dependent on the size of your territory. If you want additional email addresses, you must purchase them from our Affiliate for a monthly fee (currently \$12 per month). You receive the following number of email addresses at no charge:

Territory Population	Number of Email Addresses Provided at No Charge
<300,000	1
300,001 – 600,000	2
>600,001	3

CONVERSION FRANCHISE AGREEMENT							
0-6 Months After Conversion		7 to 24 Months After Conversion		25 to 48 Months After Conversion		Beginning in Month 49 and thereafter	
Royalty	Advertising Fund Contribution	Royalty	Advertising Fund Contribution	Royalty	Advertising Fund Contribution	Royalty	Advertising Fund Contribution
Fee Waived	Contribution Waived	2% - standard minimums apply	1%	4% - standard minimums apply	2%	6% - standard minimums apply	2%

STANDARD FRANCHISE AGREEMENT – ROYALTY FEE MINIMUMS				
Population Base	Months 1 – 6 in Business	Months 7 – 18 in Business	Months 19 – 36 in Business	Months 37 and up in Business
Under 250,000	No minimum	\$100	\$150	\$225
250,001-600,000	No minimum	\$175	\$225	\$350
600,001-1,000,000	No minimum	\$225	\$300	\$425
1,000,001–1,500,000	No minimum	\$300	\$400	\$500

³ Continuing Services and Royalty Fees, Advertising Fund contributions, and other amounts due to us are paid through a portal on our website. Each franchise owner is provided a login to our website. The portal has several functions, including activity reports and payment of fees. Currently, fees can be paid by check (mailed to us), or by credit/debit/payment processor. There is a credit card processing fee on credit/debit/payment processor transactions paid to the payment processor. The current fee is 2.9% processing fee plus \$0.45 on those transactions.

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ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT
Start-Up Franchise

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee ¹	\$12,000 - \$27,000	Cashier's Check	At Signing of Franchise Agreement	Us
Real Estate ²	\$0			
Insurance ³	\$600 - \$2,500	As Arranged	Before Beginning Operations	Insurance Companies
Office Equipment and Supplies ⁴	\$800 - \$2,400	As Arranged	Before Beginning Operations	Suppliers
Training Expenses ⁵	\$700 - \$2,500	As Arranged	During Training	Airlines, Hotels & Restaurants
Signage	\$100 - \$200	As Arranged	Before Beginning Operations	Suppliers
Inspection Tools ⁶	\$300 - \$1,500	As Arranged	Before Beginning Operations	Suppliers
Initial Inventory ⁷	\$500 - \$1,500	As Arranged	Before Beginning Operations	Our Affiliate and/or Suppliers
Vehicles ⁹	\$0 - \$1,500	As Arranged	Before Beginning Operations	Car, Van Dealer
Licenses & Permits ¹⁰	\$0 - \$1,000	As Arranged	Before Beginning Operations	Licensing Authorities
Legal & Accounting ¹¹	\$0 - \$1,000	As Arranged	Before Beginning Operations	Attorney, Accountant
Additional Funds ¹² (3 months)	\$1,000 - \$2,265	As Arranged	As Necessary	Employees, Suppliers
TOTAL ¹³	\$ 16,000 - \$ 43,365			

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YOUR ESTIMATED INITIAL INVESTMENT

Conversion Franchise

Names of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Franchise Fee ¹	\$7,000 - \$13,000	Cashier's Check	At Signing of Franchise Agreement	Us
Real Estate ²	\$0			
Insurance ³	\$0 - \$1,000	As Arranged	Before Beginning Operations	Insurance Companies
Office Equipment and Supplies ⁴	\$0			
Training Expenses ⁵	\$700 - \$1,500	As Arranged	During Training	Airlines, Hotels & Restaurants
Signage	\$100 - \$200	As Arranged	Before Beginning Operations	Suppliers
Inspection Tools ⁶	\$0 - \$600	As Arranged	Before Beginning Operations	Suppliers
Initial Inventory ⁷	\$500 - \$1,500	As Arranged	Before Beginning Operations	Our Affiliate and/or Suppliers
Vehicles ⁹	\$0			
Licenses & Permits ¹⁰	\$0			
Legal & Accounting ¹¹	\$0 - \$750	As Arranged	Before Beginning Operations	Attorney, Accountant
Additional Funds ¹² (3 months)	\$500 - \$1,265	As Arranged	As Necessary	Employees, & Suppliers
TOTAL¹⁶	\$ 8,750 - \$19,815			

NOTES

¹ **Franchise Fee.** We will refund a portion of the franchise fee you paid, less an amount retained by us that will not exceed \$5,000, if we terminate the franchise for failure to perform your initial training obligations under the Franchise Agreement. We do not give refunds under other circumstances. We do offer financing of a portion of the franchise fee.

² **Real Estate.** No estimate is included here based on the assumption that you will operate the franchised business from a home office, which is what we recommend. If you choose to establish an office outside of your home, you will incur additional cost.

³ Insurance. You must purchase the following types and amounts of insurance:

- (1) workers' compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires.
- (2) comprehensive general and professional liability insurance, also referred to as errors and omissions insurance, with a minimum liability coverage of \$250,000 per occurrence and \$500,000 in the aggregate or higher if you choose or your state law requires.
- (3) automobile liability insurance of at least \$250,000 or higher if your state law requires.

The low estimate is for premiums for the first three months and the high estimate is for an annual premium. Factors that may affect your cost of insurance include the location of the franchised business, years of experience, number of employees and other factors. If you are converting an existing business, we assume that you will only need to supplement your existing insurance and your costs should be less.

⁴ Office Equipment and Supplies. This estimate covers the cost of a computer and software, printer/scanner/copier, mobile phone, and general office supplies. We cover the cost of the initial license for report generation software as part of the franchise fee. The low estimate assumes that you have a computer that you can use for the operation of the business and the high estimate assumes that you must purchase one. You are provided 6 months of free use of the recommended web-based software for managing home inspection businesses. If you are converting an existing business into a franchise, we assume you already have office equipment and supplies, including a computer.

⁵ Training. The cost of initial training is included in the franchise fee, but you are responsible for transportation and expenses for meals 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. The estimate is based on 1 person attending training.

⁶ Inspection Tools. This estimate covers the cost of tools and equipment for conducting inspections, such as an adjustable, multi-function ladder, gas detector, moisture meter, and flashlight. If you are converting an existing business into a franchise, we assume you already have some of the equipment and your costs should be less.

⁷ Initial Inventory. This estimate covers the cost of an initial supply of inspection forms, kits, brochures and other advertising and promotional materials which you can purchase from our Affiliate or other suppliers. If purchased from our Affiliate, initial inventory is not refundable.

⁹ Vehicles. The low estimate assumes you have a vehicle you can use for the operation of the franchised business. If you do not, we assume that you will either lease or finance the purchase of a vehicle. The cost of the vehicle will vary based on the type and age of vehicle you lease or purchase. If you are converting an existing business into a franchise, we assume you already have a vehicle.

¹⁰ Licenses & Permits. This estimate covers the cost of a business license or permit that may be required by your local government and the cost of obtaining a license or certificate to conduct home inspections if required by your state. We assume a conversion franchisee already has the necessary licenses and permits.

¹¹ Legal & Accounting. This estimate covers the cost of hiring an attorney, an accountant and other consultants to assist you in establishing your franchised business, if you choose to do so. If you are converting an existing business into a franchise, your costs should be less.

¹² Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including transportation costs, software fees, and if applicable, employees' salaries for the first 3 months that the franchised business is open. This does not include any owner's draw. We cannot guarantee that our recommendation

will be sufficient. Additional working capital may be required if sales are low or operating costs are high. If you are converting an existing home inspection business into a franchise, we assume you will not incur additional incremental expenses. In compiling this chart, we relied on our and our Affiliate's industry knowledge and experience.

We do not know whether any payments to and costs incurred with third parties will be refundable. You should inquire about any refund policy of the supplier before you make a purchase or incur a cost.

We offer financing to you for the franchise fee. We do not offer direct or indirect financing to you on any of the other items listed above.

ITEM 8. RESTRICTIONS ON SOURCES OF SERVICES AND PRODUCTS

As part of the initial franchise fee, we pay for the initial license fee for proprietary software for generating home inspection reports. This proprietary software is Home Inspector Pro. We recommend you use Home Inspector Pro. If you use Home Inspector Pro, you will sign the Software Licensing Agreement that is in Exhibit I to this Disclosure Document when you sign the Franchise Agreement. You cannot use any other software for generating home inspection reports unless you obtain our prior written approval.

You must purchase the following computer hardware you do not currently own: computer, printer/scanner/copier, and mobile phone (See Item 11). The computer must have the capability of running our proprietary software, the capability of virus software installation, and internet access for other required or optional web-based tools.

Currently we require the use of Inspector Support Network (ISN), a web-based tool for operating and managing a home inspection business. The supplier provides 6 months of use at no fee. Thereafter, you must pay the associated fees to the supplier.

We recommend that you become a member of a home inspector association. Currently, the preferred association is the International Association of Certified Home Inspectors (InterNACHI). It is your responsibility to pay membership dues for you and your employees, if applicable. The current membership fee is \$499 per year or \$49 per month.

We provide and you must use designated email addresses at no charge, the number provided being dependent on the size of your territory. If you want additional email addresses, you must purchase them from our Affiliate for a monthly fee (See Item 6).

We are currently a supplier (but not the only supplier) to our franchisees of training services for ancillary optional service offerings. We are not currently a supplier of any other products or services. For the year ended December 31, 2022, we received no revenue from the sale of products or services to our franchisees.

Currently, our Affiliate is a supplier of the forms, marketing materials, client resource folders and additional email addresses. In 2022 our Affiliate derived revenue as a result of being the supplier of the forms and marketing materials. For the fiscal year ended December 31, 2022, our Affiliate received \$7,312 in revenue from the sale of products and supplies to our franchisees which represents less than 1% of its total revenue of \$2,472,595. The source of this information is the financial records of our Affiliate.

Our Affiliate is currently the only approved supplier of forms and marketing materials. If you wish to purchase forms and marketing materials from another supplier, you must first obtain our written approval and your supplier must meet our specifications regarding the use of our Marks on such forms and marketing materials. We must also approve the content of any advertising and promotional material associated with our Marks.

You must purchase and maintain insurance with the types of coverage and minimum limits we may require from time to time. You must obtain the insurance from a supplier licensed in your state and you must name us as an additional insured. You must purchase the following types and amounts of insurance:

- (1) workers' compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires.
- (2) comprehensive general and professional liability insurance, also referred to as errors and omissions insurance, with a minimum liability coverage of \$250,000 per occurrence and \$500,000 in the aggregate or higher if you choose or your state law requires.
- (3) automobile liability insurance of at least \$250,000 or higher if your state law requires.

Other than the above, we currently don't have any written standards and specifications for purchases you must make to operate your franchised business. We currently do not maintain a list of approved suppliers (other than our Affiliate). We currently have an informal process by which a franchisee can submit a request to have an item or alternate supplier approved. After having the opportunity to review the item, we generally respond by email regarding approval.

We estimate that approximately 1% to 2% of your expenditures for leases and purchases in establishing your franchised business will be for goods and services that must be purchased from us, our Affiliate or an approved supplier or according to our standards and specifications. We estimate that approximately 1% to 2% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our Affiliate, an approved supplier or according to our standards and specifications.

Other than our Affiliate, none of our officers has an interest in a supplier.

We currently do not receive any rebates from suppliers; however, we reserve the right to do so in the future.

We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether you purchase products or services through the sources we designate or approve. We negotiate purchase arrangements with suppliers for our franchisees. We have no purchasing or distribution cooperatives serving our franchise System.

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ITEM 9. FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in the Franchise Agreement	Disclosure Document ITEM
a.	Site selection and acquisition/lease	Not Applicable	ITEMS 11 and 12
b.	Pre-opening purchases/leases	Sections 5, 12 and 15 and Conversion Addendum	ITEMS 7 and 8
c.	Site development and other pre-opening requirements	Sections 5 and 8; Renewal Addendum Par. 5	ITEMS 7, 8 and 11
d.	Initial and ongoing training	Section 8; Renewal Addendum Par. 6	ITEMS 6, 7 and 11
e.	Opening	Sections 5 and 8; Conversion Addendum; Renewal Addendum Par. 5	ITEM 11
f.	Fees	Sections 3, 5, 8, 10, 11, 13, 15, 18 and 22 and Conversion Addendum	ITEMS 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 6, 7, 9, 10 and 13	ITEMS 8, 14 and 16
h.	Trademarks and proprietary information	Sections 6, 7 and 9	ITEMS 13 and 14
i.	Restrictions on products/services offered	Sections 5, 6 and 13	ITEMS 8 and 16
j.	Warranty and customer service requirements	Section 13	ITEM 16
k.	Territorial development and sales quotas	Not Applicable	ITEM 12
l.	Ongoing product/service purchases	Section 13	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	Sections 5, 10 and 13	ITEM 6
n.	Insurance	Section 15	ITEMS 6, 7 and 8
o.	Advertising	Section 11	ITEMS 6, 7 and 11
p.	Indemnification	Section 21	ITEM 6
q.	Owner's participation/management/staffing	Section 13	ITEM 15
r.	Records and reports	Section 12	ITEM 11
s.	Inspections and audits	Sections 6 and 12	ITEMS 6, 11 and 13

Obligation		Section in the Franchise Agreement	Disclosure Document ITEM
t.	Transfer	Section 18 and Exhibits 1 and 5	ITEM 17
u.	Renewal	Section 4 and Exhibits 1 and 5; Renewal Addendum	ITEM 17
v.	Post-termination obligations	Section 17 and Exhibits 2 and 5	ITEM 17
w.	Non-competition covenants	Sections 7 and 17 and Exhibits 2 and 5 and Conversion Addendum	ITEM 17
x.	Dispute resolution	Section 23 and Exhibit 5	ITEM 17
y.	Guaranty	Section 22.5 and Exhibit 3	ITEM 15

ITEM 10. FINANCING

Summary of Financing Offered								
Item Financed	Amount Financed	Term (Years)	APR (Years)	Monthly Payment	Prepay Penalty	Security Required	Liability on Default	Loss of Legal Right on Default
Franchise Fee ¹	Maximum of 33%	3	8%	\$125 to \$282	None	Security interest in franchise	Loss of franchise-Unpaid loan	None

¹ **Franchise Fee.** If you meet our credit standards, we will finance a maximum of 33% of the franchise fee for start-up franchisees over a 3 year period at an annual percentage rate (“APR”) of 8%, on any initial franchise fee, using the standard form note in Exhibit F of this Disclosure Document. The security that we require is a security interest in the franchise. (Financing Agreement, Paragraph 3) There is no waiver of defense provisions or similar provisions except that if you do not pay back the loan according to the terms of the agreement, we can call the loan and demand immediate payment of the full outstanding balance and obtain court costs and attorneys’ fees if a collection action is necessary. (Financing Agreement, Paragraph 5) We do not offer financing for conversion franchisees. You are not required to personally guarantee the Financing Agreement. However, you are required to personally guarantee the franchise agreement, which requires full payment of the Initial Franchise Fee. No one other than you is required to personally guarantee the Financing Agreement or Franchise Agreement.

We do not presently plan or intend to sell, assign or discount to a third party all or part of the Financing Agreement.

We and our Affiliate do not receive payments for the placement of financing to any third parties.

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

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

Before you open your franchised business, we will:

1. designate your exclusive area (Area of Primary Responsibility). (Section 2.4)
2. provide an initial training program. This training is described in detail later in this ITEM. (Section 8.1)
3. provide to you on-site assistance and guidance by one of our representatives during the first 3 months of operation to assist you with any questions you may have in operating the franchised business. (Section 8.2) The on-site visit will be for up to 2 days for the start-up franchisee and 1 day for the conversion franchisee.
4. provide to you, on loan, copies of The BrickKicker Administration, Operations and Marketing Manual and The BrickKicker Home Reference Manual (collectively "Manuals"). The current Table of Contents of these Manuals is included as Exhibit D to this Disclosure Document. The total number of pages in the Administration, Operations and Marketing Manual is 98 and the total number of pages in the Home Reference Manual is 426. We plan on updating the Operations and Marketing Manual sometime in 2022.

After the opening of the franchised business, we will:

1. periodically, advise you and offer general guidance to you by telephone, e-mail, website, facsimile, newsletters and other methods. Our guidance is based on our and our Affiliate's knowledge and experience. We offer you advice and guidance on a variety of business matters, including operational methods, accounting procedures, authorized services and marketing and sales strategies. (Section 14.1)
2. at our discretion, make periodic visits to the franchised business to provide you with consultation, assistance and guidance in various aspects of the operation and management of the franchised business. We may prepare written reports suggesting changes or improvements in the operations of the franchised business and detailing deficiencies that become evident as a result of a visit. If we prepare a report, we may provide you with a copy of the report, including our suggestions, via email or certified mail. (Section 14.2)
3. make available to you operations assistance and ongoing training as we deem necessary. (Sections 8.2 and 8.5) Ongoing training programs are described later in this ITEM.
4. approve forms of advertising materials you will use for local advertising. (Section 11.1) Our advertising programs are described later in this ITEM.
5. provide you with modifications to the Manuals as they are made available at annual meetings. (Section 9.2)

Currently, we provide you with a guideline fee schedule for services provided by The BrickKicker Businesses. At your discretion, you may follow our guidelines. We do not currently require that you follow minimum or maximum pricing. However, we reserve the right to do so in future. (Section 2.6)

Advertising and Promotion

1. We will review and approve any advertisements or promotional materials you create and submit to us for use with our Marks. (Section 11.1)

2. We have developed a System-wide advertising fund and you must contribute to the fund. The amount of your contribution to the fund is described in ITEM 6 under the heading, "Advertising Fund Contributions." (Section 11.2) We will administer the advertising fund as follows:

(a) 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 currently use print and Internet media for advertisements and promotions. Currently, the source of the advertising for the fund is both in-house and outside agencies. The advertising is currently local and national in scope. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the advertising fund.

(b) We may use your contributions to meet or reimburse us for any cost of producing, maintaining, administering and directing consumer advertising, for branding or franchise sales advertising or for any other purpose intended to enhance the strength and value of The BrickKicker brand (including the cost of preparing and conducting television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; developing and/or hosting an Internet web page of similar activities; employing advertising agencies to assist therein; providing promotional brochures; conducting market research; and providing other marketing materials 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 advertising fund. We do not use advertising fund contributions for the direct solicitation of franchise sales.

(c) We will use any interest or other earnings of the advertising fund before we use current contributions. We intend for the advertising fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the advertising fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your *pro rata* share.

(d) We will have an accounting of the 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 reviewed or audited and reported on by an independent certified public accountant at the advertising fund's expense.

(e) The advertising fund is not a trust and we assume no fiduciary duty in administering the advertising fund.

(f) We schedule informal monthly advisory meetings with franchisees during which we discuss Advertising Fund expenditures.

Currently, franchisees are not required to participate in any advertising cooperatives.

Currently, our corporate-owned The BrickKicker locations are not required to contribute to the advertising fund.

During our fiscal year ending December 31, 2022, advertising fund contributions collected were spent as follows: 81.0% on website hosting and marketing, 5.2% on outside services, 3.3% on dues/subscriptions/miscellaneous; and 10.5% on administrative expenses. In 2022 our Affiliate HBI received compensation from the advertising fund for products and/or services rendered. In 2022, no advertising funds were used for solicitation of new franchisees.

3. You are restricted from establishing a presence on, or marketing using, the Internet without our consent. We have an Internet website at the uniform resource locator www.brickkicker.com that provides information about The BrickKicker home inspection services and about The BrickKicker franchises. We currently include at The BrickKicker website an interior page containing information about your franchised business. You may be requested to either provide information and content or prepare the page, at your expense, using our template. All information must be approved by us before it is posted. We retain the sole right to market on the Internet, including the use of websites, social media, social and professional networks, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You are prohibited from establishing your own independent website. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. We retain the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. We retain the sole right to approve any linking to, or other use of, The BrickKicker website. (Section 11.3)

Computer/Point-of-Sale System

Currently we provide new franchisees with the initial license for proprietary report generation software. If you do not already have a computer that you can use for the operation of your The BrickKicker franchise business, you must purchase one. We estimate the cost for computer hardware to be \$800 to \$1,600. We require that you use report generation software. You may use our proprietary software in the operation of your franchised business or other software that generates home inspection reports approved by us in writing. If you use our proprietary software, we will license the proprietary software to you when you sign the Franchise Agreement and you will sign the Software Licensing Agreement attached as Exhibit I. The proprietary report generation software is Home Inspector Pro. Currently the annual cost of maintenance and upgrades that you must pay to the licensor ranges from \$0 to \$265 to Home Inspector Pro, the latter of which is only due if you choose to purchase their cloud computing service. The report generation software is designed to assist you in preparation of the inspection reports and forms necessary to complete home inspections and other services offered. We have no obligation to maintain or upgrade the proprietary software. This software is an independent program and does not allow data collection transfers to us. All data collection and reporting is done in a manual format.

You must have anti-virus software on your computer system. You must purchase and use any other hardware and software programs we designate. (Section 12.5)

You do not have to enter into any ongoing maintenance or support agreements for the maintenance of a computer, but you may find it advantageous to do so. The estimated annual cost of maintaining your computer system is \$250. You may periodically be required to update or upgrade computer hardware and software, whenever we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for computer and point-of-sale systems. There are no limits on our rights to do so. We reserve the right to have access to all information you collect or compile on your computer system. There are no contractual limits imposed upon our access to your computer information. (Sections 10.2, 12.5 and 12.6)

We currently require the use of the Inspector Support Network (ISN) web-based software for managing home inspection businesses. The supplier provides 6 months of use at no fee. Thereafter, you must pay the associated fees to the supplier. The software provides tools for managing your business, scheduling of inspections, promotion and communication with customers, credit card processing, and reporting. After the initial 6 months of use at no fee, you will pay fees directly to ISN. Currently the only cost for ISN software licensing is \$6 for the first 50 inspections scheduled within one month, \$4.50 for the next 50 inspections scheduled within one month, and \$3 for the remaining inspections scheduled within one month.

Methods Used to Select the Location of the Franchised Business

We recommend that you locate the franchised business office within your or your Designated Manager's principal residence. If local laws or ordinances prohibit an office in your home or you choose to set up a separate office location, the location must be approved by us. Currently the only factors we consider in granting approval of an office location outside of a residence is whether the physical structure is consistent with the prevailing standards for a professional services business, and whether the nature of the surrounding businesses would tarnish our brand and Marks with use of our signage at the office location.

Typical Length of Time Before Operation

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the franchise is 45 days. Factors that may affect your beginning operations include ability to secure permits, licensing requirements, procuring insurance, zoning and local ordinances, and scheduling and training. You must open your franchise and be operational within 90 days after signing the Franchise Agreement. (Section 5.1)

Training

We provide you an initial training program that covers material aspects of the operation of the franchised business. The topics covered are listed in the charts below. This training may be offered at our headquarters in Naperville, Illinois, or another location we designate. You or your Designated Manager must satisfactorily complete the initial training before the opening of the franchised business. We offer the initial training program on demand. At your option, one additional person can attend the initial training program with you for no additional fee. We expect that your attendees will advance through the training program at different rates depending on a variety of factors, including background and experience. The time frames provided in the chart below are an estimate of the time it will take to complete training. We do not charge for initial training. You must pay for all travel costs and living expenses for yourself and any of your attendees. If you replace your Designated Manager, your new Designated Manager must attend our training program. You may be charged fees for additional training. You are responsible for training your own employees and other management personnel. This initial training is in addition to the on-site opening assistance we offer to you. Your franchised business must at all times be under the day-to-day supervision of you or a Designated Manager who has satisfactorily completed our training program. After a replacement of the Designated Manager, he or she has 60 days to complete initial training. (Section 8)

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**MARKETING/ADMINISTRATION/OPERATIONS
TRAINING PROGRAM**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE- JOB TRAINING	LOCATION
Introduction to Home Inspections and “Setting the Stage”	4	0	Our headquarters in Naperville, Illinois
Report Writing and Software Training	4	0	Our headquarters in Naperville, Illinois
Marketing and Sales	5	0	Our headquarters in Naperville, Illinois
Administration Training	2	0	Our headquarters in Naperville, Illinois
Growth and Management	1	0	Our headquarters in Naperville, Illinois
Operations Training	3	0	Our headquarters in Naperville, Illinois
Website and Landing Page	2	0	Our headquarters in Naperville, Illinois
Inspection Support Network and Phones	3	0	Our headquarters in Naperville, Illinois

Notes:

1. We expect that the above initial training for the conversion franchisees will take about half the time that will be needed for a start-up franchisee.

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**TECHNICAL
TRAINING PROGRAM**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
Roofing, Flashing and Chimneys	5	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field
Structure	5	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field
Electrical	5	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field
Heating	7	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field
Cooling and Heat Pumps	4	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field
Insulation	2	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field
Plumbing	5	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field
Interior	5	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field
Appliances	1	Notes 1 and 4	Our headquarters in Naperville, Illinois and in the field

Notes:

1. The technical training includes classroom time possibly supplemented with a lab event.
2. Time spent on each topic may vary depending on the experience and knowledge of the students in a particular session.
3. If you are a conversion franchisee, it is expected that the length of training will be shorter, and will be determined based on your previous experience.
4. In addition to the above, you will participate in field inspections which are expected to take 2 to 4 hours.
5. If you have completed the InterNACHI distance learning program or other technical training that meets state certification or licensing requirements and that we deem satisfactory, we may waive the requirement that you attend all or a portion of our technical training program.

Our Technical Training Program may not meet state licensing requirements in certain states that require the licensing of home inspectors. Currently InterNACHI has online technical training programs approved for all licensing states. There is no fee for this training if you are a member of InterNACHI. In these licensing states, we will accept your completion of technical training through InterNACHI in lieu of your attendance at our technical training program.

Typically, the majority of the training will be conducted by Andrew Fox and Sarah Westerman. Their qualifications and background are as follows:

Andrew Fox has been our President since April 1, 2022 and the General Manager of our Affiliate since March 2014. He was our Vice President from January 1, 2020 to March 31, 2022 and our Director of IT Support/Digital Marketing from March 2014 to January 1, 2020. He was initially hired by our Affiliate as an inspector in March 2013. He supports franchisees in several areas, including assisting franchisees with technical support relating to @brickkicker.com e-mail addresses and setting up a landing page on our website, and assisting franchisees with online marketing strategy.

Ms. Westerman has been our Director of Administration since January 1, 2022. She has been the Director of Administration/HR for our affiliate since April 2018. She was an Office Administrator for Meals on Wheels in Joliet, Illinois from November 2014 to February 2018.

We reserve the right to substitute or add trainers at any time. All trainers will have a minimum of 4 years of experience.

The training will include the following instructional materials: our manuals, printed materials, audio-visual material, web-based training and tools of the trade. The training will occur at both our training center or in the field.

Typically we conduct our company conference every other year, at our headquarter location or another site we designate. You are required to attend. You must pay the conference registration fee even if you fail to attend. Travel and living expenses pertaining to the attendance at these programs will be at your expense. You may, at your expense and with our approval, invite a manager or employee to attend. The company conference will not exceed 3 days. (Section 8.5)

We may offer additional training, but you are not required to attend.

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ITEM 12. TERRITORY

You will receive an exclusive geographic territory (called an “Area of Primary Responsibility”), the boundaries of which are based on population. Factors like an increase or decrease in population within your Area of Primary Responsibility will not affect the geographic parameters or the exclusivity of the territory. The Area of Primary Responsibility that you receive will be described in Section 2.4.4 of the Franchise Agreement.

Population Base	Corresponding Franchise Fee	Corresponding Conversion Franchise Fee
Under 250,000	\$12,000.00	\$ 7,000.00
250,001 – 600,000	\$16,000.00	\$ 9,000.00
600,001 – 1,000,000	\$21,000.00	\$11,000.00
1,000,001 – 1,500,000	\$27,000.00	\$13,000.00

We reserve the right to (1) establish, own or operate, and license to others the right to establish, own or operate The BrickKicker Businesses outside of the Area of Primary Responsibility; (2) establish, own or operate, and license to others the right to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Area of Primary Responsibility; (3) be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses competitive businesses within the Area of Primary Responsibility; (4) provide the services authorized for The BrickKicker Businesses using the Marks or other service marks, trademarks and commercial symbols through a The BrickKicker Business, provided however, we will only provide such services within the Area of Primary Responsibility if (i) you do not already offer such services; (ii) we have notified you of your right to provide such service on terms and conditions authorized by us; (iii) you have notified us that you have elected not to provide such services; and (iv) you have not notified us of your election to provide the services within 3 business days of receiving our notice; (5) provide the services authorized for The BrickKicker Businesses using the Marks or other service marks, trademarks and commercial symbols through an alternate channel of distribution, including but not limited to, web-based virtual do-it-yourself inspection assistance, co-branded services with marketing partners, and on such terms and conditions as Franchisor deems appropriate; and each of the following conditions are met: (i) Franchisee does not already offer such services; (ii) Franchisor has notified Franchisee of Franchisee’s right to provide such services on terms and conditions authorized by Franchisor; (iii) Franchisee has notified Franchisor that Franchisee has elected not to provide such services; or (iv) Franchisee has not notified Franchisor of its election to provide the services within three (3) business days of receiving Franchisor’s notice; and (6) engage in any activities not expressly forbidden by the Franchise Agreement. We are not obligated to compensate you if we conduct business within your territory in compliance with the above.

You may not directly market to or solicit customers outside your Area of Primary Responsibility. You are prohibited from using other channels of distribution, such as Internet, catalog sales, telemarketing, or other direct marketing, to solicit and/or make sales outside of his or her territory. If a customer who resides outside of your area initiates contact with you and the location is not already secured by any other franchisee, you may provide services to the customer. If a customer residing in your area initiates contact with us or our Affiliate or another franchisee, whoever is contacted may provide services to the customer.


You will operate the franchise from one approved location which we expect will be your home. You must receive our written permission before relocating. If you can no longer use the location due to circumstances beyond your control, including unreasonable lease terms or destruction of the premises, you may be allowed to relocate. You do not receive the right to acquire additional franchises. You must meet our qualifications for new franchisees to qualify for an additional franchise location.

Continuation of the territorial exclusivity we grant to you is not dependent upon achieving any minimum sales quotas. However, if you do not achieve certain Gross Sales sufficient to generate the minimum monthly Continuing Services and Royalty Fee payment and as described below, we can terminate your franchise, we can

terminate your exclusive rights to the Area of Primary Responsibility or we can redefine your Area of Primary Responsibility. Beginning on the 18th month anniversary from the date you begin operating the Franchised Business and through the term of the franchise, you must achieve Gross Sales sufficient to generate at least the minimum monthly Continuing Services and Royalty Fee payment. If over any 12 month period you have not achieved Gross Sales sufficient to generate at least the minimum monthly Continuing Services and Royalty Fee payment during 4 or more of the 12 months, we have the right to issue a notice of default to you. You will be given a cure period of 3 months in which to achieve Gross Sales in an amount necessary to generate at least the minimum monthly Continuing Services and Royalty Fee payment for each month. If you fail to cure, you will be given an additional 3 month cure period if you have, prior to the end of the first 3 month cure period, prepared and submitted to us a written plan for business development that we deem to be reasonable.

ITEM 13. TRADEMARKS

You are granted the right to operate your business under the name “The BrickKicker[®]”, which is the primary Mark used to identify our System. You may also use any other current or future Mark to operate your franchised business that we designate, including the logo on the front of this Disclosure Document and the trademark listed below. By “Mark,” we mean any trade name, trademark, service mark or logo used to identify your business. We have a registration of the following Mark on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

Mark	Registration Number	Registration Date
The BrickKicker (standard character mark)	1,790,817	August 31, 1993 (Renewed)
 (design plus words, letters and/or numbers)	3733260	January 5, 2010 (Renewed)

We intend to renew the registration and file all appropriate affidavits for the mark at the times required by law.

Originally, our Affiliate made an application for registration of The BrickKicker Mark with the USPTO. On April 11, 2002, our Affiliate assigned all rights and interest to us in The BrickKicker Mark. We have filed all required affidavits.

We also grant you the right to use and claim common law rights in a The BrickKicker logo which either has no words below it or has the words “INSPECTION SERVICES” underneath the logo.

Currently, we know of no effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of any state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

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.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in any state.

You do not receive any rights to the Marks other than the nonexclusive right to use them in the operation of your franchised business. You must follow our rules when you use the Marks. You must use the Marks as the sole trade identification of the franchised business. You cannot use a name or Mark as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use any Mark in connection with the sale of any unauthorized services, or in any other manner that we do not authorize in writing. You must obtain a fictitious or assumed name registration if required by your state or local law. 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 must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you must 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 will take the action we think appropriate in these situations; we have exclusive control over any settlement or proceeding concerning any Mark. You must take any actions that, in the opinion of our counsel, may be advisable to protect and maintain our interests in any proceeding or to otherwise protect and maintain our interests in the Marks.

While we are not required to defend you against a claim against your use of our Marks, 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 and you have complied with our directions with regard to the proceeding. We have the right to control the defense and settlement of any proceeding. We will not reimburse you for your expenses and legal fees for separate, independent legal counsel and for expenses in removing signage or discontinuing your use of any Mark. We will not reimburse you for disputes where we challenge your use of a Mark.

If required, due to litigation or a determination from the USPTO, you will have to modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If, in the unlikely event, we adopt and use new or modified Marks, you must add or replace equipment, signs, and supplies, and you must make other modifications we designate as necessary to adapt your franchised business for the new or modified Marks. You do not have to spend an amount unreasonably disproportionate to your initial investment during the initial term of the Franchise Agreement to conform your franchised business to changes to the Marks and other System modifications. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

You must not register or seek to register as a trademark or service mark, either with the USPTO 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 advertise or have any other presence on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the words "The BrickKicker" or any variation of "The BrickKicker" without our prior written consent.

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ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We claim copyrights in all of our Manuals, our website, our marketing materials, our software, form sets 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 Register of Copyrights. 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.

We know of no effective determinations of the U.S. Copyright Office or any court regarding any of our 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 confidential and proprietary information, including methods of business operation and management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a The BrickKicker business. We provide our confidential and proprietary information to you during training, in the Manuals and as a result of the assistance we furnish you during the term of the franchise. You may only use the confidential and proprietary information for the purpose of operating your franchised business. You may only divulge confidential and proprietary information to employees who must have access to it to operate the franchised business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to confidential and proprietary information, including your shareholders (and members of their immediate families and households), officers, directors, partners, members, managers, if you are a corporation, limited liability company or other business entity, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the right to enforce the agreements.

All ideas, concepts, techniques or materials concerning the franchised business, whether or not 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/or disclose to other franchisees. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System.

Your use of the Manuals and other confidential and proprietary information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement.

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

The franchised business must always be under the direct day-to-day supervision of an individual owner of Franchisee or a Designated Manager approved by us. The Designated Manager must attend and satisfactorily complete our initial training program before opening the franchised business. The Designated Manager is not required to possess an equity interest in the franchised business. If you must replace the Designated Manager, your replacement must be approved by us and must attend and satisfactorily complete our initial training program.

Certain individuals associated with your franchised business, including your owners (and members of their immediate families and households who are involved in the operation of the franchised business), officers, directors, members, managers and partners, and your managers, executives, employees and staff may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition

Agreement attached to the Franchise Agreement. We will be a third-party beneficiary with the independent right to enforce the agreements in order to protect the Marks and our brand.

Anyone who owns a 10% or greater interest in the entity that is the franchisee must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached to the Franchise Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the services we specify. You may not sell any services under The BrickKicker Marks that we have not authorized and you must discontinue offering any services that we may disapprove. We may take action, including terminating your franchised business if you sell unapproved services. We may periodically change required or authorized services. There are no limits on our right to do so, except that your investment required to change required or authorized services will not be unreasonably disproportionate to your original investment.

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

Unless the customer initiates contact with you, you may not provide services to a customer who resides outside of your Area of Primary Responsibility unless the customer initiates the contact with you and the location of the inspection is not within another franchisee's Area of Primary Responsibility. Otherwise, we do not place restrictions on you with respect to who may be a customer of your franchised business.

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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 or Other Agreement	Summary
a. Length of franchise term	Section 4.1	The initial term is 5 years.
b. Renewal or extension of the term	Section 4.2	You may renew for 2 additional terms of 5 or less years each. After 15 years, additional terms may be arranged on a mutually agreed on basis. If you fail to meet any one of the conditions in (c) below, we may refuse to renew or extend the terms of your Franchise Agreement.
c. Requirements for franchisee to renew or extend	Section 4.2	You may renew the Franchise Agreement if you: have fully 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 the franchised business; have satisfied all monetary obligations owed to us; are not in default of any provision of the Franchise Agreement or any other agreement with us; have given timely written notice of your intent to renew; sign a current franchise agreement with renewal addendum, which may have materially different terms and conditions than your original Franchise Agreement; comply with current qualifications and training requirements; and sign a general release in a form the same as or similar to the General Release attached to the Franchise Agreement.
d. Termination by franchisee	Section 16.1	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 30 days of receiving your written notice.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	Section 16.2	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.

Provision	Section in the Franchise or Other Agreement	Summary
g. "Cause" defined-curable defaults	Section 16.2	<p>If a default arises from your failure to comply with a mandatory specification in the Franchise Agreement or Manuals, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default for defaults below that require cure in a shorter time and non-curable defaults in (h.) below. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If a default arises from your failure to achieve Gross Sales to pay the minimum royalty fee, you are provided a 3 month or 6 month period to cure before your franchise may be terminated. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.</p>
h. "Cause" defined-non-curable defaults	Section 16.2	<p>We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely select an approved site for or establish, equip and begin operations of the franchised business; fail to have your Designated Manager satisfactorily complete training; made 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; after notices to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the franchised business; use the Manuals or confidential information in an unauthorized manner; if required, fail to have your owners (and members of their immediate families and households), officers, directors, managers, executives, employees and professional staff, and other individuals having access to confidential information sign nondisclosure and non-competition agreements or, if requested, fail to provide us with copies of all signed nondisclosure and non-competition agreements; abandon the franchised business for 5 or more consecutive days; surrender or transfer of control of the franchised business in an unauthorized manner; fail to maintain the franchised business under the supervision of an owner or Designated Manager following your death or disability; submit reports on 2 or more</p>

Provision	Section in the Franchise or Other Agreement	Summary
		separate occasions understating any amounts due by more than 3%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 3 or more 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 operate the franchised business in a manner creating a health or safety hazard to customers, employees or the public; take any action reserved to us; fail to comply with applicable law after notice; repeatedly breach the Franchise Agreement or comply with specifications; or default under any other agreement with us (or an Affiliate) so that we (or the Affiliate) have the right to terminate the agreement.
i. Franchisee's obligations on termination/non-renewal	Section 17.1; Exhibit 5 to Franchise Agreement; Conversion Franchise Addendum	If the Franchise Agreement is terminated or not renewed, you must: stop operating the franchised business; stop using any confidential information, the System and the Marks; if the franchised business office is not within your or your Designated Manager's principal residence and if requested, assign your interest in the franchise 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 Franchise Agreement; return the Manuals and all other confidential information; assign your telephone and facsimile numbers to us; cease all advertising, promotion and Internet presence under the Marks; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement; furnish evidence that the professional liability insurance, also referred to as errors and omissions insurance coverage will be maintained for at least one (1) year from the date of termination.
j. Assignment of contract by franchisor	Section 18.1	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k. "Transfer" by franchisee-definition	Section 18.2	"Transfer" includes transfer of an interest in the franchise, the Franchise Agreement, the franchise location or the franchised business's assets.
l. Franchisor's approval of transfer by franchisee	Section 18.2	You may not transfer your interest in any of the items listed in (k) above without our prior written consent.

Provision	Section in the Franchise or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 18.2	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 the same as or similar to the General Release attached to the Franchise Agreement; 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; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay us a transfer fee in an amount of one-third of the then current franchise fee; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition attached to the Franchise Agreement; and the transferee has agreed that its owner or Designated Manager will complete the initial training program before assuming management of the franchised business. The transferee may have to pay us \$2,500 for this training.
n. Franchisor's right of first refusal to acquire franchisee's franchised business	Section 19	We may match an offer for your franchised business or an ownership interest you propose to sell.
o. Franchisor's option to purchase franchisee's franchised business	Section 17.4; Conversion Franchise Addendum	Except as described in (n) above, we do not have the right to purchase your franchised business; however, during the 30-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. Death or disability of franchisee	Section 18.6	Following the death or incapacity of an owner of the franchised business or the death or incapacity of any holder of a legal or beneficial interest in the franchised business, your or his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the franchised business within 180 days of death or incapacity or we may terminate the Franchise Agreement.

Provision	Section in the Franchise or Other Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 7.3	You, your owners (and members of their families and households) and your officers, directors, executives, managers, professional staff and employees 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.
r. Non-competition covenants after the franchise is terminated or expires	Section 17.2; Conversion Franchise Addendum	For 2 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 25 miles of the franchise location or within the Area of Primary Responsibility (whichever is greater), or within 25 miles of any other The BrickKicker business; or soliciting or influencing any of our customers, employees or business associates to compete with us or terminate their relationship with us.
s. Modification of the agreement	Section 9.2, 22.7 and 22.8	The Franchise Agreement can be modified only by written agreement between you and us. We may modify the Operations Manual without your consent if the modification does not materially alter your fundamental rights.
t. Integration/merger clause	Section 22.7	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 23.7	Except for claims relating to the Marks, confidential information and covenants not to compete, and subject to state law, all disputes must be arbitrated in DuPage County, Illinois.
v. Choice of forum	Section 23.2	Subject to state law, any litigation must be pursued in courts located in DuPage County, Illinois.
w. Choice of law	Section 23.1	Subject to state law, Illinois law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United States.

You should refer to your state's specific addenda, if applicable, attached to this Disclosure Document for exceptions to this ITEM 17.

ITEM 18. PUBLIC FIGURES

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

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Mr. Ronald Ewald, 849 N. Ellsworth Street, Naperville, Illinois 60563, (800) 821-1820, the Federal Trade Commission and the appropriate state regulatory agencies.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	37	34	-3
	2021	34	31	-3
	2022	31	23	-8
Company-Owned	2020	1	2	+1
	2021	2	2	0
	2022	2	3	+1
Total Outlets	2020	38	36	-2
	2021	36	33	-3
	2022	33	26	-7

Table No. 2

TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2020 TO 2022		
State	Year	Number of Transfers
Arizona	2020	0
	2021	0
	2022	1
California	2020	1
	2021	1
	2022	0
Vermont	2020	0
	2021	0
	2022	1
Virginia	2020	1
	2021	0
	2022	0
Total	2020	2
	2021	1
	2022	2

The remainder of this page has been intentionally left blank.

Table No. 3

STATUS OF FRANCHISE OUTLETS FOR YEARS 2020 TO 2022								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of Year
Arizona	2020	0	0	0	0	0	0	0
	2021	0	1	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	1	3
	2022	3	0	0	0	0	0	3
Florida	2020	3	0	0	1	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Georgia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Illinois	2020	1	0	0	1	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Indiana	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	1	0	0	1
Iowa	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	1	2
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	1	0	0	0
	2022	0	0	0	0	0	0	0
Michigan	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Missouri	2020	4	0	0	0	1	0	3
	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	2	1
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	1	0	0	0
Ohio	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	1	3
	2022	3	0	0	1	0	0	2
Oregon	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
South Dakota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	1	0
Tennessee	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

STATUS OF FRANCHISE OUTLETS FOR YEARS 2020 TO 2022								
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2022	1	0	0	0	1	0	0
Texas	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Vermont	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	1	1
Washington	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	1	0
	2022	0	0	0	0	0	0	0
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Total	2020	37	0	0	2	0	1	34
	2021	34	1	0	1	0	3	30
	2022	30	0	0	3	0	5	22

Exhibit H contains a list of names of current franchisees as of December 31, 2022, and last known addresses and telephone numbers of every franchisee who has had an outlet terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the year ended December 31, 2022 or who have not communicated with us within 10 weeks of the Disclosure Document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

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Table No. 4

STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2020 TO 2022							
State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Missouri	2020	0	0	1	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Illinois	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Tennessee	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
Total	2020	1	0	1	0	0	2
	2021	2	0	0	0	0	2
	2022	2	0	1	0	0	3

Table No. 5

PROJECTED NEW FRANCHISED OUTLETS AS OF JANUARY 1, 2023			
State	Franchise Agreements Signed But Outlet Not Yet Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
California	0	1	0
Florida	0	1	0
Michigan	0	1	0
New York	0	1	0
Tennessee	0	1	0
Texas	0	1	0
Washington	0	1	0
Total	0	7	0

Some franchisees have an Area of Primary Responsibility in more than one state. However, we have only entered the franchise under one state in the above table.

No current and former franchisees have signed confidentiality clauses in the last 3 fiscal years.

No trademark-specific franchisee organization associated with Ronlen Enterprise, Inc. is required to be disclosed in this Item.

ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit E are our audited financial statements for the fiscal years ending December 31, 2022 and 2021, and for the fiscal years ending December 31, 2021 and 2020.

ITEM 22. CONTRACTS

The Franchise Agreement (with the following exhibits) is attached to this Disclosure Document as Exhibit C.:

1. GENERAL RELEASE
2. NONDISCLOSURE AND NON-COMPETITION AGREEMENT
3. UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS
4. HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS; DIRECTORS
5. CONDITIONAL ASSIGNMENT OF FRANCHISEE'S DIGITAL MARKETING ACCOUNTS
6. MULTI-STATE ADDENDA

The Financing Agreement is attached to this Disclosure Document as Exhibit F.

The Conversion Franchise Addendum is attached to this Disclosure Document as Exhibit G.

The Software Licensing Agreement is attached to this Disclosure Document as Exhibit I.

The General Release is attached to the Franchise Agreement as Exhibit 1.

The Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit 2.

The Unlimited Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Exhibit 3.

The Renewal Addendum that you will sign with the Franchise Agreement if you are renewing an existing franchise is attached to this Disclosure Document as Exhibit L. The Renewal Addendum is subject to change and not necessarily the form of Renewal Addendum that will be in effect when a franchisee signing now comes up for renewal.

We provide no other contracts or agreements for your signature.

ITEM 23. RECEIPTS

Our copy and your copy of the Franchise Disclosure Document Receipts are located on the last 2 pages of this Disclosure Document.

EXHIBIT A TO THE DISCLOSURE DOCUMENT
LIST OF STATE ADMINISTRATORS;
DISCLOSURE DOCUMENT EFFECTIVE DATES FOR EACH STATE

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

California

Department of Financial Protection and Innovation
One Sansome Street, Ste. 600
San Francisco California, 94104
(866) 275-2677, (415) 972-8565

Commissioner of Corporations
320 W. 4th Street, Suite 750
Los Angeles, California 90013
(866)275-2677, (213) 576-7500

Hawaii

Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

Illinois

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

Indiana

Indiana Secretary of State
Securities Division
302 West Washington Street, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

Maryland

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

Michigan

Department of the Attorney General
Consumer Protection Division, Franchise Section
525 Ottawa Street
G. Mennen Williams Building, 1st Floor
Lansing, Michigan 48909
(517) 373-7117

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101
(651) 539-1500

New York

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
120 Broadway, 23rd Floor
New York, New York 10271-0332
(212) 416-8236 Phone
(212) 416-6042 Fax

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue
State Capitol – 5th Floor
Department 414
Bismarck, North Dakota 58505-0510
(701) 328-4712

Rhode Island

Department of Business Regulation
JOHN O. PASTORE COMPLEX
1511 Pontiac Avenue
Bldg. 69, First Floor
Cranston, RI 02920
(401) 222-3048

South Dakota

Department of Labor and Regulation
Division of Insurance, Securities Regulation
124 S. Euclid, Ste. 104
Pierre, South Dakota 57501
(605) 773-4823

Virginia

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

Washington

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

Wisconsin

Division of Securities
Department of Financial Institutions
345 West Washington Avenue
Madison, Wisconsin 53703
(608) 266-8577

EXHIBIT B TO THE 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.

California

Department of Financial Protection and Innovation
(DFPI)
71 Stevenson Street, Suite 2100
San Francisco, California 94105

Commissioner of DFPI
320 W. 4th Street, Suite 700
Los Angeles, California 90013

Commissioner of DFPI
2101 Arena Blvd.
Sacramento, California 95834

Hawaii

Commissioner of Securities
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706

- and -

Mark C. Metzger
1807 W. Diehl Rd., Ste. 105
Naperville, Illinois 60563

Indiana

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

Maryland

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

Michigan

Michigan Department of Commerce
Corporations and Securities Bureau
P.O. Box 30054
6546 Mercantile Way
Lansing, Michigan 48909

Minnesota

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101

New York

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231
(518) 473-2492

North Dakota

North Dakota Securities Department
State Capitol – 5th Floor
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510

Rhode Island

Director, Department of Business Regulation
JOHN O. PASTORE COMPLEX
1511 Pontiac Avenue
Bldg. 69, First Floor
Cranston, RI 02920

South Dakota

Department of Labor and Regulation
Division of Insurance, Securities Regulation
124 S. Euclid, Ste. 104
Pierre, South Dakota 57501

Virginia

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

Washington

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

Wisconsin

Commissioner of Securities
345 West Washington Street, 4th Floor
Madison, Wisconsin 53703

RONLEN ENTERPRISES, INC.

FRANCHISE AGREEMENT

EXHIBIT C TO THE DISCLOSURE DOCUMENT

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EXHIBITS

1. GENERAL RELEASE
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3. UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS
4. HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS; DIRECTORS
5. CONDITIONAL ASSIGNMENT OF FRANCHISEE’S DIGITAL MARKETING ACCOUNTS
6. MULTI-STATE ADDENDA

RONLEN ENTERPRISES, INC.

FRANCHISE AGREEMENT

This Franchise Agreement made this ____ day of _____, 20____, is by and between Ronlen Enterprises, Inc., an Illinois corporation, having its principal place of business at 849 N. Ellsworth Street, Naperville, Illinois 60563 (“Franchisor”), and _____, an individual/partnership/corporation/limited liability company established in the State of _____ and whose principal address is _____ (“Franchisee”).

WITNESSETH:

Franchisor and its Affiliate have developed, and are in the process of further developing, a System identified by the service mark “The BrickKicker®” and relating to the establishment and operation of businesses offering specializing in providing home and building inspections services and other property evaluation related services, including, but not limited to, structural, exterior/interior, electrical, heating/cooling, gas/water and plumbing systems, and environmental inspection services, primarily of residential and qualified commercial properties, referred to as “The BrickKicker Businesses;” and

Franchisor has developed or acquired custom-designed proprietary software especially suited for the preparation of home and other property inspection reports (“Proprietary Software”) and may periodically offer updated versions (“Software Updates”), of the Proprietary Software. Franchisor shall license the Proprietary Software to Franchisee with the purchase of a franchise and at no additional charge; however, licenses for additional users and Software Updates shall be offered by Franchisor to Franchisee and other franchisees on an as needed or as available and for-profit basis; and

In addition to the Proprietary Software, the Software Updates and the service mark “The BrickKicker®” and certain other Marks, the distinguishing characteristics of the System include: mandatory and suggested standards and procedures for efficient business operations; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; other strategies, techniques and Confidential Information; and the Manual; and

Franchisor grants to qualified persons and business entities the right to independently own and operate a The BrickKicker Business using the System and the Marks; and

Franchisee desires to operate a The BrickKicker Business, has applied for the Franchise and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

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

1. DEFINITIONS

Whenever used in this Agreement, the following words and terms have the following meanings:

“Advertising Fund” is defined in Section 11.2;

“Advertising Fund Contribution” is defined in Section 11.2;

“Affiliate” means any business entity that controls, is controlled by, or is under common control with Franchisor;

“Agreement” means this agreement entitled “Ronlen Enterprises, Inc. Franchise Agreement” and all instruments supplemental hereto or in amendment or confirmation hereof;

“Approved Location for the Franchisee’s Business Office” or **“Approved Location”** or **“Franchised Business Office”** means the site selected by Franchisee and approved in writing by Franchisor for an office location from which Franchisee shall be permitted to operate, manage and administer the Franchised Business and maintain the books and records of the Franchised Business;

“Approved Supplier(s)” is defined Section 13.1;

“Area of Primary Responsibility” is defined in Section 2.4;

“Competitive Business” means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) home and building inspections services, or offers other services the same as or similar to those provided by The BrickKicker Businesses or in which Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or its other 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;

“Confidential Information” means technical and non-technical information used in or related to The BrickKicker Businesses and 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;

“Continuing Services and Royalty Fee” is defined in Section 3.2;

“Designated Manager” if one of Franchisee’s individual owners will not have primary responsibility for managing the day-to-day operations of the Franchised Business, the individual designated by Franchisee who will have primary responsibility for managing the day-to-day operations of the Franchised Business;

“Effective Date” means the date on which Franchisee and Franchisor fully execute this Agreement, thereby commencing its effectiveness and term;

“Franchise” means the right granted to Franchisee by Franchisor to use the System and the Marks;

“Franchise Fee” is defined in Section 3.1;

“Franchised Business” means the BrickKicker Business to be established and operated by Franchisee pursuant to this Agreement;

“Franchisee” means the individual or entity defined as “Franchisee” in the introductory paragraph of this Agreement;

“Franchisor” means Ronlen Enterprises, Inc.;

“Franchisor Indemnities” is defined in Section 21.3;

“Generally Accepted Accounting Principles” or **“GAAP”** means the standards, conventions and rules accountants following recording and summarizing transactions, and in the preparation of financial statements;

“Gross Sales” means the aggregate of all revenue from the sale of services from all sources in connection with the Franchised Business, whether for check, cash, credit, or otherwise including, without limitation, 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, (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 offered in connection with the Franchised Business, and (d) any rebate received by Franchisee from a manufacturer or supplier;

“Gross Sales Reports” is defined in Section 12.2;

“Incapacity” means the inability of Franchisee, or any holder of a legal or beneficial interest in Franchisee, to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

“Internet” means any one (1) or more local or global interactive communications media that is now available, or that may become available, including sites and domain names on the World Wide Web;

“Local Advertising” is defined Section 11.1;

“Manual” collectively refers to the BrickKicker Confidential Administration, Operations and Marketing Manual, Home Reference Manual, and any other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time that contain or describe the mandatory and suggested 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;

“Marks” means the service mark “The BrickKicker[®]” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as Franchisor may designate to be used in connection with The BrickKicker Businesses;

“National/Regional Account” refers to a customer who is a business entity which operates nationally or regionally and has multiple work sites or business locations which may require inspection services and which are located within an area that is broader than the scope of the Area of Primary Responsibility or which does not overlap the Area of Primary Responsibility and which has contracted with Franchisor to provide inspection services on a national or regional basis. See also Section 13.4;

“Proprietary Software” is defined in the Recitals preceding this Section. See also Section 13.2;

“**Proprietary Software License Agreement**” refers to Franchisor’s standard form of software license agreement governing the terms of Franchisee’s non-exclusive, limited license to use the Proprietary Software in the operation of the Franchised Business, which shall be executed by Franchisor and Franchisee simultaneously with the execution of this Agreement. See Exhibit I to Franchisor’s Franchise Disclosure Document;

“**Software Updates**” is defined in the Recitals preceding this Section. See also Section 13.2;

“**System**” means the uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of The BrickKicker Businesses; and

2. GRANT OF FRANCHISE; APPROVED LOCATION

2.1 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) The BrickKicker Business using the System and Marks.

2.2 Approved Location

2.2.1 The street address (or detailed description of the premises) of the Approved Location for the Franchised Business Office is:

2.2.2 Subject to local ordinances and zoning rules, Franchisee may locate the Franchised Business Office within Franchisee’s or its Designated Manager’s principal residence. Franchisee shall be required to notify Franchisor that Franchisee is legally permitted, and intends, to locate the Franchised Business Office within Franchisee’s or its Designated Manager’s principal residence. Franchisor shall approve of such location as long as Franchisee also warrants that the residence has sufficient capacity and is readily accessible to Franchisor should circumstances require Franchisor to visit the Franchised Business Office. If each of the above conditions has been met as of the Effective Date, then the address of the principal residence where the Franchised Business Office shall be located shall be inserted into Section 2.2.1 and the same shall be known as the Approved Location for the Franchised Business. Franchisor shall have no obligation to assist Franchisee in determining if such use is permitted.

2.3 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.

2.4 Area of Primary Responsibility

2.4.1 So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor’s reservation of rights set forth in Section 2.5 and in Section 3.2.3, Franchisor shall not establish, own or operate, or license any other person to establish, own or operate, any other The BrickKicker Business or other substantially similar business within a geographic area (“Area of Primary Responsibility”) consisting of a population base within one (1) of the four (4) following specified numeric ranges as agreed to between Franchisor and Franchisee:

Population Base
Under 250,000
250,001 – 600,000
600,001 – 1,000,000
1,000,001 – 1,500,000

2.4.2 Pursuant to Section 2.4.1, Franchisor and Franchisee agree that the population base for the Area of Primary Responsibility shall be within the approximate numeric range indicated below by Franchisor and Franchisee initials confirming such agreement.

		Under 250,000 persons
		250,001 – 600,000 persons
		600,001 – 1,000,000 persons
		1,000,001 – 1,500,000 persons

2.4.3 Franchisee acknowledges that at the time of, or just prior to, entering into this Agreement, Franchisee undertook the obligation, at Franchisor’s request, to determine through Franchisee’s own independent investigation by reference to the most recent figures available from the U.S. Census Bureau at that time or through another similarly source which is recognized as reliable between the parties, to determine the approximate population base of one (1) or more geographic areas having the potential to be designated as the Area of Primary Responsibility if the population base of such area(s) is within the numeric range specified in Section 2.4.2. Further, Franchisee warrants that the population base of the geographic area designated as the Area of Primary Responsibility in Section 2.4.4 is approximately _____ persons as determined through its independent investigation.

2.4.4 The geographic area having (as of the Effective Date) the approximate population base set forth in Section 2.4.3 and which is designated as the Area of Primary Responsibility is defined by and exists within the following physical, political or natural boundaries:

_____.

2.4.5 Should the population base or any characteristic of the Area of Primary Responsibility change during the term of this Agreement, neither Franchisee nor Franchisor shall have any obligation to alter, enlarge or reduce the Area of Primary Responsibility. Nothing in this Section is intended to prohibit Franchisor and Franchisee from mutually agreeing to modify the Area of Primary Responsibility or other terms and conditions of this Agreement as set forth in Section 22.7.

2.5 Franchisor's Rights

Franchisee acknowledges that except to the extent provided in Section 2.4 above, Franchisor expressly retains all rights and discretion with respect to the Marks and System, including the right to:

2.5.1 establish, own or operate, and license to others the right to establish, own or operate, The BrickKicker Businesses outside of the Area of Primary Responsibility as Franchisor deems appropriate;

2.5.2 establish, own or operate, and license to others the right to establish, own or operate other businesses under other systems using other trademarks at locations inside and outside of the Area of Primary Responsibility;

2.5.3 be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Area of Primary Responsibility;

2.5.4 provide the services authorized for The BrickKicker Businesses using the Marks or other service marks, trademarks and commercial symbols through a The BrickKicker Business, provided however, Franchisor shall only provide such services within the Area of Primary Responsibility if each of the following conditions are met:

2.5.4.1 Franchisee does not already offer such services;

2.5.4.2 Franchisor has notified Franchisee of Franchisee's right to provide such service on terms and conditions authorized by Franchisor;

2.5.4.3 Franchisee has notified Franchisor that Franchisee has elected not to provide such services; or

2.5.4.4 Franchisee has not notified Franchisor of its election to provide the services within three (3) business days of receiving Franchisor's notice.

2.5.5 provide the services authorized for The BrickKicker Businesses to a customer whose principal residence (or principal business office if the customer is a business entity) is located within the Area of Primary Responsibility if:

2.5.5.1 contact between the Franchisor and the customer is based on a referral source that is not located within the Area of Primary Responsibility;

2.5.5.2 contact is not the result of any solicitation for such service conducted by Franchisor within the Area of Primary Responsibility; or

2.5.5.3 contact is based on a referral source located within the Area of Primary Responsibility but contact is initiated by the customer and not Franchisor.

2.5.6 provide the services authorized for The BrickKicker Businesses using the Marks or other service marks, trademarks and commercial symbols through an alternate channel of distribution, including but not limited to, web-based virtual do-it-yourself inspection assistance, co-branded services with marketing partners, and on such terms and conditions as Franchisor deems appropriate; and each of the following conditions are met:

2.5.6.1 Franchisee does not already offer such services;

2.5.6.2 Franchisor has notified Franchisee of Franchisee's right to provide such services on terms and conditions authorized by Franchisor;

2.5.6.3 Franchisee has notified Franchisor that Franchisee has elected not to provide such services; or

2.5.6.4 Franchisee has not notified Franchisor of its election to provide the services within three (3) business days of receiving Franchisor's notice.

2.5.7 engage in any activities not expressly forbidden by this Agreement.

2.6 Franchisor's Pricing

Franchisor expressly retains all rights and discretion with respect to the prices it may charge its customers for any service and nothing within Sections 2.4 or 2.5 shall have any effect on Franchisor's rights with respect to such prices.

2.7 Marketing and Solicitation Restrictions

Franchisee shall not directly market to or solicit customers or referral sources whose principal residence (or principal business office, if the customer is a business entity) is outside of the Area of Primary Responsibility; provided, however, Franchisee has the right to provide authorized services to customers located outside of the Area of Primary Responsibility if contact with such customer is initiated by the customer and not Franchisee and location is not already secured by any other franchisee. Franchisee shall not advertise in any media whose primary circulation is outside of the Area of Primary Responsibility without the prior written approval of Franchisor. Franchisor shall make reasonable efforts to enforce these restrictions with regard to Franchisee and any other The BrickKicker Businesses, but under no circumstances shall Franchisor be required to engage in litigation or similar actions with regard to these restrictions. As set forth in Section 2.5 with respect to Franchisor, other franchisees have the right to provide services to customers located inside the Area of Primary Responsibility if:

2.7.1.1 contact between the franchisee and the customer is based on a referral source that is located within that franchisee's Area of Primary Responsibility;

2.7.1.2 contact is not the result of any solicitation for such service conducted by the other franchisee within Franchisee's Area of Primary Responsibility; or

2.7.1.3 contact is based on a referral source located within Franchisee's Area of Primary Responsibility but contact is initiated by the customer and not the other franchisee as described above.

2.8 Conversion

If Franchisee owns and operates an existing home inspection business or business similar in nature to a The BrickKicker Business, Franchisor may, at its sole option, allow Franchisee to convert such business into a The BrickKicker Business. If Franchisor allows such a conversion, Franchisee shall execute, concurrently with the execution of this Agreement, a Conversion Addendum to this Franchise Agreement.

3. **FEES**

3.1 **Franchise Fee**

Upon execution of this Agreement, Franchisee shall pay a fee (“Franchise Fee”) to Franchisor of _____ DOLLARS (\$_____.00) which corresponds to the approximate population base of the Area of Primary Responsibility set forth in Section 2.4.3.

3.1.1 The Franchise Fee set forth in this Section shall be established according to the following Franchise Fee schedule:

Population Base in Section 2.4.3	Corresponding Franchise Fee	Corresponding Conversion Franchise Fee
Under 250,000	\$12,000.00	\$ 7,000.00
250,001 – 600,000	\$16,000.00	\$ 9,000.00
600,001 – 1,000,000	\$21,000.00	\$11,000.00
1,000,001 – 1,500,000	\$27,000.00	\$13,000.00

3.1.2 The Franchise Fee shall be deemed fully earned upon execution of this Agreement and is nonrefundable, except under certain conditions set forth under Section 8.3. 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 and also includes Franchisor’s costs to license its Proprietary Software to Franchisee.

3.2 **Monthly Continuing Services and Royalty Fee**

3.2.1 Franchisee shall pay without offset, credit or deduction of any nature to Franchisor, so long as this Agreement shall be in effect, a monthly Continuing Services and Royalty Fee equal to the greater of six percent (6%) of the Gross Sales derived from the Franchised Business or the minimum monthly amount determined in accordance with the following schedule:

Population Base	Months 1 – 6 in Business	Months 7 – 18 in Business	Months 19 – 36 in Business	Months 37 and up in Business
Under 250,000	No minimum	\$100	\$150	\$225
250,001-600,000	No minimum	\$175	\$225	\$350
600,001- 1,000,000	No minimum	\$225	\$300	\$425
1,000,001– 1,500,000	No minimum	\$300	\$400	\$500

3.2.2 Each monthly Continuing Services and Royalty Fee shall accompany a Gross Sales Report, as required by Section 12.2, for the same period. If Franchisor requires Franchisee to pay Continuing Services and Royalty Fees through electronic transfer as set forth in Section 3.4, such reports shall instead be submitted to

Franchisor via an alternate means of transmittal as designated by Franchisor, such as via facsimile transmission, e-mail or a password-protected portion of Franchisor's intranet system or other means.

3.2.3 Beginning on the eighteenth (18th) month anniversary from the date Franchisee commenced operating the Franchised Business and through the term of the franchise, Franchisee must achieve Gross Sales sufficient to generate at least the minimum monthly Continuing Services and Royalty Fee payment set forth in Section 3.2.1. If over any twelve (12) month period Franchisee has not achieved Gross Sales sufficient to generate at least the minimum monthly Continuing Services and Royalty Fee payment during four (4) or more of the twelve (12) months, Franchisee shall be in default and Franchisor shall have the right to issue a notice of default to Franchisee. Franchisee shall be given a cure period of three (3) months from the date of notice of default, and during such cure period, must achieve Gross Sales in an amount necessary to generate at least the minimum monthly Continuing Services and Royalty Fee payment for each month. If Franchisee has failed to cure during the initial three (3) month period, the Franchisee shall be given an additional three (3) month cure period if Franchisee has, prior to the end of the three month cure period, prepared and submitted to Franchisor a written plan for business development that Franchisor deems to be reasonable. If (i) Franchisee fails to cure during the initial three (3) month cure period and does not submit the plan for business development, or (ii) Franchisee is given an additional three (3) month period in which to cure the default and fails to do so, Franchisor may as of the end of the respective cure period either issue a notice of termination and Franchisee's franchise shall be terminated effective upon delivery of said notice, issue a notice that Franchisee's exclusive rights to the Area of Primary Responsibility have been terminated, or issue a notice that Franchisee's Area of Primary Responsibility has been redefined as describe in such notice.

3.3 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, use taxes, withholding taxes, and similar taxes imposed on the fees payable by Franchisee to Franchisor hereunder and on services or goods furnished to Franchisee by Franchisor at the same time as Franchisee remits such fees to 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.

3.4 Electronic Funds Transfer

We reserve the right to require you to pay Continuing Services and Royalty Fee, Advertising Fund Contributions, or other amounts due under this Agreement by Electronic Funds Transfer. In the event the we require the use of Electronic Funds Transfer, if Franchisee fails to report Gross Sales for any calendar month on a timely basis, the Franchisor has the right to withdraw the Continuing Services and Royalty Fee and Advertising Fund Contributions for the unreported calendar month in the amount of the Continuing Services and Royalty Fees and Advertising Fund Contributions paid for the most recent reported month or a higher amount if the Franchisor reasonably estimates that the Franchised Business is generating higher Gross Sales than the most recent reported month, provided that any amounts will be reconciled and adjusted as needed when the Franchisor receives actual reports on Gross Sales from Franchisee.

3.5 Late Fees

All Continuing Services and Royalty Fees, Advertising Fund Contributions, amounts due for purchases by Franchisee from Franchisor and other amounts that are not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where Franchisee is located, 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 Continuing Services and Royalty Fees, Advertising Fund Contributions or any

other amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

3.6 Application of Payments

Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Continuing Services and Royalty Fees, Advertising Fund Contributions, purchases from Franchisor or any other amount owed to Franchisor in any proportion or priority.

4. TERM AND RENEWAL

4.1 Initial Term

This Agreement shall be effective and binding for an initial term of five (5) years from the Effective Date, unless sooner terminated pursuant to Section 16.

4.2 Successor Terms

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee's right to a successor franchise is limited to two (2) successive terms of five (5) or less years each, such that the total term of the Franchise is fifteen (15) years. Beyond the total franchise term of fifteen (15) years, successive terms may be arranged and entered into on a mutually agreed upon basis. To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement or if Franchisee is in the process of fulfilling such conditions as of the last day, then as of the day specified by Franchisor:

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

4.2.2 The Approved Location, (or a suitable substitute location approved by Franchisor), is in full compliance with Franchisor's then-current specifications and standards required for the franchised business office premises of new and renewing franchisees;

4.2.3 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;

4.2.4 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;

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

4.2.6 Franchisee has given written notice of its intent to operate a successor franchise to Franchisor not less than nine (9) months nor more than twelve (12) months prior to the end of the term of this Agreement; Within sixty (60) days after Franchisor receives timely written notice from Franchisee of its intent to operate a successor franchise, Franchisor shall notify Franchisee in writing of the following:

4.2.6.1 Any reasons Franchisor is aware of at that time that may cause Franchisee to be unqualified for a successor franchise;

4.2.6.2 If such reasons include one (1) or more defaults or deficiencies which can be cured or corrected, Franchisor's notice shall also include a description of the default(s) or deficiency(ies) and the schedule for cure or correction thereof by Franchisee; and

4.2.6.3 Franchisor's then current standards and specifications for The BrickKicker Businesses, and the schedule for capital expenditures to be made by Franchisee to upgrade or modify the Franchised Business as necessary to comply therewith.

4.2.7 Franchisee has executed Franchisor's then-current form of franchise agreement (or has executed other documents at Franchisor's election that modify this Agreement to reflect the fact that the franchise agreement relates to the grant of a successor 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 Continuing Services and Royalty Fee or Advertising Fund Contribution or modifications to Franchisee's rights respecting the Area of Primary Responsibility; provided, however, that Franchisor shall not reduce the geographic size of the Area of Primary Responsibility as long as Franchisee has been in compliance the minimum monthly Continuing Services and Royalty Fee of Section 3.2.3, Franchisee shall not be required to pay the then-current Franchise Fee;

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

4.2.9 Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor, any Affiliate and against their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), except to the extent prohibited by the laws of the state where the Franchised Business is located; and

4.2.10 Franchisee has paid a Renewal Fee of Five Hundred Dollars (\$500.00)

4.3 Notice of Expiring Term

Should Franchisee fail to timely notify Franchisor of an intent to exercise its right to a successor term, or upon receiving timely notice from Franchisee of its intent to exercise such right, should Franchisor determine that Franchisee cannot qualify for a successor term because Franchisee's deficiencies or defaults cannot be corrected or cured, Franchisor shall notify Franchisee in writing of the reasons why the term shall expire and Franchisee shall not be entitled to a successor term. Such written notice of expiration shall be given to Franchisee not later than six (6) months prior to the expiration date. Upon expiration, Franchisee shall be obligated to comply with the terms and conditions set forth in Section 17 and the covenants set forth in Sections 7.1 and 17.2 which by their nature survive termination or expiration of this Agreement.

4.4. Continued Operation Following Expiration.

Franchisee has no right to continue to operate the Franchised Business after the expiration of the initial term of this Agreement unless Franchisee is granted a renewal Franchise in accordance with this Article 4. However, if Franchisor permits Franchisee to continue to operate the Franchised Business after the expiration of the initial term of this Agreement but before the execution of a renewal Franchise Agreement as required by this Section 3/23

4, then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at the will of Franchisor by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If the laws of the jurisdiction in which the Franchisee or the Franchised Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period required by the laws of such jurisdiction.

5. APPROVED LOCATION

5.1 Opening

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

5.1.1.1 Establish a corporation or limited liability company to own and operate the Franchised Business and assign this Agreement to the newly organized entity (if the entity is not the Franchisee upon the execution of this Agreement).

5.1.1.2 Purchase computer hardware and software, and any equipment, supplies or inventory necessary for the operation of the Franchised Business; cause the office location to be equipped and ready for operation; establish high-speed Internet access and obtain one (1) telephone number and one (1) facsimile number solely dedicated to the Franchised Business; and purchase or lease a vehicle to be used in the operation of the Franchised Business.

5.1.1.3 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;

5.1.1.4 complete initial training to the satisfaction of Franchisor;

5.1.1.5 hire and train the personnel necessary or required for the operation of the Franchised Business;

5.1.1.6 obtain all necessary permits, licenses and registrations to operate the Franchise Business;

5.1.1.7 if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

5.1.1.8 Establish a bank account for the Franchised Business;

5.1.1.9 pay in full all amounts due to Franchisor; and

5.1.1.10 obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisee's fulfillment of each of its obligations under this Agreement and Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate.

5.1.2 Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within ninety (90) days after the Effective Date. Time is of the essence.

5.2 Failure to Open

Should Franchisee fail to meet the requirements of Section 5.1 and commence operations of the Approved Location for the Franchised Business within ninety (90) days after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 5.22, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

5.3 Relocation

Franchisee shall not relocate the Franchised Business Office without the prior written consent of Franchisor. If the Franchised Business Office's premises is destroyed, condemned or otherwise rendered unusable, or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may allow Franchisee to relocate the Franchised Business Office. Any such relocation shall be at Franchisee's sole expense, and shall proceed in accordance with the requirements set forth. Franchisor has no obligation to provide relocation assistance. If Franchisor and Franchisee do not agree upon a substitute site within ninety (90) days after the lease expires or is terminated or the Approved Location is rendered unusable, this Agreement shall terminate as provided in Section 16.2.1.1.

6. PROPRIETARY MARKS

6.1 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.

6.2 Limitations on Use

Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service 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 obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. 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

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Location, a prominent notice stating that the Franchised Business is an “Independently Owned and Operated The BrickKicker Franchise” of Franchisee.

6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor’s counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee’s counsel at Franchisee’s expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor’s counsel, be necessary or advisable to protect and maintain Franchisor’s interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor’s interest in the Marks. **EXCEPT FOR FRANCHISORS DISCLOSURES IN ITS FRANCHISE DISCLOSURE DOCUMENT, FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.**

6.4 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 complied with the provisions of Section 6.3 and has complied with this Agreement and Franchisor’s directions in responding to such proceeding. At Franchisor’s option, Franchisor or its designee may defend and control the defense 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 discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee’s use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply 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.

6.5 Discontinuance of Use

If, based on any litigation or decision from the United States Patent and Trademark Office or in the unlikely event, Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/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 ten (10) business days after notice to Franchisee by Franchisor and subject to the limitations in Section 10.2. 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 Mark.

6.6 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 renders services and conducts activities and operations, and to inspect 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 or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) customers and employees and to photograph and videotape the premises.

6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise or have any other presence on the Internet using the Marks, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Marks or the words "The BrickKicker" or any variation thereof without Franchisor's written approval. Franchisor is the sole owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Manual.

7. CONFIDENTIAL INFORMATION

7.1 Confidentiality of Confidential Information

Franchisee acknowledges that Franchisor shall disclose 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. Franchisee shall not acquire any interest in the Confidential Information, other than the right to use 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 Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the 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 Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the 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 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 Confidential Information by any of them.

7.2 Additional Developments

All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee hereby agrees to assign to Franchisor all right, title and interest in any intellectual property so developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving 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.

7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among The BrickKicker franchisees if owners of The BrickKicker Businesses and members of their immediate families or households were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee (or any member of their immediate families or households), nor 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, corporation, limited liability company or other business entity, shall:

7.3.1 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; or

7.3.2 Own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

7.4 Nondisclosure and Non-Competition Agreements with Certain Individuals

Franchisor has the right to require 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 and all employees of Franchisee to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, 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 signed pursuant to this Section. Such 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 for the protection of the Confidential Information System and Marks.

7.5 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 and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

8. TRAINING AND ASSISTANCE

8.1 Initial Training

Franchisor shall make an initial training program available to Franchisee/Designated Manager and one (1) additional person. Prior to the opening of the Franchised Business, Franchisee/Designated Manager must attend and successfully complete, to Franchisor's satisfaction, an initial training program pertaining to the operation and administration of the Franchised Business including, but not limited to, home inspection methods, sales and

marketing methods; financial controls; maintenance of quality standards; customer service techniques; record keeping; and reporting procedures and other operational issues. Franchisor may conduct the initial training program at its headquarters or at another designated location and in the field. 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, shall be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

8.2 Opening Assistance

In conjunction with the beginning of operation of the Franchised Business, Franchisor will provide opening assistance to Franchisee, at Franchisor's expense, by one (1) of Franchisor's representatives, experienced in the System, for the purpose of providing general assistance and guidance in connection with, the opening of the Franchised Business. Such assistance will be rendered to Franchisee onsite within the Area of Primary Responsibility and at the Franchised Business Office during the first three (3) months of operation of the Franchised Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

8.3 Failure to Complete Initial Training Program

If Franchisor determines that Franchisee/Designated Manager is unable to satisfactorily complete the initial training program described in Section 8.1 above, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisor shall return to Franchisee the Franchise Fee paid by Franchisee, less an amount not in excess of FIVE THOUSAND DOLLARS (\$5,000.00), upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as Exhibit 1, releasing any and all claims against Franchisor, any Affiliate and their officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities). If Franchisee's Designated Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute manager and such substitute manager must complete the initial training to Franchisor's satisfaction. Franchisee shall be required to pay Franchisor's then-current rates for additional training, if any, for providing the substitute manager an initial training program.

8.4 Designated Manager and Field Inspector Training

After beginning operations, if Franchisee names a new Designated Manager, Franchisee must notify Franchisor of the identity of the new Designated Manager and obtain the approval of Franchisor. The new Designated Manager must complete the initial training program to Franchisor's satisfaction within sixty (60) days of being named. Franchisee shall be responsible for paying Franchisor the then-current standard registration fee to provide training to the new Designated Manager; all travel costs, room and board and employees' salaries incurred in connection with the new Designated Manager's attendance at such training. Franchisor may not require Franchisee to pay the then-current standard registration fee if Franchisee has not requested the use of this service more than two (2) times during the term of the Franchise Agreement. Franchisor shall also make technical training available to Franchisee for its Field Inspectors for Franchisor's then-current fee. Franchisee shall be responsible for all travel costs, room and board and salaries incurred by its inspectors attending such training.

8.5 Company Conference for Ongoing Training

Franchisor may hold a company conference for all franchisees. If Company holds such a conference, Franchisee/Designated Manager shall be required to attend up to three (3) days in any selected year. Franchisee shall be responsible for paying to Franchisor the then current standard registration fee, all travel costs, room and board and employees' salaries incurred in connection with Franchisee and/or the Designated Manager's attendance at such training. If Franchisee/Designated Manager shall fail to attend the Company Conference, the registration fee is still due to us.

9. MANUAL

9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall lend to Franchisee one (1) copy of the Manual, which Franchisee shall receive when they attend the initial training. Franchisee shall conduct the Franchised Business in accordance with the mandatory provisions set forth in the Manual. As set forth in Section 1, the Manual shall consist of more than one (1) separate manuals, handbooks, planners and other materials as designated by Franchisor 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 to Franchisor upon expiration or termination of this Agreement. Franchisee acknowledges that the Manual is intended to protect Franchisor's System and Marks and is not intended to control the day-to-day operation of the Franchised Business. Franchisee further acknowledges that the Franchised Business and its day-to-day operations will be under the control of Franchisee at all times.

9.2 Revisions

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 materially 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 and shall ensure that its copy of the Manual is up-to-date at all times. 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.

9.3 Confidentiality

The Manual contains Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal 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 maintain the Manual in a secure manner at the Approved Location. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the Manual or any key, combination or passwords needed for access to the Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

10. FRANCHISE SYSTEM

10.1 Uniformity

Franchisee shall strictly comply, and shall cause the Franchised Business and its employees to strictly comply, with all mandatory requirements, specifications, standards, operating procedures and rules set forth in this

Agreement, the Manual or other communications supplied to Franchisee by Franchisor for compliance with the System and protection of the Marks and brand.

10.2 Modification of the System

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new authorized services to be offered by The BrickKicker Businesses, new computer hardware and software, equipment or signs. Franchisee shall not change or modify the Franchised Business, except as required by Franchisor, pursuant to this Section, or as required in Section 13.5 or if such are required by law, regulation, agency decision or court order. If Franchisee is required to make any improvements or modifications by law, regulation, agency decision or court order, Franchisee shall notify Franchisor of the requirement and the nature of the improvement or modification required prior to making the same.

10.3 Variance

Franchisor has the right 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 The BrickKicker Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance hereunder.

11. ADVERTISING AND PROMOTIONAL ACTIVITIES

In all advertising and promotional activities which include the use of Franchisor's Marks or copyrighted materials, Franchisee shall be required to protect Franchisor's rights, title and interest from infringement by conspicuously including the applicable symbols, "©", "®", "TM" or "SM" of ownership along with a notice of Franchisor's ownership. All advertising and promotional activities conducted by Franchisee in any medium shall be conducted in a dignified manner and shall accurately promote, describe and otherwise fairly represent the type, quality and other features of the services offered by and related benefits to be derived from choosing the Franchised Business. Franchisee shall be required to advertise and promote the Franchised Business as follows:

11.1 Local Advertising

Franchisee shall submit to Franchisor, or its designee for prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts, direct mail, and content for Internet or social media listings or presence. Franchisor (or its designee) shall use reasonable efforts to provide notice of approval or disapproval within fifteen (15) days from the date all requested material is received by Franchisor (or its designee). If Franchisor, or its designee, does not approve submitted materials by the end of such fifteen (15) day period, such materials shall be deemed to have not received the required approval and Franchisee shall contact Franchisor or its designee for clarification of Franchisor's advertising guidelines. Franchisee shall not use any marketing or promotional material or content prior to written approval by Franchisor or its designee. The submission of advertising materials to Franchisor or its designee for approval shall not affect Franchisee's right to determine the prices at which Franchisee sells products or provides services.

11.2 Advertising Fund

Franchisor has established and administers a System-wide advertising and promotion fund (“Advertising Fund”). Franchisee shall be required to contribute monthly to the Advertising Fund in an amount specified by Franchisor, up to two percent (2%) of Gross Sales, which Franchisor may adjust from time to time (“Advertising Fund Contributions”). Advertising Fund Contributions shall be made at the time and in the manner provided for Continuing Services and Royalty Fees in Section 3.2. Franchisor shall notify Franchisee at least thirty (30) days before changing Advertising Fund Contribution requirements. The Advertising Fund shall be maintained and administered by Franchisor or its designee as follows:

11.2.1 Franchisor shall oversee all marketing programs, with sole control over 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 Advertising Fund. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

11.2.2 Franchisee’s Advertising Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising, for branding or franchise sales advertising or for any other purpose intended to enhance the strength and value of The BrickKicker brand (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine, newspaper, and direct mail advertising campaigns and other public relations activities; conducting market research; developing and/or hosting an Internet web page or site and similar activities; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All 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, and, including but not limited to, expenses of collecting and accounting for contributions to and expenditures of the Advertising Fund that Franchisor (in accordance with its bylaws), may incur in activities reasonably related to the administration of the Advertising Fund.

11.2.3 Franchisor shall endeavor to spend all Advertising Fund Contributions on marketing programs and promotions during Franchisor’s fiscal year within which such contributions are made. If excess amounts remain in any 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 Advertising Fund, and next out of prior year contributions and then out of current contributions.

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

11.2.5 An accounting of the operation of the Advertising Fund shall be prepared annually and shall be available to Franchisee upon request. Franchisor retains the right to have the Advertising Fund reviewed or audited and reported on, at the expense of the Advertising Fund, by an independent certified public accountant selected by Franchisor.

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

11.3 Internet Advertising

Franchisee may not establish a presence on, or market using, the Internet or any social media 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 www.brickkicker.com that provides information about the System and the services that Franchisor and its franchisees provide. Franchisor may (but is not required to) include at the The BrickKicker website an interior page containing information about the Franchised Business. If Franchisor includes such information on the The BrickKicker website, Franchisor has the right to require Franchisee to either provide information and content or prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting. Franchisor retains the sole right to advertise or use the Marks on the Internet, including the use of websites, social media, social and professional networks, domain names, uniform resource locators, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested 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 approve any linking to, or other use of, the The BrickKicker website.

12. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

12.1 Records

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with the standard bookkeeping, accounting and record keeping system prescribed by Franchisor during training. 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, bank statements, cancelled checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

12.2 Gross Sales Reports

Franchisee shall maintain an accurate record of monthly Gross Sales and shall be prepared to deliver to Franchisor, if requested, a signed and verified statement of Gross Sales ("Gross Sales Report") for each month on or before the fifteenth (15th) of each month in a form that Franchisor approves or provides in the Manual. The Gross Sales Report for the preceding month must be provided to Franchisor by the close of business on the fifth (5th) day of each month (or such other day as specified by Franchisor).

12.3 Financial Statements

Franchisee shall supply to Franchisor, if requested, on or before the fifteenth (15th) day of each month, in a form approved by Franchisor, an activity report as of the end of the last day of the preceding month and for the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor, if requested, within ninety (90) days after the end of each fiscal year, a profit and loss 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 GAAP applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

12.4 Other Reports

Franchisee shall submit to Franchisor, if requested, copies of all state sales 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. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

12.5 Computer/Point-of-Sale System

Franchisor reserves the right to require Franchisee to purchase, install and use computer and point-of-sale systems consisting of hardware and software in accordance with Franchisor's specifications. Franchisor may access 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. Franchisee shall cooperate with Franchisor to permit Franchisor access to Franchisee's computer and point-of-sale data and systems and related information.

12.6 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 should reveal that any payments to Franchisor have been underpaid, 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 highest rate allowed by the law of the state where Franchisee is located, whichever is lower). If the audit or any other inspection should reveal that Franchisee has not spent at least three percent (3%) of its Gross Sales on Local Advertising each calendar year, or 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. Nothing herein constitutes Franchisor's agreement to accept payments after same are due or a commitment by Franchisor to extend credit to or otherwise finance Franchisee's operation of the Franchised Business. Further, as set forth in Section 16.2, Franchisee's failure to pay all amounts when due shall constitute a material breach of this Agreement and grounds for termination of this Agreement.

12.7 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting and legal 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 the franchise 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.

13. STANDARDS OF OPERATION

13.1 Authorized Products, Services and Suppliers

13.1.1 Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services to its customers. Accordingly, Franchisee shall provide or offer for sale or use at the Franchised Business only those items, 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 an 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.

13.1.2 Franchisor may 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 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 or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product; quality of services or products at competitive prices; production and delivery capability; and dependability 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 deems confidential.

13.1.3 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 by notifying Franchisee and/or the supplier. 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.

13.1.4 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 to give its consent to one (1) or more franchisees to provide certain services or products not authorized for general use as part of the System. Such consent will be based upon the factors set forth in Section 10.3 and shall not create any rights in Franchisee to provide the same services or products.

13.1.5 Franchisor has the right to retain volume rebates, markups and other benefits from suppliers or in connection with the furnishing of suppliers. Franchisee shall have no entitlement to or interest in any such benefits.

13.2 Proprietary Software

As set forth in the Recitals of this Agreement, Franchisor has developed or acquired custom designed Proprietary Software for the preparation of computerized inspection reports and forms especially suited for use in the operation of The BrickKicker Businesses. Franchisor shall license the Proprietary Software to Franchisee with the purchase of the franchise. If Franchisee uses the Proprietary Software, Franchisee shall be required to execute Franchisor's standard form Proprietary Software License Agreement simultaneously with the execution of this Agreement. Franchisee must use the Proprietary Software unless Franchisee obtains Franchisor's prior written consent to use an alternate software for generating home inspection reports. Such software may be periodically updated and when available Franchisee must obtain such Software Updates from Franchisor or its designee. The Proprietary Software, software user manuals and the Software Updates are the property of, and contain Confidential Information of, Franchisor. Franchisor shall not be capable of altering the Proprietary Software to accommodate each and every franchisee; therefore Franchisee shall only utilize the Proprietary Software as prescribed by Franchisor. Franchisee may purchase additional licenses of the Proprietary Software from Franchisor or its designee. If available, Franchisee may purchase a Software Update subscription service or other ongoing support services from Franchisor or its designee. Proprietary Software license fees, license fees for Software Updates and fees for subscriptions or other services shall be periodically determined by Franchisor based on supply and demand, Franchisor's costs and other factors and shall be published by Franchisor. Franchisee acknowledges that the Proprietary Software, the Software Updates and related services are inextricably related to the Marks and the System and there is no alternate source of supply. Franchisor or its designee shall be the exclusive supplier of the Proprietary Software, the Software Updates and related services. Franchisee further acknowledges that Franchisor and/or its designee have the right to derive a reasonable profit from the sale of Proprietary Software Licenses, licenses for Software Updates and related services to Franchisee and other franchisees. If Franchisor provides written consent for Franchisee to use an alternate software for generation home inspection reports, Franchisor has no obligation to provide Software Updates.

13.3 Forms and Printed Materials

Franchisor and its Affiliate have developed custom forms and other printed materials for use in creating reports, preparing work orders, invoices and for other purposes. Such forms and printed materials are especially suited for use in the operation of the Franchised Business and are inextricably interrelated with the Marks and the System. Franchisee is required to use the forms and printed materials in its operations. Franchisee may purchase the forms or printed materials from Franchisor or its Affiliate or other supplier that can meet Franchisor's specifications regarding the use of the Marks on the forms and materials. Franchisee acknowledges that Franchisor has the right to derive a reasonable profit from the sale of forms and printed materials from Franchisor.

13.4 National/Regional Accounts

Franchisor may, if in its sole and exclusive discretion it determines to do so, as an inducement to Franchisee to expand Franchisee's business activities, offer Franchisee the opportunity to service a National/Regional Account that has contracted with Franchisor for services. Franchisee may, but is not obligated to, elect to service a National/Regional Account. Within twenty (20) days following receipt of notification from Franchisor of an offer to service a National/Regional Account (including the terms, conditions and prices to which Franchisor and National/Regional Account have contracted) Franchisee shall notify Franchisor in writing whether it shall service the National/Regional Account, accept the duties, obligations and rights under Franchisor's contract, and render such services to a National/Regional Account at the prices set forth in Franchisor's contract (such prices possibly being less than the prices charged by Franchisee to its customers). In the event Franchisee does not elect to service a National/Regional Account, Franchisor may itself service or authorize Franchisor's Affiliate or another franchisee to service such National/Regional Account.

13.5 Appearance and Condition of the Franchised Business

Franchisee shall maintain the Franchised Business, the Approved Location of the Franchised Business Office and any motor vehicles used in the operation of the Franchised Business in “like new” condition, and shall repair or replace equipment, parts, fixtures, supplies, inventory and signage as necessary to comply with the health and safety standards and specifications of Franchisor and Franchisee’s lessor and any applicable licensing or leasing requirements, laws or regulations. The expense of such maintenance shall be borne by Franchisee.

13.6 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of an individual owner of Franchisee or a Designated Manager. The owner or Designated Manager shall devote sufficient efforts to the management and development of the day-to-day operations of the Franchised Business. Neither Franchisee nor the Designated Manager may engage in any business or other activities that will conflict with its obligations under this Agreement.

13.7 Days of Operation

Franchisee shall keep the Franchised Business open for business during normal business hours on the days specified in the Manual. Franchisee must maintain the connection of its phone line with a telephone answering machine, or in lieu thereof, with a telephone answering service at all times when there is no one available to take calls made to the Franchised Business during normal business hours.

13.8 Contributions and Donations

In order to protect the Marks, Franchisee must obtain Franchisor’s prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

13.9 Bonding

At Franchisor’s request, Franchisee shall secure a bond for the Designated Manager and/or for each employee of the Franchised Business to insure customers against theft and insure against other wrongs which may occur in the field.

13.10 Licenses and Permits; Compliance with Law

Franchisee shall secure and maintain in full force and affect all required licenses, permits 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. 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 with regard to the operation of the Franchised Business.

13.11 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, judgment, award or decree which may adversely affect the operation or financial condition of the Franchised Business not more than five (5) days after notice of 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 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.

13.12 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 and licenses granted hereby. Therefore, 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. The Franchised Business shall conduct home inspections in conformity with the standards of practice and ethical codes prescribed by the prevailing industry standards, any state licensing guidelines or such other professional organizations as prescribed by Franchisor. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer. Franchisor has the right to terminate this Agreement for violation of this Section. Franchisee shall reimburse Franchisor for all costs incurred by Franchisor in servicing a customer of the Franchised Business pursuant to this Section.

13.13 Monthly Inspection Logs

In addition to the reporting obligations set forth in Section 12, Franchisee shall compile on a monthly basis for Franchisor a log of all inspections performed by the Franchised Business and shall furnish a copy of such log through the end of each month by fifteenth (15th) day of the following month. Franchisee shall make an entry into the log for each inspection and such entry shall be made contemporaneously with the performance of the inspection.

13.14 Uniforms

Franchisee shall abide by any uniform or dress code requirements prescribed and recommended during training or otherwise directed by Franchisor. 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.

13.15 Credit Cards

Franchisee may, at its expense, lease or purchase the necessary equipment and/or software and establish arrangements with Visa, MasterCard, American Express and such other credit card issuers to enable the Franchised Business to accept such methods of payment from its customers. Any credit card processing systems

established by Franchisee must be compliant with current Payment Card Industry Data Security Standards and any applicable data privacy laws and regulations.

13.16 E-Mail

Franchisee shall, at all times, use the e-mail address provided by Franchisor for communicating with Franchisor and promoting and operating the Franchised Business. If Franchisee desires to have additional e-mail addresses beyond the number provided to Franchisee by Franchisor, Franchisee shall pay to Franchisor or its Affiliate the then-current monthly fee for additional e-mail addresses.

13.17 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 provided as part of the System.

14. FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, website, facsimile, 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 refuse or charge a fee for this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services and products that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating The BrickKicker 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; provided, however, that Franchisor shall have the sole right to determine the prices to be charged for products sold directly to the Franchised Business or through the The BrickKicker Internet site, including products sold to persons identified as customers of the Franchised Business.

14.2 Periodic Visits

Franchisor or Franchisor's representative may make periodic visits, which may be announced or unannounced, 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 as required by Franchisor with time being of the essence.

15. INSURANCE

15.1 Types and Amounts of Coverage

At its sole expense, Franchisee shall procure no later than sixty (60) days from the Effective Date, but in any event before the opening of the Franchised Business, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

15.1.1 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 ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) or, if higher, the statutory minimum limit as required by state law;

15.1.2 comprehensive general and professional liability insurance, also referred to as errors and omissions insurance, against claims for bodily and personal injury, death, property damage and negligent acts, errors or omissions 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 TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) per occurrence and FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) in the aggregate or, if higher, the statutory minimum limit required by state law (this figure is apportioned over a ninety [90] day start-up period); and

15.1.3 automobile liability insurance for owned or hired vehicles, with a combined single limit of at least TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) or, if higher, the statutory minimum limit required by state law.

15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually 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.

15.3 Carrier Standards

Such policies shall be written by an insurance company licensed in the state in which Franchisee operates. An "A" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide is a recommended minimum or other company approved by Franchisor.

15.4 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 21.3. Franchisee shall provide, annually, 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.

15.5 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. However, should Franchisee not procure and maintain general and professional liability coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately terminate this agreement.

16. DEFAULT AND TERMINATION

16.1 Termination by Franchisee

If Franchisee is in full compliance with all of the terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts. Termination by Franchisee for any other reason or by any other means than as set forth in this Section shall be deemed a termination by Franchisee without cause.

16.2 Termination by Franchisor

16.2.1 Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee:

16.2.1.1 fails to timely equip and commence operations of the Franchised Business pursuant to Section 5;

16.2.1.2 fails to have its Designated Manager satisfactorily complete any training program pursuant to Section 8;

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

16.2.1.4 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;

16.2.1.5 after notices to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;

16.2.1.6 discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Proprietary Software Package, the Manual and Confidential Information;

16.2.1.7 if required by Franchisor, fails to have 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 and all employees of Franchisee, execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee or fails to

provide Franchisor with copies of all nondisclosure and non-competition agreements signed pursuant to Section 7.4 if requested by Franchisor;

16.2.1.8 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 Office following the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable;

16.2.1.9 surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, 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;

16.2.1.10 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 the individual owner Franchisee who was managing the Franchised Business pursuant to Section 18.6;

16.2.1.11 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 Continuing Services and Royalty Fee or any other fees 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;

16.2.1.12 is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed;

16.2.1.13 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;

16.2.1.14 fails on three (3) 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 Continuing Services and Royalty Fee, 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;

16.2.1.15 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;

16.2.1.16 engages in any activity exclusively reserved to Franchisor;

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

16.2.1.18 repeatedly breaches this Agreement and/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

16.2.1.19 defaults under any other agreement between Franchisor (or any Affiliate) 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.

16.2.2 Except as otherwise provided in Section 16.2.1, Franchisor has the right to terminate this Agreement for the following breaches and defaults by giving notice of such termination stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing 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) within the specified period:

16.2.2.1 within five (5) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor;

16.2.2.2 within ten (10) days of receiving notice of Franchisee's failure to maintain insurance as specified in Section 15 of this Agreement; or

16.2.2.3 within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual or otherwise prescribed in writing.

16.2.2.4 Within the time specified in Section 3.2.3 for failure to achieve Gross Sales sufficient to generate at least the minimum monthly Continuing Services and Royalty Fee payment due under Section 3.2.1 during four (4) or more months during any twelve (12) month period after the first eighteen (18) months of operation.

16.3 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 non-renewal 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.

16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor is an Approved Supplier to Franchisee, until such time as Franchisee corrects the breach.

16.5 Right of Franchisor to Operate Franchised Business

Following the delivery of a notice of termination pursuant to Section 16.2.2, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee, currently equal to FIVE HUNDRED DOLLARS (\$500.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

17. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

17.1 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:

17.1.1 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;

17.1.2 cease to use the 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;

17.1.3 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 state, city or county authorities which contains the name "The BrickKicker[®]" 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;

17.1.4 pay all sums owing to Franchisor and any Affiliate, which may include, but not be limited to, all damages, costs and expenses, including reasonable attorneys' fees, including attorneys' fees associated with any arbitration, appellate or bankruptcy proceedings, unpaid Continuing Services and Royalty Fees, and any other amounts due to Franchisor or any Affiliate;

17.1.5 furnish evidence that the professional liability insurance, also referred to as errors and omissions insurance coverage, as described in Section 15.1.2, will be maintained for at least one (1) year from the date of termination;

17.1.6 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;

17.1.7 immediately return to Franchisor the Manual, the Proprietary Software 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);

17.1.8 assign all right, title and interest in and to any sign or sign faces bearing the Marks. Franchisor shall have the right to access the premises of the Franchised Business Office and vehicles of the Franchised Business to take possession of any signs or sign faces bearing the Marks. Franchisee shall be responsible for any expenses of removing the Marks from signs or removing signs or sign faces pursuant to this Section;

17.1.9 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. Franchisee hereby acknowledges that as between the Franchisor and Franchisee, Franchisee has the sole right to and interest in all telephone numbers and directory listings associated with the Marks, and Franchisee authorizes Franchisor, and by execution of the Exhibit 5 Collateral Assignment of Telephone Number have appointed Franchisor and any of its officers as Franchisee's attorney-in-fact, to direct the telephone company and all listing agencies to transfer same to Franchisor or at Franchisor's direction, should Franchisee fail or refuse to do so, and the telephone company and all listing agencies may accept such direction or this Agreement as conclusive of our exclusive rights in such telephone numbers and directory listings and its authority to direct their transfer;

17.1.10 assign to Franchisor all of Franchisee's right, title and interest in any listing or presence on any social media platforms or networks, or other presence on the Internet using the Marks, including passwords and account manager access, and shall notify the necessary parties of the termination of Franchisee's right to use any listing or other presence on social media or otherwise on the Internet and to authorize a transfer of same to Franchisor; and

17.1.11 comply with all other applicable provisions of this Agreement.

17.2 Post-Termination Covenant Not to Compete

17.2.1 Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 7 are fair and reasonable and are justifiably required for purposes including, but not limited to, the following:

17.2.1.1 to protect the Confidential Information of Franchisor;

17.2.1.2 to induce Franchisor to grant a Franchise to Franchisee; and

17.2.1.3 to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers.

17.2.2 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:

17.2.2.1 own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within a twenty-five (25) mile radius of the Approved Location or within the Area of Primary Responsibility (whichever is greater), or (b) within a twenty-five (25) mile radius of the location of any other The BrickKicker Business in existence at the time of termination or expiration. After the date of this Agreement, other franchisees may open additional Franchised Businesses, thereby expanding the prohibited area in this provision; or

17.2.2.2 solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor to terminate or modify his, her or its business relationship with Franchisor or to compete against Franchisor.

17.2.3 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 2.

17.3 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 Sections 7, 17.1 or 17.2. 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.

17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including equipment, supplies and other inventory. The purchase price shall be equal to the assets' fair market value as determined by an independent appraiser. 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.

17.5 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.

18. TRANSFERABILITY OF INTEREST

18.1 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; 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.

18.2 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, 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:

18.2.1 Franchisee has complied with the requirements set forth in Section 19;

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

18.2.3 Franchisee (and its owners) has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, of any and all claims against Franchisor, including its officers, directors, shareholders, managers, members, partners, owners, employees and agents (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, Franchisee shall give the maximum release allowed by law;

18.2.4 the prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

18.2.5 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 Continuing Services and Royalty Fee and Advertising Fund Contribution rates and other material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

18.2.6 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;

18.2.7 Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of one-third (1/3) of the then current initial Franchise Fee which would be required to be paid for the purchase of a franchise within an Area of Primary Responsibility with an approximate population base that is within the same numeric range as the population base of Franchisee's Area of Primary Responsibility at the time of transfer; or a prorated equivalent amount as calculated by any parceling of the Area of Primary Responsibility. Franchisee shall be responsible for verifying and accurately representing the approximate population base of its Area of Primary Responsibility;

18.2.8 the transferee, or all holders of a legal or beneficial interest in the transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of its term by executing a personal guaranty in such form as prepared by Franchisor;

18.2.9 Franchisee has agreed to be bound to the obligations of the new franchise agreement and to guarantee the full performance thereof by the transferee, if required by Franchisor;

18.2.10 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;

18.2.11 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 satisfactory to Franchisor and in substance the same as the nondisclosure and non-competition covenants contained in Sections 7 and 17;

18.2.12 the transferee agrees that its new franchisee/Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 8.1 prior to assuming the management of the day-to-day operation of the Franchised Business. Franchisor may require the transferee to receive training at a cost of TWO THOUSAND FIVE HUNDRED DOLLARS (\$2,500.00);

18.2.13 the transferee has obtained all necessary types of insurance as described in Section 15.1; and

18.2.14 furnish evidence that the professional liability insurance, also referred to as errors and omissions insurance coverage, as described in Section 15.1.2, will be maintained for at least one (1) year from the date of termination.

18.3 Transfer to a Controlled Entity

18.3.1 If Franchisee is an individual, prior to opening the Franchised Business Franchisee must transfer this Agreement to a corporation or limited liability company which shall be entirely owned by Franchisee ("Controlled Entity"). Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

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

18.3.1.2 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;

18.3.1.3 all obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2.7;

18.3.1.4 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;

18.3.1.5 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;

18.3.1.6 each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof 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

18.3.1.7 copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number 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.

18.3.2 The requirements of Section 18.3.1 shall also apply to any Franchisee signing this Agreement which is a corporation or limited liability company.

18.3.3 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.

18.4 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 an intended transferee identified by Franchisee.

18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business Office, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted hereunder.

18.6 Transfer by Death or Incapacity

18.6.1 Upon the death or Incapacity of Franchisee (if Franchisee in an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, 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, unless prohibited by the laws of the state wherein Franchisee resided, with such choice of law provision being applicable only for this Section 18.6.

During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

18.6.2 Following such a death or Incapacity of such person as described in this Section 18.6, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third party approved by Franchisor. Franchisor may charge a management fee, currently equal to FIVE HUNDRED DOLLARS (\$500.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

19. RIGHT OF FIRST REFUSAL

19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 18.6) the Franchised Business (or any of its assets outside of the normal course of business), 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, except with regards to a sale or transfer to a family member. 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.

19.2 Franchisor's Right to Purchase

Franchisor shall, for thirty (30) 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.

19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise its right of first refusal within thirty (30) days from the date of delivery of all such documents, 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.

19.4 Sales or Transfers to Family Excepted

If Franchisee, or any of its owners, proposes to sell or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchisee granted hereunder to a member of Franchisee's (or its owners') family, then the terms and conditions of this Section 19 shall be inapplicable. Nothing in this Section 19.4 shall be construed to relieve

Franchisee from full compliance with the terms and conditions of this Section 18.2 prior to a sale or transfer to family pursuant to this Section.

20. BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 4 are the sole holders of a legal or beneficial interest (in the stated percentages) of Franchisee.

21. RELATIONSHIP AND INDEMNIFICATION

21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venturer, partner, employee, servant or independent contractor 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 only as a franchisee and an independent owner of the Franchised Business 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. Any third party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Franchisee or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, members, partners, owners, employees, agents, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable 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 an Affiliate); (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, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21.3 shall expressly survive the termination of this Agreement.

21.4 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. In order 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 in order 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.

21.5 No Employment Relationship

Franchisee expressly acknowledges that Franchisor is not Franchisee's employer or an employer of any of Franchisee's employees. In addition, Franchisor is not a joint employer with Franchisee. Franchisee acknowledges that Franchisor's training, guidance, advice and assistance, Franchisee's obligations under this Agreement and the standards, specifications, policies and procedures required by Franchisor under this Agreement and in the Manual are imposed not for the purpose of exercising control over Franchisee but rather for the limited purpose of protecting the Marks, System and Confidential Information, goodwill and brand consistency. Franchisee is solely responsible for the management of the Franchised Business as an independent franchise owner/operator. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, its employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials that Franchisee (and only Franchisee) is their employer and that Franchisor is not their employer. Franchisor is engaged solely in the business of licensing the System and Marks and providing support services to its franchisees.

22. GENERAL CONDITIONS AND PROVISIONS

22.1 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.

22.2 Injunctive Relief

As any breach by Franchisee of any of the restrictions contained in Sections 6, 7 and 17 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 and Franchisee shall be responsible for Franchisor's reasonable attorneys' fees incurred in pursuing the same. Franchisor's rights to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23.7. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in a state or federal court.

22.3 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 facsimile or other 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. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to Franchisor at the following address:

Ronlen Enterprises, Inc.
Attn: Mr. Ronald Ewald
849 N. Ellsworth Street
Naperville, Illinois 60563

With a copy to:

Mark C. Metzger
Attorney & Mediator
1807 W. Diehl Road, Suite 105
Naperville, Illinois 60563

22.4 Cost of Enforcement or Defense

If Franchisor or Franchisee is required to enforce this Agreement in a judicial or arbitration proceeding, the prevailing party shall be entitled to reimbursement of its costs, including reasonable accounting and attorneys' fees, in connection with such proceeding, including any arbitration, appellate or bankruptcy proceedings.

22.5 Unlimited Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of ten percent (10%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as Exhibit 3, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

22.6 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for such approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or 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 for approval.

22.7 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 Ronlen Enterprises, Inc. 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. Nothing in this Agreement requires the franchisee to waive reliance on the representations that are made in the disclosure document. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties.

22.8 Severability and Modification

22.8.1 Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. 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. 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.

22.8.2 Notwithstanding the above, each of the covenants contained in Sections 7 and 17 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 Confidential Information or on competition to the maximum extent provided or permitted by law.

22.9 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.

22.10 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, terrorism, 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.

22.11 Timing

Time is of the essence. Except as set forth in Section 22.10, failure to perform any act within the time required or permitted by this Agreement shall be a material breach.

22.12 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Continuing Services and Royalty Fees or other amounts due to Franchisor or to an Affiliate. 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 shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

22.13 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.

22.14 Third-Party Beneficiaries

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.

22.15 Execution and Delivery

This Agreement may be executed with full legal force and effect either by the parties executing and exchanging original documents or by using electronic signatures and records. Delivery of this Agreement executed by a party by facsimile, electronic mail or other functionally equivalent means of transmission constitutes valid and effective delivery. This Agreement shall not be binding on Franchisor unless and until it shall have been signed by an authorized officer of Franchisor. Until signed, Franchisor may unilaterally refuse to enter into this Agreement without liability of any kind.

23. DISPUTE RESOLUTION

23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Illinois (without reference to its conflict of laws principles), except that the provisions of any franchise law of such state shall not apply unless the jurisdictional requirements of said law have been met independently of this provision. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such

law 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.

23.2 Consent to Jurisdiction

Any action brought by either party, except those claims required to be submitted to arbitration, shall only be brought in the appropriate state court located in or serving DuPage County, Illinois. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

23.3 Cumulative Rights and Remedies

No right or remedy conferred upon or reserved to Franchisor or Franchisee by this Agreement is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be in addition to every other right or remedy. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions.

23.4 Limitations of Claims

Any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action for a claim is commenced within one (1) year from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each will be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22.4. 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 contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Continuing Services and Royalty Fees.

23.6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM.

23.7 Arbitration

This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to the ownership of any of Franchisor's Marks or the unauthorized use or disclosure of Franchisor's Confidential Information, covenants against competition and other claims for injunctive relief, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in DuPage County, Illinois, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the Circuit Court for the State of Illinois and located in DuPage County, Illinois. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction.

Franchisee acknowledges that it has read the terms of this binding arbitration provision and affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

24. ACKNOWLEDGMENTS

24.1 Receipt of this Agreement and the Uniform Franchise Disclosure Document

Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee 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, 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.

24.2 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.

24.3 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.

24.4 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 The BrickKicker Business involves business 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.

24.5 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, officers, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

24.6 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.

24.7 Indemnification of Document Preparer

Franchisor represents and Franchisee acknowledges that all representations of facts made by Franchisor contained in this Agreement and Franchisor's Uniform Franchise Disclosure Document are made solely by Franchisor based on its knowledge and reasonable belief and its independent investigation. All documents, including this Agreement, the exhibits attached hereto and the Uniform Franchise Disclosure Document and the exhibits attached thereto, have been prepared solely in reliance upon representations made and information provided on behalf of Franchisor by its duly authorized officers, agents and representatives. Franchisee further agrees to indemnify and hold harmless the preparer of any and all such documents referenced herein from any and all loss, costs (including court costs), expenses (including attorneys' fees), damages and liabilities resulting from any representation(s) and/or claim(s) made by Franchisor in such documents.

24.8 No Waiver of Liability

These acknowledgments do not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[Signature Page Follows.]

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

RONLEN ENTERPRISES, INC.:

By: _____

Name: _____

Title: _____

FRANCHISEE: _____
(type/print name)

By: _____

Name: _____

Title: _____

[or, if an individual]

Signed: _____

Name printed: _____

EXHIBIT 1 TO THE FRANCHISE AGREEMENT

FORM OF THE GENERAL RELEASE

This document is the Franchisor's current general release form that we expect to include in a release that a franchisee, developer, and/or transferor may sign as part of a franchise renewal or an approved transfer. We have the absolute right to modify the release as we deem appropriate.

THIS RELEASE is given by _____ and their predecessors, agents, affiliates, legal representatives, agents, successors, assigns, heirs, beneficiaries, executors and administrators (collectively, the "**Franchisee**"), to **RONLEN ENTERPRISES, INC.**, all of its predecessors, affiliates, owners, officers, employees, legal representatives and agents, directors, successors and assigns, and their heirs, beneficiaries, executors and administrators (collectively, the "**Franchisor**").

On the date this Release is executed, the Franchisee forever releases and discharges the Franchisor from the wide universe of claims of any kinds which the Franchisee has ever had or might have against the Franchisor, including those arising out of the Franchise Agreement dated _____ (the "**Franchise Agreement**"), the franchise relationship between the Franchisee and the Franchisor, and any other relationships between the Franchisee and the Franchisor. This Release includes claims of which the Franchisee is unaware and covers matters occurring up to the time this Release was executed.

The Franchisee freely and voluntarily gives this Release to the Franchisor for good and valuable consideration and the Franchisee acknowledges its receipt and sufficiency. The Franchisee is bound by this Release and waives any rights to challenge its validity.

The Franchisee represents and warrants to the Franchisor that the Franchisee has not assigned or transferred to any other person any claim or right the Franchisee had or now has relating to or against the Franchisor.

In this Release, each pronoun includes the singular and plural as the context may require.
This Release is governed by Illinois law.

This Release is effective _____, notwithstanding the actual date of signatures.

IN WITNESS WHEREOF, the undersigned execute this Release:

DATE: _____

ACKNOWLEDGMENT

State of _____)
) ss
County of _____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public
My Commission expires:

(NOTARIAL SEAL)

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

NONDISCLOSURE AND NON-COMPETITION AGREEMENT

This "Agreement" made as of by and between _____,
("Franchisee") (d/b/a The BrickKicker Franchise) and _____
("Individual").

WITNESSETH:

WHEREAS, Franchisee is a party to that certain Franchise Agreement dated _____, 20__
("Franchise Agreement") by and between Franchisee and Ronlen Enterprises, Inc. ("Company"); and

WHEREAS, Franchisee desires Individual to have access to and review certain Trade Secrets and other Confidential Information, 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 other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party or using such information to compete against Company, Franchisee or any other franchisee of Company in any business (i) that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) home and building inspections services, or offers other services the same as or similar to those provided by Franchisee or (ii) in which Trade Secrets and other Confidential Information (as defined below) could be used to the disadvantage of Franchisee, or Company, any affiliate of Company or Company's other franchisees (hereinafter, "Competitive Business"); provided, however, that the term "Competitive Business" shall not apply to any business operated by Franchisee under a Franchise Agreement with Company.

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 and Confidential Information

Individual understands Franchisee possesses and will possess Trade Secrets and other Confidential Information that are important to its business.

a) For the purposes of this Agreement, a "Trade Secret" is information in any form (including, but not limited to, materials and techniques, 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 customers or suppliers) related to or used in The BrickKicker Businesses that is not commonly known by or available to the public and that information: (i) 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 (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

b) For the purposes of this Agreement "Confidential Information" means technical and non-technical information used in or related to The BrickKicker Businesses that is not commonly known by or available to the public, including, without limitation, Trade Secrets and information contained in the Manual and training guides and materials. In addition, any other information identified as confidential when delivered by Franchisee shall be deemed Confidential Information. Confidential Information shall not include, however, any information that: (i) is now or subsequently becomes generally available to the public through no fault of Individual; (ii) Individual can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (iii) is independently developed without the use of any Confidential Information; or (iv) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

c) Any information expressly designated by Company or Franchisee as “Trade Secrets” or “Confidential Information” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisee’s providing of access to the Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets and other Confidential Information.

2. Confidentiality/Non-Disclosure

a) Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisee to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisee has established and may establish from time to time with regard to the Confidential Information and Trade Secrets.

b) Individual’s 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 a The BrickKicker Business.

3. Non-Competition

a) During the term of Individual’s relationship with Franchisee and for a period of two (2) years after the expiration or termination of Individual’s relationship with Franchisee, regardless of the cause of expiration or termination, Individual shall not, 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, divert or attempt to divert any business or customer of Franchisee 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 Company’s service mark “The BrickKicker[®]” and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings and other commercial symbols as the Company designates to be used in connection with The BrickKicker Businesses or the Company’s uniform standards, methods, procedures and specifications for the establishment and operation of The BrickKicker Businesses.

b) During the term of Individual’s relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, 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, 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 the United States without the express written consent of Franchisee.

c) During the term of Individual’s relationship with Franchisee and for a period of two (2) years thereafter, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Company or any other The BrickKicker Business to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Company or any other The BrickKicker Business.

4. Reasonableness of Restrictions

Individual 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 Franchisee, Company, and Company’s Trade Secrets and other Confidential Information, the Company’s business system, network of franchises and trade and service marks, and Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under

applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

5. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition

Individual further acknowledges that an actual or threatened violation of the covenants contained in this Agreement will cause Franchisee and Company immediate and irreparable harm, damage and injury that cannot be fully compensated for by an award of damages or other remedies at law. Accordingly, Franchisee and Company shall be entitled, as a matter of right, to an injunction from any court of competent jurisdiction restraining any further violation by Individual of this Agreement without any requirement to show any actual damage or to post any bond or other security. Such right to an injunction shall be cumulative and in addition to, and not in limitation of, any other rights and remedies that Franchisee and Company may have at law or in equity.

6. 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) Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Illinois (without reference to its conflict of laws principles). The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law 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.

c) Any action brought by either party, shall only be brought in the appropriate state or federal court located in or serving DuPage County, Illinois. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. Claims for injunctive relief may be brought by Company where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

d) Individual agrees if any legal proceedings are brought for the enforcement of this Agreement, in addition to any other relief to which the successful or prevailing party may be entitled, the successful or prevailing party shall be entitled to recover attorneys' fees, investigative fees, administrative fees billed by such party's attorneys, court costs and all expenses, including, without limitation, all fees, taxes, costs and expenses incident to arbitration, appellate, and post-judgment proceedings incurred by the successful or prevailing party in that action or proceeding.

e) 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. Company is an intended third-party beneficiary of this Agreement with the independent right to enforce the confidentiality and non-competition provisions contained herein.

f) The failure of either party to insist upon performance 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.

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.

i) This Agreement may be modified or amended only by a written instrument duly executed by Individual, Franchisee and Company.

j) The existence of any claim or cause of action Individual might have against Franchisee or Company will not constitute a defense to the enforcement by Franchisee or Company of this Agreement.

k) Except as otherwise expressly provided in this Agreement, no remedy conferred upon Franchisee or Company pursuant to this Agreement is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given pursuant to this Agreement or now or hereafter existing at law or in equity or by statute or otherwise. No single or partial exercise by any party of any right, power or remedy pursuant to this Agreement shall preclude any other or further exercise thereof.

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.

THE PARTIES ACKNOWLEDGE THAT THE COMPANY IS A THIRD PARTY BENEFICIARY TO THIS AGREEMENT AND THAT THE COMPANY SHALL BE ENTITLED TO ENFORCE THIS AGREEMENT WITHOUT THE COOPERATION OF THE FRANCHISEE. INDIVIDUAL AND FRANCHISEE AGREE THAT THIS AGREEMENT CANNOT BE MODIFIED OR AMENDED WITHOUT THE WRITTEN CONSENT OF THE COMPANY.

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 date below each signature.

WITNESS:

FRANCHISEE:

By: _____

Its: _____

Date: _____

INDIVIDUAL:

Signature: _____

Printed Name: _____

Date: _____

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given by _____

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement dated _____ herewith (“Agreement”) by Ronlen Enterprises, Inc. (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned 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, 7 and 17 of the Agreement. Each of the undersigned waives: (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 the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it 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 or entity; 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 the Agreement.

This Guaranty represents the entire agreement and understanding of these parties concerning the subject matter hereof, and supersedes all other prior agreements, understandings, negotiations and discussions, representations, warranties, commitments, proposals, offers and contracts concerning the subject matter hereof, whether oral or written.

Successors and Assigns; Death of Guarantor. This Guaranty shall be binding upon Guarantor and his or her heirs, executors, administrators, successors and assigns and shall inure to the benefit of Franchisor and its successors, endorsees, transferees and assigns. Without limiting any other provision hereof, Guarantor expressly agrees that Guarantor’s death shall not serve as a revocation of or otherwise affect the guaranty made hereunder and that Guarantor’s estate and heirs shall continue to be liable hereunder with respect to any Guaranteed Obligations created or arising after Guarantor’s death.

The validity, interpretation and enforcement of this Guaranty and any dispute arising out of the relationship between Guarantor and Franchisor, whether in contract, tort, equity or otherwise, shall be governed by the internal laws of the State of Illinois (without giving effect to principles of conflicts of law).

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of Illinois and the United States District Court located in or serving DuPage County, Illinois, and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or the transactions related hereto

or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

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

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: _____%

Date: _____

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: _____%

Date: _____

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: _____%

Date: _____

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: _____%

Date: _____

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: _____%

Date: _____

PERSONAL GUARANTOR

Personally and Individually (Printed Name)

Personally and Individually (Signature)

HOME ADDRESS

TELEPHONE NO.: _____

PERCENTAGE OF OWNERSHIP

IN FRANCHISEE: _____%

Date: _____

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

**HOLDERS OF LEGAL OR BENEFICIAL INTEREST
IN FRANCHISEE; OFFICERS; DIRECTORS**

Holder of Legal or Beneficial Interest:

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership: _____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership _____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership _____%

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____
Percentage of ownership _____%

Officers and Directors:

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____

Name: _____
Position/Title: _____
Home Address: _____

Telephone No.: _____
E-mail address: _____

EXHIBIT 5 TO THE FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S
DIGITAL MARKETING ACCOUNTS**

Franchisee (Assignor): _____, whose business address is _____, in consideration of the granting of a franchise to Assignor contemporaneously herewith, and other valuable consideration paid by Ronlen Enterprises, Inc. (Franchisor/Assignee), having its principal place of business at 849 N. Ellsworth Street, Naperville, Illinois, 60563, hereby assigns unto the Franchisor/Assignee all Digital Marketing accounts and all Digital Marketing passwords and log-in information. Assignor acknowledges that The BrickKicker and associated marks are solely the property of Franchisor/Assignee. As such, Assignor's right to use any directory listings and Digital Marketing associated with The BrickKicker trademarks and service marks was solely due to a limited license granted by Franchisor/Assignee in connection with the Franchisor/Assignee's trademark(s)/service mark(s) pursuant to a Franchise Agreement. Once said license has expired and/or terminated pursuant to the expiration or termination of the Franchise Agreement, Assignor has no right to the telephone number or directory listing or Digital Marketing associated with the Franchisor/Assignee's trademark, including, but not limited to The BrickKicker.

This Assignment shall constitute authorization to the appropriate companies to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said directory listings and Digital Marketing and Assignor hereby irrevocably appoints and authorizes Franchisor/Assignee to act as Assignor's attorney-in-fact and hereby empowers Franchisor/Assignee to execute such instruments in the Assignee's name in order to give full effect to this Assignment and to effectuate any transfer.

Upon the Assignment, Franchisor/Assignee hereby assumes the performance of all of the terms, covenants and conditions of the third parties holding such accounts with the full force and effect as if the Franchisor/Assignee has been originally issued such directory listings and Digital Marketing accounts.

ASSIGNOR (Franchisee):

FRANCHISOR/ASSIGNEE:

Ronlen Enterprises, Inc.

By: _____
Name: _____
Title: _____
Dated: _____

By: _____
Name: _____
Title: _____
Dated: _____

EXHIBIT 6 TO THE FRANCHISE AGREEMENT

MULTI-STATE ADDENDA

Some administrators of franchise regulation states may require us to enter into an addendum to the Franchise Agreement describing certain state laws or regulations which may supersede the Franchise Agreement. If you are in a registration state which requires an addendum that is included in this Exhibit 7, you will sign it at the same time you sign the Franchise Agreement.

**ADDENDUM TO THE FRANCHISE AGREEMENT
RONLEN ENTERPRISES, INC.**

FOR THE STATE OF CALIFORNIA

This Addendum to the Franchise Agreement is agreed to by and between Ronlen Enterprises, Inc. and _____

1. New Section 17.6 is inserted into the Franchise Agreement and states as follows:

If termination is the result of Franchisee's default, Franchisee will pay to Franchisor a lump sum payment (as liquidated damages for causing the premature termination of this Agreement and not as a penalty) equal to the total of all Continuing Services and Royalty Fee payments for: (a) the twenty-four (24) calendar months of operation of Franchisee preceding Franchisee's default; (b) the period of time Franchisee has been in operation preceding the notice, if less than twenty-four (24) calendar months, projected on a twenty-four (24) calendar month basis; or (c) any shorter period as equals the unexpired term at the time of termination. The parties agree that a precise calculation of the full extent of the damages that Franchisor will incur on termination of this Agreement as a result of Franchisee's default is difficult and the parties desire certainty in this matter and agree that the lump sum payment provided under this Section is reasonable in light of the damages for premature termination that Franchisor will incur. This payment is not exclusive of any other remedies that Franchisor may have including attorneys' fees and costs.

2. 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 Ronlen Enterprises, Inc. is amended as follows:

- The California Franchise Relations Act provides rights to Franchisee concerning termination, transfer or non-renewal of the Franchise Agreement, which may supersede provisions in the Franchise Agreement, specifically Sections 4.2 and 16.
- Section 16.2.1.12, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 17.2 contains a covenant not to compete that 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.
- Paragraph 1 of this Addendum contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- Section 23.7 requires binding arbitration. The arbitration will occur at the forum indicated in Section 23.7, with the costs being borne by the non-prevailing party. Prospective franchisees are encouraged to consult legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside of the State of California.

3. 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.

4. 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.

RONLEN ENTERPRISES, INC.:

By: _____

Title: _____

Date: _____

Franchisee: _____

By: _____

Title: _____

Date: _____

FOR THE STATE OF ILLINOIS

This Addendum to the Franchise Agreement is agreed to by and between Ronlen Enterprises, Inc. and _____

1. In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Franchise Agreement for Ronlen Enterprises, Inc. is amended as follows:

- Sections 4.2, 8.3 and 18.2 are amended to add:

No general release shall be required as a condition of renewal or as a condition to receiving a refund of a portion of the Franchise Fee following a termination of the Franchise that is intended to require Franchisee to waive compliance with the Illinois Franchise Disclosure Act, 815 ILCS 705.

- Sections 16.2, 17 and 23 are amended to add:

The conditions under which the Franchise Agreement can be terminated and Franchisee's rights upon termination or non-renewal, as well as the application by which Franchisee must bring any claims, may be governed by the Illinois Franchise Disclosure Act, 815 ILCS 705/19 and 705/20.

- Section 23.4 is amended to add:

No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after Franchisee becomes aware of facts or circumstances reasonably indicating that the Franchisee may have a claim for relief in respect to conduct governed by the Act, or ninety (90) days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.

- Section 23.6 is deleted in its entirety.

2. Any condition, stipulation, or provision purporting to bind any person acquiring any Franchise to waive compliance with any provision of this Act or any other law of this State is void. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

3. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act are met independently 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.

RONLEN ENTERPRISES, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

FOR THE STATE OF INDIANA

This Addendum to the Franchise Agreement is agreed to is by and between Ronlen Enterprises, Inc. and _____

1. In recognition of the requirements of the Indiana Deceptive Franchise Practices Law, IC 23-2.2.7 and the Indiana Franchise Disclosure Law, IC 23-2-2-2.5, the Franchise Agreement for Ronlen Enterprises, Inc. is amended as follows:

- Sections 4.2.9, 8.3, and 18.2.3 do not provide for a prospective general release of claims against Franchisor that may be subject to the Indiana Deceptive Franchise Practices Law or the Indiana Franchise Disclosure Law.
- Section 16 is amended to prohibit unlawful unilateral termination of a Franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
- Section 17.2 is amended subject to Indiana Code 23-2-2.7-1(9) to provide that post-term non-competitor covenants shall have a geographical limitation of the territory granted to Franchisee.
- Section 21.3 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 23.1 is amended to provide that, in the event of a conflict of law, the Indiana Franchise Disclosure Law, IC 23-2-2.5, and the Indiana Deceptive Franchise Practices Law will prevail.
- Section 23.2 is amended to provide that Franchisee may commence litigation in Indiana for any cause of action under Indiana law.
- Section 23.7 is amended to provide that arbitration between Franchisor and Franchisee, shall be conducted at a mutually agreed upon location.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Indiana Law applicable to the provisions are met independently 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.

RONLEN ENTERPRISES, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

FOR THE STATE OF MARYLAND

This Addendum to the Franchise Agreement is agreed to by and between Ronlen Enterprises, Inc. and _____

1. Section 2.1 of the Franchise Agreement on Initial Franchise Fee is amended by the addition of the following language to the original language that appears therein:

“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 opened.”

2. Section 4.2.9 of the Franchise Agreement on Successor Terms, and Section 18.2.3 of the Franchise Agreement on Transfer by Franchisee are amended by the addition of the following language to the original language that appears therein:

"Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor as a condition of renewal, sale, and/or assignment/transfer shall not apply under Maryland Franchise Registration and Disclosure Law."

2. Section 16.2.1.12 of the Franchise Agreement on Termination by Franchisor is amended by the addition of the following language to the original language that appears therein:

"Termination upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

3. Section 23.2. of the Franchise Agreement on Consent to Jurisdiction shall be amended by the addition of the following language to the original language that appears therein:

"Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law."

4. Section 23.4 of the Franchise Agreement on Limitation of Claims is amended by the addition of the following:

“Any limitation of claims provisions shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.”

5. Section 24 of the Franchise Agreement on Acknowledgements shall be amended by the addition of the following language to the original language that appears therein:

"The representations of this section are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law."

1. Section 3.1 of the Franchise Agreement on Franchise Fee shall be amended by the addition of the following

language to the original language that appears therein:

“The obligation to pay the initial franchise fee and any fees for goods and services received from the Franchisor before the business opens shall be deferred until Franchisor has satisfied all of its pre-opening obligations to Franchisee.”

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.

RONLEN ENTERPRISES, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

FOR THE STATE OF MINNESOTA

This Addendum to the Franchise Agreement is agreed to by and between Ronlen Enterprises, Inc. and _____

1. In recognition of the Minnesota Franchise Law, Minn. Stat., Chapter 80C, Sections 80C.01 through 80C.22, and the Rules and Regulations promulgated pursuant thereto by the Minnesota Commission of Securities, Minnesota Rule 2860.4400, et. seq., the parties to the attached Franchise Agreement agree as follows:

- Sections 4.2 and 16 are amended to add that with respect to Franchises governed by Minnesota Law, Franchisor will comply with the Minnesota Franchise Law that requires, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.
- Sections 4.2.9, 8.3, and 18.2.3 do not provide for a prospective general release of any claims against Franchisor that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
- Section 6 is amended to add that as required by Minnesota Franchise Act, Ronlen Enterprises, Inc. will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by Ronlen Enterprises, Inc., and so long as Ronlen Enterprises, Inc. is timely notified of the claim and is given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.
- Section 23.4 is amended to state that any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an arbitration or an action for a claim that cannot be the subject of arbitration is commenced within three (3) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to or the claim.
- Section 23.5 is deleted in its entirety.
- Section 23.6 is deleted in its entirety.
- Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. Each provision of this Addendum shall be effective only to the extent that the jurisdictional requirements of the Minnesota Franchise Law applicable to the provisions are met independently 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.

RONLEN ENTERPRISES, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

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 SERVICES OR 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 THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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 Rev. March 17, 2021 2 injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "Requirements for franchisee to renew or extend," and Item 17(m), entitled "Conditions for franchisor approval of transfer": However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:
You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”: The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York

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.

RONLEN ENTERPRISES, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

FOR THE COMMONWEALTH OF VIRGINIA

This Addendum to the Franchise Agreement is agreed to by and between Ronlen Enterprises, Inc. and _____
_____ to amend and revise
said Franchise Agreement as follows:

- Section 16.2.1.12, which terminates the Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*).
- Section 16.2.1.19 of the Franchise Agreement will not be applicable to the Franchise Agreement signed by the Virginia franchisee entering into the attached agreement.

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.

RONLEN ENTERPRISES, INC.:

Franchisee: _____

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

FOR THE STATE OF WASHINGTON

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

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.

RONLEN ENTERPRISES, INC.: _____ Franchisee: _____

By: _____ By: _____

Title: _____ Title: _____

Date: _____ Date: _____

RONLEN ENTERPRISES, INC.

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RONLEN ENTERPRISES, INC.

FINANCIAL STATEMENTS

EXHIBIT E TO THE DISCLOSURE DOCUMENT

Assurance

RONLEN ENTERPRISES, INC.

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE

**RONLEN ENTERPRISES, INC.
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of RonLen Enterprises, Inc.

Opinion

We have audited the accompanying financial statements of RonLen Enterprises, Inc. (an Illinois corporation), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements (collectively, financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RonLen Enterprises, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of RonLen Enterprises, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standard

As discussed in Note 2 to the financial statements, for the year ended December 31, 2022, RonLen Enterprises, Inc. adopted Accounting Standards Update 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

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 RonLen Enterprises, 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RonLen Enterprises, 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 RonLen Enterprises, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of income and selling and operating expenses as of December 31, 2022 and 2021 are presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Supplementary Information, Continued

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of RonLen Enterprises, Inc as of December 31, 2020 and the related statements of income and retained earnings and cash flows for the year ended December 31, 2020 (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of income and selling and operating expenses for the year ended December 31, 2020 is presented for purposes of additional analysis. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2020 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of income and selling and operating expenses are fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

PKF Mueller

RONLEN ENTERPRISES, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 122,946	213,867
Cash - escrow	79,689	117,672
Accounts receivable, net	31,770	33,811
Due from related entity	10,697	-
Note receivable	-	3,831
Prepaid expenses	2,000	-
Other receivable	<u>1,468</u>	<u>-</u>
Total current assets	<u>248,570</u>	<u>369,181</u>
 Other assets:		
Website costs, net	<u>365</u>	<u>615</u>
Total assets	<u><u>\$ 248,935</u></u>	<u><u>369,796</u></u>

The accompanying notes are an integral part of the financial statements.

RONLEN ENTERPRISES, INC.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021

LIABILITIES AND STOCKHOLDER'S EQUITY

	2022	2021
Current liabilities:		
Accounts payable	\$ 2,578	4,163
Escrow - national advertising fund	79,689	117,672
Accrued liabilities	260	1,934
Current portion of deferred revenue	3,878	5,028
Due to the national advertising fund	1,641	-
Due to related entity	-	65,349
Total current liabilities	88,046	194,146
Noncurrent liabilities:		
Deferred revenue, net of current portion	3,549	10,210
Total liabilities	91,595	204,356
Stockholder's equity:		
Common stock, no par value; 25,000 shares authorized, 7,833 shares issued and outstanding	-	-
Additional paid-in capital	107,516	107,516
Treasury stock, 7,833 shares at cost	(103,000)	(103,000)
Retained earnings C corporation	34,281	34,281
Retained earnings S corporation	118,543	126,643
Total stockholder's equity	157,340	165,440
Total liabilities and stockholder's equity	\$ 248,935	369,796

The accompanying notes are an integral part of the financial statements.

RONLEN ENTERPRISES, INC.
STATEMENTS OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>% OF REVENUES</u>	<u>2021</u>	<u>% OF REVENUES</u>
Revenues:				
Royalties	\$ 180,077	88.2	248,690	93.5
Franchise fees	15,383	7.5	17,017	6.4
Conference income	7,450	3.6	-	-
Other revenue	<u>1,413</u>	<u>0.7</u>	<u>179</u>	<u>0.1</u>
Total revenues	<u>204,323</u>	<u>100.0</u>	<u>265,886</u>	<u>100.0</u>
Selling and operating expenses	<u>201,012</u>	<u>98.4</u>	<u>235,617</u>	<u>88.6</u>
Gross profit	<u>3,311</u>	<u>1.6</u>	<u>30,269</u>	<u>11.4</u>
Other income:				
Interest income	<u>72</u>	<u>-</u>	<u>995</u>	<u>0.4</u>
Income before income taxes	3,383	1.6	31,264	11.8
Income taxes	<u>-</u>	<u>-</u>	<u>782</u>	<u>0.3</u>
Net income	3,383	<u>1.6</u>	30,482	<u>11.5</u>
Retained earnings S corporation at beginning of year	126,643		123,943	
Distributions	<u>11,483</u>		<u>27,782</u>	
Retained earnings S corporation at end of year	<u>\$ 118,543</u>		<u>126,643</u>	

The accompanying notes are an integral part of the financial statements.

RONLEN ENTERPRISES, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash provided (used) by operating activities:		
Net income	\$ 3,383	30,482
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Amortization	250	136
Changes in:		
Accounts receivable, net	2,041	36,528
Due to the national advertising fund	1,641	-
Note receivable	3,831	4,169
Prepaid expenses	(2,000)	2,700
Other receivable	(1,468)	-
Accounts payable	(1,585)	(390)
Accrued liabilities	(1,892)	82
Due to (from) related entity	(76,046)	12,463
Deferred revenue	(7,811)	4,305
	<u>(79,656)</u>	<u>90,475</u>
Net cash provided (used) by operating activities		
Cash used by investing activities:		
Purchase of website costs	-	(751)
	<u>-</u>	<u>(751)</u>
Cash used by financing activities:		
Distributions	(11,265)	(26,273)
	<u>(11,265)</u>	<u>(26,273)</u>
Net increase (decrease) in cash and cash equivalents	(90,921)	63,451
Cash and cash equivalents, beginning of year	<u>213,867</u>	<u>150,416</u>
Cash and cash equivalents, end of year	<u>\$ 122,946</u>	<u>213,867</u>
Noncash financing transactions:		
Distributions financed through accrued liabilities	\$ 218	1,509
	<u>\$ 218</u>	<u>1,509</u>
Other cash flow information:		
Income taxes paid	\$ 2,000	700
	<u>\$ 2,000</u>	<u>700</u>

The accompanying notes are an integral part of the financial statements.

RONLEN ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 1 - NATURE OF OPERATIONS

RonLen Enterprises, Inc. (Company), is incorporated in Illinois. The Company's principal activity is to franchise the business of home inspections throughout the United States of America. As of December 31, 2022, there are 22 franchised operations in 15 states.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Accounts Receivable

The Company carries its accounts receivable at the outstanding principal balance adjusted for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company's historical bad debt experience, the aging of the receivables, and management's judgment. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. Any finance charges earned on open accounts receivable are recognized when received. The allowance for doubtful accounts was \$4,000 and \$6,000 for the years ended December 31, 2022 and 2021.

Revenue Recognition

The Company derives its revenues primarily from royalties generated from gross monthly sales of services performed by the franchisee and is recognized on a monthly basis over the term of the franchise agreement. Additional revenue streams come from franchise fees, conference income, and other revenues.

The Company has elected to use the portfolio approach practical expedient. The Company's contracts with customers contain similar terms and as a result, the Company has elected to apply its revenue recognition policies to a portfolio of contracts with similar characteristics. The Company does not expect the results of doing so to differ materially from applying the guidance to individual contracts.

The Company offers extended payment terms to customers who cannot pay for the franchise fees upfront. In addition, the customers who fall behind on royalty payments, at the discretion of management, may convert the receivable into a note. Under the terms of the contracts, customers typically have one to three years to repay the portion of the franchise fees financed. The Company has determined that the contracts include a significant financing component. The Company imputes interest on the contracts at the Company's incremental borrowing rate, which is approximately 6%.

Revenues from performance obligations satisfied over time consist of franchise fees, royalties from gross monthly franchise sales, and franchise territory and expansion sales. Revenues from performance obligations satisfied at a point in time consist of conference income and other revenue. These performance obligations are agreed upon and outlined in the franchise disclosure agreement and revenue is allocated accordingly.

RONLEN ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition, Continued

Revenues from territory franchise sales, expanded territories, and transfer fees are determined from the franchise agreements and are based upon territory size and are recognized over the life of the franchise agreement. Royalties are based on a monthly sales percentage (which includes a required minimum monthly royalty if sales are less than that amount) and recognized on a monthly basis. Conference fees are recognized when the conference is held.

The elements of the franchise model that carry variable consideration are as follows: the initial franchise fee, territory expansion fee, and transfer fee are based upon territory size (population); the royalty fee and Ad Fund contribution fee are a calculated percentage based upon actual monthly gross revenue generated; the minimum monthly service fee is based upon both territory size (population) and length of time under contract.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable and deferred revenue on the balance sheets. The beginning and ending contract balances were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Accounts receivable	\$ 35,770	\$ 39,811	\$ 76,339
Deferred revenue	\$ 7,427	\$ 15,238	\$ 10,933

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Accordingly, cash - escrow is not considered a cash equivalent.

Property and Equipment

The cost of property and equipment is depreciated and amortized over the estimated useful lives of the related assets under accelerated methods. There was no depreciation or amortization expense charged to operations for the years ended December 31, 2022 and 2021. All fully depreciated assets were written off in 2020.

Intangible Assets

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. The Company's intangible asset is website costs which is amortized over three years. The intangible asset is reviewed annually for impairment or when events or circumstances indicate the carrying amount may not be recoverable. There was no impairment for 2022 and 2021.

RONLEN ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Advertising

The Company expenses advertising costs as incurred. There was no advertising expense for the years ended December 31, 2022 and 2021.

The Company also collects 1% of franchises' gross revenue for advertising. These funds are not recognized as revenue, but are kept in escrow for specific advertising costs authorized by franchisees. As of December 31, 2022 and 2021, cash of \$79,689 and \$117,672, respectively, are reported in cash – escrow and escrow – national advertising fund on the balance sheets.

Accounting Estimates

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

Concentration of Credit Risk

The Company maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on cash.

Management performs continuing credit evaluations of its customers and generally does not require collateral. Historically, the Company has not experienced significant losses related to receivables from individual franchisees.

Income Taxes

The stockholder of the Company has elected treatment as an S Corporation under the Internal Revenue Code. Under this election the Company is not required to pay federal income taxes as the income is taxed directly to the stockholder. The Company is, however, subject to certain state income taxes. Any interest and penalties recognized associated with a tax position are classified as current in the Company's financial statements. The Company recognizes the financial statement impact of a position when it is more likely than not that the position will be sustained upon examination. The Company is no longer subject to federal and state income tax examinations by tax authorities for years before the 2019 tax year. Prior to the S Corporation election, the Company was a C Corporation and had retained earnings in the company which are included in the statement of stockholder's equity section of the balance sheet.

RONLEN ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

State Pass-Through Entity Tax

The Company has elected to pay a newly imposed Illinois pass-through entity tax (PTET) on behalf of the stockholder. The Illinois PTET is assessed as 4.95% of business income and is applied to reduce the stockholder's proportionate share of federal taxable income reportable on their personal income tax return. Additionally, the stockholder can use their ratable share of the Illinois PTET payment as a credit applied to their Illinois state income tax liability. The amount of Illinois PTET paid or accrued by the Company is reported as a stockholder distribution as the payments are attributed to and for the benefit of the stockholder. The Company accrued \$218 and \$1,509 of Illinois PTET for the years ended December 31, 2022 and 2021, respectively, and it is included in accrued liabilities on the balance sheet.

Management Evaluation of Going Concern

In accordance with U.S. GAAP, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the Company's ability to continue as a going concern for the period from March 29, 2023 to March 29, 2024.

Adoption of New Accounting Standard – Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021.

The Company elected to adopt these ASUs effective January 1, 2022 and utilized the available practical expedients. As a result of adoption, the Company elected the short-term lease measurement and recognition exemption and, as a result, no ROU assets and lease liabilities were required to be recorded as of January 1, 2022.

New Accounting Standard – Credit Losses

In June 2016, the FASB issued guidance to change the accounting for credit losses. The guidance requires an entity to utilize a new impairment model known as the current expected credit loss ("CECL") model to estimate its lifetime "expected credit losses" and record an allowance that presents the net amount expected to be collected on the financial assets. The CECL framework is expected to result in earlier recognition of credit losses.

The Company intends to adopt the guidance as of January 1, 2023 and is currently evaluating the effect it is expected to have on its financial statements and related disclosures.

RONLEN ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events

Subsequent events have been evaluated through March 29, 2023, the date that the financial statements were available to be issued.

NOTE 3 - NOTE RECEIVABLE

Note receivable at December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Franchisee, payable in monthly installments of \$243 including interest at 6%, matured November 2022.	<u>\$ -</u>	<u>3,381</u>

NOTE 4 - INTANGIBLE ASSET

Intangible asset consisted of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Website	\$ 36,546	36,546
Accumulated amortization	<u>(36,181)</u>	<u>(35,931)</u>
Total intangible asset, net	<u>\$ 365</u>	<u>615</u>

Amortization expense of the intangible asset was \$250 and \$136 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 - LEASES

As of and for the year ended December 31, 2022

The Company has an operating lease agreement that required monthly payments of \$1,500, and matured December 2022. The lease was subsequently renewed with a maturity date of June 2023.

The Company elects to apply the short-term lease measurement and recognition exemption to leases that meet the criteria. As of December 31, 2022, the Company has entered into one lease that qualifies for the short-term lease measurement and recognition exemption.

Lease expense for the year ended December 31, 2022 was as follows.

Short-term lease expense	<u>\$ 18,000</u>
--------------------------	------------------

RONLEN ENTERPRISES, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 5 - LEASES, CONTINUED

Aggregate future minimum lease payments at December 31, 2022 for fiscal year 2023 is \$9,000.

As of and for the Year Ended December 31, 2021

The Company was obligated under an operating lease primarily for office space expiring December 2022. Total rent expense under this lease was \$18,000 for the year ended December 31, 2021.

NOTE 6 - TREASURY STOCK

In December 2018, the Company purchased all of the shares of a former stockholder. The stock was purchased for \$103,000 and is reported as treasury stock on the balance sheets.

NOTE 7 - RELATED PARTY TRANSACTIONS

The Company reimburses a portion of salaries and insurance to a related company with common ownership (HBI Inspection Services, Inc. (HBI)). The reimbursed expenses totaled \$51,059 and \$95,349 for the years ended December 31, 2022 and 2021, respectively, and is shown on the schedules of selling and operating expenses as management fee. Amounts due to (from) the related entity for these reimbursed expenses were \$(10,697) and \$65,349 as of December 31, 2022 and 2021, respectively. The liability or receivable to this related party is included in the due to (from) related entity on the balance sheets.

The Company leases its operating facility from Trust, a company with common ownership. As of December 31, 2022 and 2021, there was no liability due to this related party.

NOTE 8 - CONTINGENCIES

On April 21, 2020, the Company received proceeds in the amount of \$10,433 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans and accrued interest are forgivable to the extent the criteria established in the CARES Act are met. The Company applied for and received forgiveness of the full proceeds plus interest of the PPP loan on March 22, 2021.

The \$10,433 PPP loan and its forgiveness are subject to examination under the terms of the agreement with the Small Business Administration for a period of six years from the date the PPP loan is forgiven, which was April, 2021. The Company is not currently under examination nor has the Company been contacted.

S U P P L E M E N T A R Y I N F O R M A T I O N

RONLEN ENTERPRISES, INC.
SCHEDULES OF INCOME
FOR THE YEARS ENDED DECEMBER 31

	<u>2022</u>	% OF REVENUES	<u>2021</u>	% OF REVENUES	<u>2020</u>	% OF REVENUES
Revenues:						
Royalties	\$ 180,077	88.2	248,690	93.5	311,934	105.7
COVID royalties relief assistance	-	-	-	-	(29,247)	(9.9)
Franchise fees	15,383	7.5	17,017	6.4	3,608	1.2
Conference income	7,450	3.6	-	-	5,775	2.0
Other revenue	<u>1,413</u>	<u>0.7</u>	<u>179</u>	<u>0.1</u>	<u>3,000</u>	<u>1.0</u>
Total revenues	204,323	100.0	265,886	100.0	295,070	100.0
Selling and operating expenses	<u>201,012</u>	<u>98.4</u>	<u>235,617</u>	<u>88.6</u>	<u>252,202</u>	<u>85.4</u>
Gross profit	<u>3,311</u>	<u>1.6</u>	<u>30,269</u>	<u>11.4</u>	<u>42,868</u>	<u>14.6</u>
Other income:						
Interest income	72	-	995	0.4	-	-
PPP and EIDL grant revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,433</u>	<u>4.2</u>
Total other income	<u>72</u>	<u>-</u>	<u>995</u>	<u>0.4</u>	<u>12,433</u>	<u>4.2</u>
Income before income taxes	3,383	1.6	31,264	11.8	55,301	18.8
Income taxes	<u>-</u>	<u>-</u>	<u>782</u>	<u>0.3</u>	<u>421</u>	<u>0.1</u>
Net income	<u>\$ 3,383</u>	<u>1.6</u>	<u>30,482</u>	<u>11.5</u>	<u>54,880</u>	<u>18.7</u>

See Independent Auditor's Report.

RONLEN ENTERPRISES, INC.
SCHEDULES OF SELLING AND OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31

	<u>2022</u>	% OF REVENUES	<u>2021</u>	% OF REVENUES	<u>2020</u>	% OF REVENUES
Accounting fees	\$ 24,928	12.2	15,419	5.8	13,672	4.6
Advertising/marketing	-	-	-	-	150	0.1
Amortization	250	0.1	136	0.1	-	-
Bad debt expense	2,448	1.2	13,778	5.2	9,069	3.1
Conference expense	21,754	10.6	2,823	1.1	2,686	0.9
Consulting	-	-	1,887	0.7	-	-
Dues and subscriptions	559	0.3	-	-	-	-
Franchise recruiting	-	-	793	0.3	512	0.2
Entertainment	478	0.2	167	0.1	-	-
Licenses and registration fees	2,356	1.2	1,950	0.7	700	0.2
Legal fees	8,938	4.4	6,423	2.4	9,555	3.2
Marketing supplies	1,929	0.9	11,622	4.4	10,798	3.7
Miscellaneous expenses	1,130	0.6	63	-	41	-
Salaries	52,512	25.7	48,442	18.1	57,685	19.5
Management fee	51,059	25.1	95,349	35.8	109,741	37.2
Outside services	9,240	4.5	10,307	3.9	8,238	2.8
Office supplies	12	-	113	-	-	-
Payroll fees	510	0.2	190	0.1	369	0.1
Payroll taxes	4,286	2.1	4,007	1.5	4,655	1.6
Postage	130	0.1	250	0.1	92	-
Printing and reproduction	86	-	203	0.1	-	-
Rent	18,000	8.8	18,000	6.8	24,000	8.1
Travel	407	0.2	3,695	1.4	239	0.1
Total selling and operating expenses	<u>\$ 201,012</u>	<u>98.4</u>	<u>235,617</u>	<u>88.6</u>	<u>252,202</u>	<u>85.4</u>

See Independent Auditor's Report.

Assurance

RONLEN ENTERPRISES, INC

Audited Financial Statements

Years Ended December 31, 2021 and 2020

LOCAL
KNOWLEDGE,
GLOBAL
EXPERTISE

RONLEN ENTERPRISES, INC
AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of RonLen Enterprises, Inc

Opinion

We have audited the accompanying financial statements of RonLen Enterprises, Inc (an Illinois corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements (collectively, financial statements).

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of RonLen Enterprises, 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 RonLen Enterprises, Inc and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 RonLen Enterprises, 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RonLen Enterprises, 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 RonLen Enterprises, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of income and selling and operating expenses as of December 31, 2021 and 2020 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Supplementary Information, Continued

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the balance sheet of RonLen Enterprises, Inc as of December 31, 2019 and the related statements of income and retained earnings and cash flows for the year ended December 31, 2019 (none of which is presented herein), and we expressed an unmodified opinion on those financial statements. That audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of income and selling and operating expenses for the year ended December 31, 2019 is presented for purposes of additional analysis. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of income and selling and operating expenses is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

PKF Mueller

RONLEN ENTERPRISES, INC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 213,867	150,416
Cash - escrow	117,672	143,119
Accounts receivable, net	33,811	70,339
Current portion of note receivable	3,831	5,402
Prepaid expenses	<u>-</u>	<u>2,700</u>
Total current assets	<u>369,181</u>	<u>371,976</u>
Other assets:		
Note receivable, net of current portion	-	2,598
Website costs, net	<u>615</u>	<u>-</u>
Total other assets	<u>615</u>	<u>2,598</u>
Total assets	<u>\$ 369,796</u>	<u>374,574</u>

The accompanying notes are an integral part of the financial statements.

RONLEN ENTERPRISES, INC
BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2021</u>	<u>2020</u>
Current liabilities:		
Accounts payable	\$ 4,163	4,553
Escrow - national advertising fund	117,672	143,119
Accrued liabilities	1,934	343
Current portion of deferred revenue	5,028	3,200
Due to related entity	<u>65,349</u>	<u>52,886</u>
Total current liabilities	<u>194,146</u>	<u>204,101</u>
Noncurrent liabilities:		
Deferred revenue, net of current portion	<u>10,210</u>	<u>7,733</u>
Total liabilities	<u>204,356</u>	<u>211,834</u>
Stockholder's equity:		
Common stock, no par value; 25,000 shares authorized, 7,833 shares issued and outstanding	-	-
Additional paid-in capital	107,516	107,516
Treasury stock, 7,833 shares at cost	(103,000)	(103,000)
Retained earnings C corporation	34,281	34,281
Retained earnings S corporation	<u>126,643</u>	<u>123,943</u>
Total stockholder's equity	<u>165,440</u>	<u>162,740</u>
Total liabilities and stockholder's equity	<u>\$ 369,796</u>	<u>374,574</u>

The accompanying notes are an integral part of the financial statements.

RONLEN ENTERPRISES, INC
STATEMENTS OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>% OF REVENUES</u>	<u>2020</u>	<u>% OF REVENUES</u>
Revenues:				
Royalties	\$ 248,690	93.5	311,934	105.7
COVID royalties relief assistance	-	-	(29,247)	(9.9)
Franchise fees	17,017	6.4	3,608	1.2
Conference income	-	-	5,775	2.0
Other revenue	<u>179</u>	<u>0.1</u>	<u>3,000</u>	<u>1.0</u>
 Total revenues	 <u>265,886</u>	 <u>100.0</u>	 <u>295,070</u>	 <u>100.0</u>
 Selling and operating expenses	 <u>235,617</u>	 <u>88.6</u>	 <u>252,202</u>	 <u>85.4</u>
 Gross profit	 <u>30,269</u>	 <u>11.4</u>	 <u>42,868</u>	 <u>14.6</u>
Other income:				
Interest income	995	0.4	-	-
PPP and EIDL grant revenue	<u>-</u>	<u>-</u>	<u>12,433</u>	<u>4.2</u>
 Total other income	 <u>995</u>	 <u>0.4</u>	 <u>12,433</u>	 <u>4.2</u>
 Income before income taxes	 31,264	 11.8	 55,301	 18.8
 Income taxes	 <u>782</u>	 <u>0.3</u>	 <u>421</u>	 <u>0.1</u>
 Net income	 30,482	 <u>11.5</u>	 54,880	 <u>18.7</u>
 Retained earnings S corporation at beginning of year	 123,943		 69,063	
 Distributions	 <u>27,782</u>		 <u>-</u>	
 Retained earnings S corporation at end of year	 <u>\$ 126,643</u>		 <u>123,943</u>	

The accompanying notes are an integral part of the financial statements.

RONLEN ENTERPRISES, INC
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash provided (used) by operating activities:		
Net income	\$ 30,482	54,880
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	136	-
Gain on PPP and EIDL grant	-	(12,433)
Changes in:		
Accounts receivable	36,528	(16,126)
Due from the national advertising fund	-	6,010
Note receivable	4,169	1,040
Prepaid expenses	2,700	(1,500)
Accounts payable	(390)	1,120
Accrued liabilities	82	(79)
Deferred revenue	4,305	(109)
Due to related entity	12,463	(7,307)
Net cash provided by operating activities	90,475	25,496
Cash used by investing activities:		
Purchase of website costs	(751)	-
Cash provided (used) by financing activities:		
Distributions	(26,273)	-
Payments on note payable	-	(33,000)
Proceeds from PPP and EIDL grant	-	12,433
Net cash used by financing activities	(26,273)	(20,567)
Net increase in cash and cash equivalents	63,451	4,929
Cash and cash equivalents, beginning of year	150,416	145,487
Cash and cash equivalents, end of year	\$ 213,867	150,416
Noncash financing transactions:		
Distributions financed through accrued liabilities	\$ 1,509	-
Other cash flow information:		
Income taxes paid	\$ 700	500

The accompanying notes are an integral part of the financial statements.

RONLEN ENTERPRISES, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - NATURE OF OPERATIONS

RonLen Enterprises, Inc. (Company), is incorporated in Illinois. The Company's principal activity is to franchise the business of home inspections throughout the United States of America. As of December 31, 2021, there are 31 franchised operations in 18 states.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Accounts Receivable

The Company carries its accounts receivable at the outstanding principal balance adjusted for the allowance for doubtful accounts. The allowance for doubtful accounts is estimated based on the Company's historical bad debt experience, the aging of the receivables, and management's judgment. Accounts deemed uncollectible are charged to the allowance for doubtful accounts. Any finance charges earned on open accounts receivable are recognized when received. The allowance for doubtful accounts was \$6,000 for the years ended December 31, 2021 and 2020.

Revenue Recognition

The Company derives its revenues primarily from royalties generated from gross monthly sales of services performed by the franchisee and is recognized on a monthly basis over the term of the franchise agreement. Additional revenue streams come from franchise fees, conference income, and other revenues.

The Company offers extended payment terms to customers who cannot pay for the franchise fees upfront. In addition, the customers who fall behind on royalty payments, at the discretion of management, may convert the receivable into a note. Under the terms of the contracts, customers typically have one to three years to repay the portion of the franchise fees financed. The Company has determined that the contracts include a significant financing component. The Company imputes interest on the contracts at the Company's incremental borrowing rates, which is approximately 6%.

Revenues from performance obligations satisfied over time consist of franchise fees, royalties from gross monthly franchise sales, and franchise territory and expansion sales. Revenues from performance obligations satisfied at a point in time consist of conference income and other revenue. These performance obligations are agreed upon and outlined in the franchise disclosure agreement and revenue is allocated accordingly.

Revenues from territory franchise sales, expanded territories, and transfer fees are determined from the franchise agreements and are based upon territory size and are recognized over the life of the franchise agreement. Royalties are based on a monthly sales percentage (which includes a required minimum monthly royalty if sales are less than that amount) and recognized on a monthly basis. Conference fees are recognized when the conference is held.

RONLEN ENTERPRISES, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Revenue Recognition, Continued

The elements of the franchise model that carry variable consideration are as follows: the initial franchise fee, territory expansion fee, and transfer fee are based upon territory size (population); the royalty fee and Ad Fund contribution fee are a calculated percentage based upon actual monthly gross revenue generated; the minimum monthly service fee is based upon both territory size (population) and length of time under contract.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents. Accordingly, cash - escrow is not considered a cash equivalent.

Property and Equipment

The cost of property and equipment is depreciated and amortized over the estimated useful lives of the related assets under accelerated methods. There was no depreciation or amortization expense charged to operations for the years ended December 31, 2021 and 2020. All fully depreciated assets were written off in 2020.

Intangible Assets

Intangible assets with finite lives are amortized on a straight-line basis over their estimated useful lives. The Company's intangible asset are website costs amortized over 3 years. Intangible assets are reviewed annually for impairment or when events or circumstances indicate their carrying amount may not be recoverable. There was no impairment for 2021 and 2020.

Paycheck Protection Program Loan

On April 21, 2020, the Company received proceeds in the amount of \$10,433 under the Paycheck Protection Program (PPP) established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). PPP loans and accrued interest are forgivable to the extent the criteria established in the CARES Act are met.

Given Congress' intent to have the proceeds of the PPP loans forgiven by meeting specific criteria, the Company has elected to treat the PPP loans in accordance with the conditional government grants model in accordance with FASB ASC 958-605. The Company initially recorded the loan as a refundable advance and subsequently recognized PPP grant revenue in accordance with the guidance for conditional government grants; that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Company has recognized \$10,433 as PPP grant revenue for the year ended December 31, 2020.

The Company applied for and received forgiveness of the full proceeds plus interest of the PPP loan on March 22, 2021.

RONLEN ENTERPRISES, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Advertising

The Company expenses advertising costs as incurred. Advertising expense was \$0 and \$150 for the years ended December 31, 2021 and 2020, respectively.

The Company also collects 1% of franchises' gross revenue for advertising. These funds are not recognized as revenue but are kept in escrow for specific advertising costs authorized by franchisees. As of December 31, 2021 and 2020, cash of \$117,672 and \$143,119, respectively, are reported in cash – escrow and escrow – national advertising fund on the balance sheets.

Accounting Estimates

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

Concentration of Credit Risk

The Company maintains its cash in bank deposits which, at times, may exceed federally insured limits. The Company believes it is not exposed to any significant credit risk on cash.

Management performs continuing credit evaluations of its customers and generally does not require collateral. Historically, the Company has not experienced significant losses related to receivables from individual franchisees.

Income Taxes

The stockholder of the Company has elected treatment as a S Corporation under the Internal Revenue Code. Under this election the Company is not required to pay federal income taxes as the income is taxed directly to the stockholder. The Company, however, is subject to certain state income taxes. Prior to the S Corporation election, the Company was a C Corporation and had retained earnings in the company which are included in the statement of stockholder's equity section of the balance sheet.

State Pass-Through Entity Tax

The Company has elected to pay a newly imposed Illinois pass-through entity tax (PTET) on behalf of the stockholder. The Illinois PTET is assessed as 4.95% of business income and is applied to reduce the stockholder's proportionate share of federal taxable income reportable on their personal income tax return. Additionally, the stockholder can use their ratable share of the Illinois PTET payment as a credit applied to their Illinois state income tax liability. The amount of Illinois PTET paid or accrued by the Company is reported as a stockholder distribution as the payments are attributed to and for the benefit of the stockholder. The Company accrued \$1,509 of Illinois PTET for the year ended December 31, 2021 and it is included in accrued liabilities on the balance sheet.

RONLEN ENTERPRISES, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Management Evaluation of Going Concern

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Company's ability to continue as a going concern for the one-year period from the date the financial statements were available to be issued. Management's evaluation did not identify any conditions or events that raise substantial doubt about the Company's ability to continue as a going concern for the period from March 30, 2022 to March 30, 2023.

New Accounting Standard – Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842). The FASB also subsequently issued additional ASUs, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use assets and lease liabilities for operating leases on the balance sheet. The ASUs are effective for fiscal years beginning after December 15, 2021 and interim periods beginning after December 15, 2022. Early adoption is permitted. The Company is currently evaluating the methods of adoption allowed and the effect that adoption is expected to have on its financial position, results of operations and cash flows and related disclosures.

Subsequent Events

Subsequent events have been evaluated through March 30, 2022, the date that the financial statements were available for issue.

NOTE 3 - NOTE RECEIVABLE

Note receivable at December 31, 2021 and 2020 consisted of the following:

	2021	2020
Franchisee, payable in monthly installments of \$243 including interest at 6%, maturing November 2022.	\$ 3,831	8,000
Less current portion	(3,831)	(5,402)
Total note receivable, net of current portion	\$ -	2,598

RONLEN ENTERPRISES, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 - INTANGIBLE ASSET

Intangible asset consisted of the following at December 31, 2021 and 2020:

	2021	2020
Website	\$ 36,546	35,795
Accumulated amortization	<u>(35,931)</u>	<u>(35,795)</u>
Total intangible asset, net	<u>\$ 615</u>	<u>-</u>

Amortization expense of the intangible asset was \$136 and \$0 for the years ended December 31, 2021 and 2020, respectively.

NOTE 5 - OPERATING LEASE

The Company leases its operating facility from a company with common ownership, Ewald Trust (Trust). The lease, which is year to year, required monthly rental payments of \$1,500 and \$2,000 for 2021 and 2020, respectively. In addition, the lease allows for a special assessment to be charged to leasehold improvements as necessary. The lease was renewed requiring monthly payments of \$1,500 for 2022. The future minimum lease payments under this agreement total \$18,000 for 2022.

Rent expense included in operations under this lease agreement totaled \$18,000 and \$24,000 in 2021 and 2020, respectively.

NOTE 6 - INCOME TAXES

The Company is an S Corporation, and any income taxes are paid by the stockholder, except for certain Illinois taxes. This election was effective beginning in 2001.

The Company has evaluated the tax positions taken for all open tax years. Currently, the 2018, 2019, and 2020 tax years are open and subject to examination by the Internal Revenue Service and Illinois Department of Revenue; however, the Company is not currently under audit nor has the Company been contacted by any of these jurisdictions.

Based on the evaluation of the Company's tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended December 31, 2021 and 2020.

NOTE 7 - NOTE PAYABLE

The note payable at December 31 2019 consisted of a note to a former owner, unsecured and due in two payments of \$33,000 each (December 2019 and June 2020). The note bore no interest and matured June 2020. The note payable was paid in full during 2020.

RONLEN ENTERPRISES, INC
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 - TREASURY STOCK

In December 2018, the Company purchased all of the shares of a former stockholder. The stock was purchased for \$103,000 and is reported as treasury stock on the balance sheets. Upon purchase of the stock, the Company signed a note payable in the amount of \$66,000 (see Note 7).

NOTE 9 - RELATED PARTY TRANSACTIONS

The Company reimburses a portion of salaries and insurance to a related company with common ownership (HBI Inspection Services, Inc. (HBI)). The reimbursed expenses totaled \$95,349 and \$109,741 for the years ended December 31, 2021 and 2020, respectively, and is shown on the schedules of selling and operating expenses as management fee. Amounts due to the related entity for these reimbursed expenses were \$65,349 and \$52,886 as of December 31, 2021 and 2020, respectively. The liability to this related party is included in the due to related entity on the balance sheets.

As discussed in Note 5. the Company leases its operating facility from Trust, a company with common ownership. As of December 31, 2021 and 2020, there was no liability due to this related party.

NOTE 10 - IMPACT OF COVID-19

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States of America. To date, the impact on the Company's operations and results has not been significant and management expects this to remain the case. Management continues to actively monitor the global situation in order to mitigate any potential future impact on the Company's operations and financial performance.

NOTE 11 - CONTINGENCIES

The \$10,433 PPP loan and its forgiveness are subject to examination under the terms of the agreement with the Small Business Administration (SBA) for a period of six years from the date the PPP loan is forgiven. The Company is not currently under examination nor has the Company been contacted.

S U P P L E M E N T A R Y I N F O R M A T I O N

RONLEN ENTERPRISES, INC
SCHEDULES OF INCOME
FOR THE YEARS ENDED DECEMBER 31

	<u>2021</u>	% OF REVENUES	<u>2020</u>	% OF REVENUES	<u>2019</u>	% OF REVENUES
Revenues:						
Royalties	\$ 248,690	93.5	311,934	105.7	284,230	98.7
COVID royalties relief assistance	-	-	(29,247)	(9.9)	-	-
Franchise fees	17,017	6.4	3,608	1.2	1,458	0.5
Conference income	-	-	5,775	2.0	-	-
Other revenue	<u>179</u>	<u>0.1</u>	<u>3,000</u>	<u>1.0</u>	<u>2,250</u>	<u>0.8</u>
Total revenues	265,886	100.0	295,070	100.0	287,938	100.0
Selling and operating expenses	<u>235,617</u>	<u>88.6</u>	<u>252,202</u>	<u>85.4</u>	<u>263,066</u>	<u>91.4</u>
Gross profit	<u>30,269</u>	<u>11.4</u>	<u>42,868</u>	<u>14.6</u>	<u>24,872</u>	<u>8.6</u>
Other income:						
Interest income	995	0.4	-	-	140	-
PPP and EIDL grant revenue	<u>-</u>	<u>-</u>	<u>12,433</u>	<u>4.2</u>	<u>-</u>	<u>-</u>
Total other income	<u>995</u>	<u>0.4</u>	<u>12,433</u>	<u>4.2</u>	<u>140</u>	<u>-</u>
Income before income taxes	31,264	11.8	55,301	18.8	25,012	8.6
Income taxes	<u>782</u>	<u>0.3</u>	<u>421</u>	<u>0.1</u>	<u>437</u>	<u>0.2</u>
Net income	<u>\$ 30,482</u>	<u>11.5</u>	<u>54,880</u>	<u>18.7</u>	<u>24,575</u>	<u>8.4</u>

See Independent Auditor's Report.

RONLEN ENTERPRISES, INC
SCHEDULES OF SELLING AND OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31

	2021	% OF REVENUES	2020	% OF REVENUES	2019	% OF REVENUES
Accounting fees	\$ 15,419	5.8	13,672	4.6	18,153	6.4
Advertising/marketing	-	-	150	0.1	-	-
Amortization	136	0.1	-	-	-	-
Bad debt expense	13,778	5.2	9,069	3.1	39,491	13.8
Computer supplies	-	-	-	-	449	0.2
Conference expense	2,823	1.1	2,686	0.9	-	-
Consulting	1,887	0.7	-	-	-	-
Contributions	-	-	-	-	306	0.1
Franchise recruiting	793	0.3	512	0.2	32	-
Entertainment	167	0.1	-	-	217	0.1
Licenses and registration fees	1,950	0.7	700	0.2	1,721	0.6
Legal fees	6,423	2.4	9,555	3.2	6,714	2.3
Marketing supplies	11,622	4.4	10,798	3.7	14,484	5.0
Miscellaneous expenses	63	-	41	-	400	0.1
Salaries	48,442	18.1	57,685	19.5	26,000	9.0
Management fee	95,349	35.8	109,741	37.2	120,193	41.8
Outside services	10,307	3.9	8,238	2.8	6,039	2.1
Office supplies	113	-	-	-	392	0.1
Payroll fees	190	0.1	369	0.1	223	0.1
Payroll taxes	4,007	1.5	4,655	1.6	2,114	0.7
Postage	250	0.1	92	-	269	0.1
Printing and reproduction	203	0.1	-	-	694	0.2
Rent	18,000	6.8	24,000	8.1	24,000	8.3
Travel	3,695	1.4	239	0.1	1,152	0.4
Website	-	-	-	-	23	-
Total selling and operating expenses	<u>\$ 235,617</u>	<u>88.6</u>	<u>252,202</u>	<u>85.4</u>	<u>263,066</u>	<u>91.4</u>

See Independent Auditor's Report.

RONLEN ENTERPRISES, INC.

FINANCING AGREEMENT

EXHIBIT F TO THE DISCLOSURE DOCUMENT

FINANCING AGREEMENT

\$ _____, _____

I. For Value Received, the undersigned (“Debtor”) promises to pay to the order of _____ the principal sum of _____ Dollars (**INITIAL THE PROVISION THAT APPLIES.**)

____ (a) and interest from _____ on the balance of principal remaining from time to time unpaid at the rate of _____ per cent per annum, this principal sum and interest to be payable in installments as follows: _____ Dollars on the _____ day of _____, ____; _____ Dollars on the _____ day of each month thereafter for _____ consecutive months, with a final payment of principal and interest of _____ Dollars on the day of _____, _____.

____ (b) payable in installments as follows: _____ Dollars on the _____ day of _____, ____; _____ Dollars on the _____ day of each month beginning on the _____ day of _____, _____, for _____ months succeeding, and a final payment of _____ Dollars on the _____ day of _____, _____, with interest on the balance of principal remaining from time to time unpaid at the rate of _____ per cent per annum, payable on the due dates for installments of principal as aforesaid.

II. All payments on account of the indebtedness represented by this Note shall be applied first to accrued and unpaid interest and the remainder to principal. Any installments of principal not paid when due shall bear interest after maturity at the rate of twelve (12) per cent per annum. Payments of both principal and interest shall be made at _____ or any other place as the legal holder hereof may from time to time in writing appoint.

III. The Debtor hereby grants a security interest in and transfers, pledges and delivers to the payee the following described property (the “Collateral” herein) to secure the payment of this Note and to secure all future advances to or for the account of the Debtor, including advances for taxes, levies, insurance, repairs to or maintenance of the Collateral, made by the payee, at his option, and all other present or future liabilities of the Debtor to the payee, whether direct or contingent, due or to become due, or now or hereafter contracted or existing: _____

_____.

IV. The Debtor hereby gives the payee or holder hereof (the “Secured Party” herein) authority to sell, assign, lease or otherwise dispose of the Collateral, or any part thereof, in the event of default in the payment of any of the obligations hereunder or in the event said Collateral depreciates in value, at public or private sale, provided the Secured Party shall give Debtor at least five (5) days’ prior written notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made unless the Collateral is of a type customarily sold on a recognized market. The Secured Party may buy at any public sale, and if the Collateral is of a type customarily sold in a recognized market or is a type which is the subject of widely distributed standard price quotations, he may buy at private sale. The net proceeds realized upon any disposition, after deduction for the expenses of holding, preparing for sale, selling or the like and the reasonable attorneys’ fees and legal expenses incurred by Secured Party, shall be applied to the payment of the liabilities and obligations hereunder as the Secured Party shall elect. The Secured Party will account to the Debtor for any surplus realized on this disposition and the Debtor shall remain liable for any deficiency, which Debtor promises to pay forthwith. The Secured Party in possession may, after default, propose to retain the Collateral in satisfaction of the liabilities and obligations hereunder, as provided under the Uniform Commercial Code of Illinois.

V. If default be made in the payment of any of the said installments of principal or of interest or in the Debtor's performance of any other obligation under this Note, the principal sum above mentioned, or any balance that may appear to be unpaid thereon, together with all unpaid interest thereon, shall, at the option of the legal holder hereof, become immediately due and payable, without notice, and shall be collectible immediately or at any time after this default, anything hereinbefore contained to the contrary notwithstanding. In the event of default, the payee or legal holder hereof shall be entitled to reasonable costs of collection, including reasonable attorneys' fees.

VI. If this Note is signed by more than one person, the obligations and authorizations hereunder shall be joint and several.

VII. All parties hereto severally waive presentment for payment, notice of dishonor and protest.

RONLEN ENTERPRISES, INC.

FRANCHISEE

By: _____

By: _____

Title: _____

Title: _____

Date: _____

Date: _____

EXHIBIT G TO THE DISCLOSURE DOCUMENT

CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

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RONLEN ENTERPRISES, INC.

CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

This Conversion Addendum to Franchise Agreement is made and entered into this day of _____, 20__ between Ronlen Enterprises, Inc., an Illinois corporation, having its principal office at 849 N. Ellsworth Street, Naperville, Illinois, 60563 (“Franchisor”) and _____, whose principal address is _____

_____ A limited liability company/corporation incorporated in the State of _____ (“Conversion Franchisee”).

WITNESSETH:

WHEREAS, Franchisor and Conversion Franchisee have simultaneously herewith entered into a certain Franchise Agreement whereby Conversion Franchisee is granted a franchise to operate a business providing home inspection services (“Franchised Business”); to use the “The BrickKicker” Marks (“Marks”); and, to utilize Franchisor’s System in connection therewith;

WHEREAS, Conversion Franchisee has submitted an application to Franchisor to become a Conversion Franchisee of Franchisor and Franchisor has approved such application in reliance upon all of the representations made herein and therein;

WHEREAS, Conversion Franchisee has been employed as a home inspector for a period of _____ (____) years immediately preceding the date of this Agreement and, further, Conversion Franchisee represents and acknowledges that it has met Franchisor’s standards and qualifications to be classified as a “Conversion;”

WHEREAS, Conversion Franchisee has represented and acknowledged that it does not operate under any other franchise agreement, licensing agreement, or a prescribed marketing plan or system of another company and is not subject to any agreements limiting or restricting Conversion Franchisee’s ability to conduct said business;

WHEREAS, Conversion Franchisee acknowledges that by becoming a Franchisee of Franchisor it will be subject to covenants against competition, confidentiality agreements and standards of performance and quality which otherwise would not attach to its business operations; and

WHEREAS, Franchisor desires to grant to Conversion Franchisee a franchise upon the terms and subject to the conditions hereof and subject to the terms and conditions of the Franchise Agreement executed simultaneously herewith.

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. TERMS OF FRANCHISE AGREEMENT

1.1 Except as expressly set forth in this Agreement, the rights, duties and obligations of the parties with respect to the Franchised Business shall be the same as the rights, duties and obligations of the parties with respect to the Franchised Business described in the Franchise Agreement.

2. INITIAL FRANCHISE FEE

2.1 In consideration for the franchise granted herein, Franchisee shall pay to Franchisor an initial franchise fee which is a reduced from the corresponding then-current initial franchise fee for start-up franchisees being charged by Franchisor. The Franchise Fee schedule for both a start-up franchise and a conversion franchise is set forth in Section 3.1 of the Franchise Agreement and states as follows:

Population Base in Section	Corresponding Start-Up Franchise Fee	Corresponding Conversion Franchise Fee
Under 250,000	\$12,000.00	\$ 7,000.00
250,001 – 600,000	\$16,000.00	\$ 9,000.00
600,001 – 1,000,000	\$21,000.00	\$11,000.00
1,000,001 – 1,500,000	\$27,000.00	\$13,000.00

Using this formula, the initial franchise fee due is _____ Dollars (\$ _____). The conversion franchise fee is due and payable in full upon execution of both the Franchise Agreement and Conversion Addendum to Franchise Agreement for the Franchised Business and is not refundable in whole or in part and shall be deemed fully earned when paid except as provided in the Franchise Agreement.

2.2 In addition, Conversion Franchisee is required to pay to Franchisor all other fees and payments as are more fully described in the Franchise Agreement without deduction from the conversion franchise fee.

3. CONTINUING FEES.

Conversion Franchisee shall pay a monthly Continuing Services and Royalty Fee and Advertising Fund Contribution to Franchisor based on their Gross Sales determined in accordance with the chart below. Conversion Franchisee will be required to pay the greater of such percentage of Gross Sales or the minimum monthly amounts as set out in Section 3.2 of the Franchise Agreement.

CONVERSION FRANCHISE AGREEMENT							
0-6 Months After Conversion		7 to 24 Months After Conversion		25 to 48 Months After Conversion		Beginning in Month 49 and thereafter	
Royalty	Advertising Fund Contribution	Royalty	Advertising Fund Contribution	Royalty	Advertising Fund Contribution	Royalty	Advertising Fund Contribution
Fee Waived	Contribution Waived	2% - standard minimums apply	1%	4% - standard minimums apply	2%	6% - standard minimums apply	2%

4. CONVERSION OF FRANCHISEE’S BUSINESS TO THE SYSTEM

4.1 Prior to the commencement of operation of the Franchised Business, Conversion Franchisee must remove all materials, signs and equipment which do not conform with the System, are not approved by Franchisor, or which do not meet the standards and specifications prescribed in Franchisor’s Manual (as amended from time to time).

4.2 Conversion Franchisee understands and hereby acknowledges that every component of the System is vital to Franchisor, to other System franchisees and to the operation of the business franchised hereby, and that compliance with the System is of the essence of this Agreement. Franchisee shall at all times conduct the Franchised Business hereunder in compliance with the System and cease rendering services or using equipment or signs which are not designated by Franchisor to be components of the System.

4.3 As of the date on which Conversion Franchisee commences operating its business as a Franchised Business under the Marks, Conversion Franchisee shall identify and represent its business as a Franchised Business through the use and display of the Marks. Franchisor shall determine the length of time after the commencement of business as a System franchisee, Conversion Franchisee may display, with Franchisor’s prior written approval, secondary signage of such size, content and style as is prescribed by Franchisor in its Manual, for the purpose of advising the public of the former trade name under which Conversion Franchisee had previously conducted its business.

4.4 Conversion Franchisee shall convert all of its books, accounts, ledgers, customer lists, bookkeeping systems and related records and systems so as to comply with the standards and specifications of the System including, without limitation, the installation of a computer and modem, as is more fully set forth at the time of initial training or as outlined in the Franchisor’s Manual, as amended from time to time.

4.5 Conversion Franchisee shall attend and successfully complete an initial familiarization course of approximately two (2) to five (5) days in duration to be conducted at Franchisor's headquarters or such other location as Franchisor shall designate. At Conversion Franchisee's request, Franchisor shall provide to Conversion Franchisee, at Conversion Franchisee's premises and at Franchisor's expense, one (1) of Franchisor's representatives for the purpose of facilitating the opening of Conversion Franchisee's Franchised Business for approximately one (1) day after commencement of franchise operations. The familiarization course provided to Conversion Franchisee is similar to the training program further described in Sections 8.1, 8.2 and 8.5 of the Franchise Agreement.

4.6 Conversion Franchisee and/or its Designated Manager shall successfully complete Franchisor's required familiarization course. Conversion Franchisee must complete all necessary construction, renovations or refurbishing; comply with all of Franchisor's standards and specifications with respect to goods, materials, equipment and services; and commence operation of the Franchised Business within ninety (90) days after the execution of the Franchise Agreement and this Agreement.

5. CONFIDENTIAL INFORMATION AND RESTRICTIVE COVENANTS

5.1 Conversion Franchisee acknowledges that notwithstanding the fact that it has operated a business or has been employed in a capacity offering or providing building inspection services similar to those offered under the System, Conversion Franchisee covenants and agrees to be bound by the restrictions on the use of confidential information set forth in Section 7 of the Franchise Agreement. Conversion Franchisee further acknowledges that all information pertaining to customers of Conversion Franchisee prior to the execution of the Franchise Agreement shall be deemed to be "confidential information" as that term is defined in Section 7 of the Franchise Agreement.

5.2 Conversion Franchisee expressly acknowledges that despite the fact that it had been employed as a home inspector for a period of _____ (__) year(s) immediately preceding the date of this Agreement, Conversion Franchisee shall be bound by the in-term and post-term covenants not to compete set forth in Section 17 of the Franchise Agreement and all other applicable provisions of Section 7 of the Franchise Agreement.

6. ACKNOWLEDGMENTS

Conversion Franchisee acknowledges, warrants and represents to Franchisor that:

6.1 It has been employed as a home inspector for a period of ____ (__) year(s) immediately preceding the date of this Agreement.

6.2 It is the majority owner and operator of its business.

6.3 It does not operate or hold a majority interest in other building inspection businesses which have not been converted to the System.

6.4 Its business does not operate under either a franchise agreement, licensing agreement, or pursuant to any form of commercial arrangement whereby a third party prescribes a particular marketing plan or system upon its business operations. Furthermore, Conversion Franchisee is not subject to any covenant against competition.

6.5 No other person, firm, corporation or other entity has any right, title or interest in or to Conversion Franchisee's business. Conversion Franchisee's business has not been mortgaged, pledged or assigned and there are no judgments, liens, executions or proceedings pending which may alter, decrease or remove Conversion Franchisee's interest in said business.

6.6 Conversion Franchisee acknowledges that the information submitted and the representations made to Franchisor as an inducement for Franchisor to enter into this Agreement are accurate and truthful.

6.7 Conversion Franchisee acknowledges that by virtue of the terms and conditions of the Franchise Agreement and this Agreement the manner and operation of its business must be in strict compliance with Franchisor's standards and specifications and furthermore acknowledges that its ability to directly or indirectly engage in any other business which offers or sells services or products which comprise, or may in the future comprise, a part of the System is expressly limited.

6.8 Furthermore, Conversion Franchisee expressly acknowledges and understands that this Agreement amends and supplements the Franchise Agreement and that the terms and conditions of this Agreement are incorporated into the Franchise Agreement as though set forth in full therein.

IN WITNESS WHEREOF, the parties hereunder have duly executed, sealed and delivered this Agreement to the Franchise Agreement on the day and year first set forth above.

ATTEST:

RONLEN ENTERPRISES, INC.:

Witness

By: _____

Title: _____

ATTEST:

Witness

Conversion Franchisee

Witness

Conversion Franchisee

EXHIBIT H TO THE DISCLOSURE DOCUMENT

**LIST OF CURRENT FRANCHISEES
(AS OF DECEMBER 31, 2022)**

The BrickKicker Palm Beach County (SM Inspections Inc.)

Sandy & Susan Laufer (*Started: 1/03*)
7750 Okeechobee Blvd
West Palm Beach, FL 33411

Phone: 561-445-3789
Mobile: 561-512-0231
Email: laufer@brickkicker.com*
brickkickersfl@gmail.com
sandylaufer@gmail.com

GEORGIA

The BrickKicker Georgia (Leggett Inspection Services LLC) Combined 2 fr

Michael Leggett (N/A) (*Started: 12/13*)
120 River Ct.
Athens, GA 30606

Phone: 706-353-2745
Mobile: 706-202-5259
Email: negaoffice@brickkicker.com*
leggett@brickkicker.com

ILLINOIS

The BrickKicker Quad Cities (Ambison Inc.)

Michael Ewoldt (Dawn) (*Started: 4/14*)

(Serving Illinois too) (Rock Island County, IL)

Phone: 563-359-0938
Mobile: 563-370-9500

INDIANA

The BrickKicker Northeast Indiana (AEJ&J Enterprises Inc.)

John Griswold (Joni) (*Started: 09/00*)
12504 S. County Line Road
Roanoke, IN 46783

Phone: 260-638-4633
Mobile: 260-466-7889 (Joni)
Email: innortheast@brickkicker.com*
grizzadventure@aol.com

IOWA

The BrickKicker Quad Cities (Ambison Inc.)

Michael Ewoldt (Dawn) (*Started: 4/14*)
5038 Crow Creek Road
Bettendorf, IA 52722

Phone: 563-359-0938
Mobile: 563-370-9500
Email: mewoldt@brickkicker.com*
brickkickerqc@q.com

The BrickKicker Des Moines (MDL Inspection Services, Inc.)

Michael Le Blanc (Alison) (*Started: 3/04*)
1821 80th Street

Phone: 515-276-6467
Mobile: 515-240-0603

Windsor Heights, IA 50324

Email: mleblanc@brickkicker.com*
brickkicker48@msn.com

MICHIGAN

The BrickKicker Southwest Michigan (Choice Enterprises LLC)

Rob Burr (Laura) (*Started: 4/00*)
6575 East "D" Avenue
Richland, MI 49083

Phone: 269-629-9778
Email: rburr@brickkicker.com*
brickkickerswmi@aol.com

The BrickKicker Detroit No. (SCS Endeavors LLC)

Steve Schlicker (Susanne) (*Started: 10/02*)
2956 S. Rochester Road
P.O. Box 300
Rochester Hills, MI 48307

Phone: 248-890-8182
Email: sschlicker@brickkicker.com*
bkdetroit@wowway.com

(All shipping goes to 850 Downhill Lane, Rochester Hills, MI 48307)

MISSOURI

The BrickKicker St. Louis- North & West (The Mohn Team, Inc.)

Melvin Mohn (Stacey) (*Started: 3/17*)
1302 Norwood Hills Drive
O'Fallon, MO 63366

Phone: 636-344-0435
Mobile: 636-980-6633
Email: mmohn@brickkicker.com
mohnolith@gmail.com

OHIO

The BrickKicker W Central OH (Komcentz LLC)

Scott Campbell (Laurieann) (*Started: 2/03*)
PO Box 567
Lima, OH 45802

Phone: 419-222-3939
Email: ohwcentral@brickkicker.com*
thebrickkicker@woh.rr.com
scampbell@brickkicker.com

(Shipping Address: 1828 W. Spring, Lima, OH 45805)

The BrickKicker Columbus (Berning & Associates Inc.)

Rod Berning (Lisa) (*Started: 10/95*)
1209 Hill Road North
PMB 138
Pickerington, OH 43147

Phone: 614-864-9261
Mobile: 614-419-1207
Email: rberning@brickkicker.com*
brickkicker.ohio@gmail.com
bkhi@sbcglobal.net

OREGON

The BrickKicker Central OR (Third Day LLC)

David Brehm (Donna) (*Started: 4/05*)
19189 Dayton Rd.
Bend, OR 97703

Phone: 541-330-1742
Mobile: 541-419-5770
Email: dbrehm@brickkicker.com*
davidbrehm1957@gmail.com

PENNSYLVANIA

The BrickKicker Pittsburgh (Adams Inspection Services, Inc.)

Mathew Adams (Barb) (*Started: 2/96*)
208 Latimer Avenue
Strabane, PA 15363

Phone: 724-228-6009
Email: pittsburgh@brickkicker.com*
mattkick@comcast.net

TENNESSEE

The BrickKicker Middle Tennessee (Nashville Metro) (AQ-Tech Inspection Services, Inc.)

Scott Moore (Becky) (*Started: 10/14*)
1225 Hornal Road
White Bluff, TN 37187

Phone: 615-789-9122
Mobile: 615-476-3958
Email: smoore@brickkicker.com*
scott.moore@aq-techinc.com

TEXAS

The BrickKicker Dallas (Ace Ventura Inspections, LLC)

Brian Wharton (*Started 5/19*)
10563 Marquis Lane
Dallas, TX 75229

Phone: 214-222-9208
Mobile: 214-616-9853
Email: dfwrequest@brickkicker.com
bwharton@yahoo.com
bwharton@brickkicker.com
mwharton@brickkicker.com

VIRGINIA

The BrickKicker Hampton Roads (Inspection and Home Services, LLC)

Mark Martin (*Started: 12/09*)
9606 Grandby Street
Norfolk, VA 23503

Phone: 757-583-4444
Mobile: 757-513-4060
Email: adminhr@brickkicker.com*
martin@brickkicker.com

WISCONSIN

The BrickKicker Madison (J2K Inspections Inc.)

Tom Tews (*Started: 1/11*)

PO Box 259401

Madison, WI 53725

(*Shipping Address: 3024 Daffodil Beloit, WI 53511*)

Phone: 608-515-6651

Email: ttews@brickkicker.com

brickkicker@charter.net

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

*As of December 31, 2022, there were no (0) “Franchise Agreements Signed But Outlet Not Yet Opened.”

Former Franchisees
For the period January 1, 2022 through December 31, 2022

Kurt Schenewerk (Mutual Termination)
Jefferson City, MO
573-635-9078

Matthew Crouch (Mutual Termination)
Forest, VA
434-546-7470

Chris Reade (Mutual Termination)
Cedar Falls, Iowa
319-239-1489

Guy Henning (Transfer)
Fairfax, VT
802-578-6868

Sal Miceli Jr. (Non-Renewal)
Kernersville, NC
910-372-8134

Chip Ringo (Non-Renewal)
Englewood, OH
937-304-8255

Dale Solberg (Mutual Termination)
Sioux Falls, SD
605-366-5066

Craig Foshee (Mutual Termination)
Manchester, MO
314-420-0270

Bill Nicholson (Transfer)
Yuma, AZ
928-304-2786

Bill Reid (Non-Renewal)
Indianapolis, IN
317-356-5555

RONLEN ENTERPRISES, INC.

SOFTWARE LICENSING AGREEMENT

EXHIBIT I TO THE DISCLOSURE DOCUMENT

SOFTWARE LICENSING AGREEMENT

The enclosed software, identified as The BrickKicker Property Inspection Report (SOFTWARE), is the property of Ronlen Enterprises, Inc. (OWNER) and all rights are reserved.

1. GRANT OF LICENSE. This Agreement permits YOU the undersigned (YOU) to use one copy of the Home Inspector Pro SOFTWARE, which is licensed as a single product, during the term of the Franchise Agreement between YOU and OWNER. This is a single user, non-exclusive license agreement and not an agreement for sale.
2. RESTRICTIONS. YOU may not reproduce, rent or lease the SOFTWARE except that YOU may make one copy solely for backup or archival purposes. YOU may not transfer your interest in this SOFTWARE without the expressed consent of OWNERS, which consent may be arbitrarily withheld.
3. LICENSEE'S RESPONSIBILITY. YOU assume all responsibility for, and OWNER shall not be liable for, all actions taken, decisions made, and/or advice given as a result of your use of this SOFTWARE. Specifically, YOU assume individual and total responsibility for any and all The BrickKicker Property Inspection Reports which results from its use. (Each such report reproduced must be thoroughly checked by YOU for completeness, thoroughness and accuracy.)

YOU are granted this license to use on an "as is" basis. The OWNERS make no warranty, express or implied, of merchantability and fitness for a particular purpose.

4. OWNERS RIGHTS. OWNER may, from time to time, revise or update this SOFTWARE and/or related materials, and, in so doing, incur no obligation to furnish such revisions or updates to YOU regardless of whether such changes in technology or improvements in this SOFTWARE render prior versions obsolete. YOU may, however, as a licensee under this Agreement be entitled to and/or subscribe to UPDATING SOFTWARE SERVICES at an additional cost if such services are available.
5. MAINTENANCE AND UPDATING SERVICES. YOU shall pay any and all fees for maintenance, updating services and any applicable cloud fees for the SOFTWARE to Home Inspector Pro.
6. LIMITATION OF LIABILITY. In no event will OWNERS be liable for any indirect, special incidental, economic or consequential damages arising out of the use or inability to use the SOFTWARE, even if OWNERS have been advised of the possibility of such damages. In no event will OWNERS liability exceed the amount paid by YOU for the SOFTWARE.

Acknowledged and agreed to as of the date below each signature.

Printed _____

Signed _____

Address _____

Date _____

Owner:
Ronlen Enterprises, Inc.

EXHIBIT J TO DISCLOSURE DOCUMENT

FRANCHISEE DISCLOSURE QUESTIONNAIRE

As you know, RONLEN ENTERPRISES, INC. and you are preparing to enter into a Franchise Agreement for the operation of a franchised business. In this Franchisee Disclosure Questionnaire, RONLEN ENTERPRISES, INC. will be referred to as “we” or “us.” Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received RONLEN ENTERPRISES, INC. Franchise Agreement and each exhibit, addendum and schedule attached to it?
Yes ____ No ____

2. On what date did you receive the Franchise Agreement? _____

3. Have you received our Disclosure Document we provided to you?
Yes ____ No ____

4. On what date did you received the FDD? _____

5. 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 these 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: _____

Signature

Name and Title of Person Signing

RONLEN ENTERPRISES, INC.

MULTI-STATE ADDENDA

EXHIBIT K TO THE DISCLOSURE DOCUMENT

**ADDENDUM TO THE
RONLEN ENTERPRISES, 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 DISCLOSURE DOCUMENT.

2. Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Neither the franchisor, any person or franchise broker in ITEM 2 of the Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3. ITEM 17 of the 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. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).
- The Franchise Agreement contains a covenant not to compete that extends beyond the term of the agreement. 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. 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 the State of California. This provision might not be enforceable under California law.
- The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.
- The following URL address is for the franchisor's website:

www.brickkicker.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.

4. Spousal liability: Your spouse will be liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. The guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

FOR THE STATE OF ILLINOIS

- For choice of law purposes, and for the interpretation and construction of the Franchise Agreement, the Illinois Franchise Disclosure Act, 815 ILCS 705 governs.
- No action for liability under the Illinois Franchise Disclosure Act shall be maintained unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of 1 year after the franchisee becomes aware of facts or circumstances reasonably indicating that he may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to the franchisee of a written notice disclosing the violation, whichever shall first expire.
- Any provision in the Franchise Agreement requiring a general release is void to the extent that such provision requires a waiver of compliance with the Illinois Franchise Disclosure Act.

ITEM 17 of the Disclosure Document is amended to add the following:

- The conditions under which a franchise can be terminated and your rights upon non-renewal, as well as the application by which you must bring any claims, may be affected by Sections 705/19 and 20 of the Illinois Franchise Disclosure Act of 1987, 815 ILCS 705/19 and 705/20.

FOR THE STATE OF INDIANA

1. ITEM 8 of the Disclosure Document is amended to add the following:
 - Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.
2. ITEMS 6 and 9 of the Disclosure Document is amended to add the following:
 - The 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 that were required by franchisor, if such procedures or products were utilized by franchisee in the manner required by franchisor.
3. ITEM 17 of the Disclosure Document is amended to add the following:
 - Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.
 - Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.
 - ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.
 - ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.
 - ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

FOR THE STATE OF MARYLAND

“Special Risks to Consider about *This Franchise*” are amended by the addition of the following:

Guarantee of Performance. As a condition for franchisor approval of transfer, you have to agree to guarantee performance by the transferee, if requested by the franchisor.

ITEM 5 of the Franchise Disclosure Document is amended by the addition of the following:

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 opened.

ITEM 17 of the Franchise Disclosure Document is amended by the addition of the following:

Any provision requiring Franchisee to execute a general release of any and all claims against Franchisor as a condition of renewal, sale, and/or assignment/transfer shall not apply under Maryland Franchise Registration and Disclosure Law.

Franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any limitation of claims provisions shall not act to reduce the 3 year statute of limitations afforded a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Termination of the Franchise Agreement upon bankruptcy of the Franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.)

FOR THE STATE OF MINNESOTA

1. ITEM 13 of the Disclosure Document is amended as follows:
 - As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the Marks, so long as you were using the Marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

2. ITEM 17 of the Disclosure Document is amended as follows:
 - With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of the Agreement.
 - ITEM 17 does not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.
 - Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise 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.

FOR THE COMMONWEALTH OF VIRGINIA

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

The following statements are added to ITEM 17

- Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provisions of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

FOR THE STATE OF WASHINGTON

ITEM 17 of the Disclosure Document is amended to add the following:

- In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.
- RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.
- In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
- A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
- Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
- Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.
- RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

EXHIBIT L TO DISCLOSURE DOCUMENT

RENEWAL ADDENDUM

RONLEN ENTERPRISES, INC.
RENEWAL ADDENDUM TO THE FRANCHISE AGREEMENT

This Addendum is to a Franchise Agreement executed contemporaneously with this Renewal Addendum, and is by and between Ronlen Enterprises, Inc., an Illinois corporation, having its principal place of business at 849 N. Ellsworth Street, Naperville, Illinois 60563 (“Franchisor”) and _____ (the “Franchisee”) to amend said Franchise Agreement as follows:

WHEREAS, Franchisee has owned and operated a The BrickKicker Franchised Business pursuant to a Franchise Agreement dated _____, 20__ (“Initial Franchise Agreement”);

WHEREAS, the Initial Franchise Agreement was for a term of _____ (__) years, and expires on _____, 20____;

WHEREAS, the Initial Franchise Agreement provided for the option to enter into a successor franchise agreement for two additional five (5) year franchise terms provided that certain terms and conditions were met by Franchisee;

WHEREAS, Franchisee desires to continue to own and operate its Franchised Business and to enter into a successor franchise agreement to extend the franchise relationship; and

WHEREAS, by the terms of the Initial Franchise Agreement, in order to obtain a successor franchise, Franchisee must execute the form of Franchise Agreement currently being offered by Franchisor, which agreement is being executed contemporaneously with this Renewal Addendum (“Franchise Agreement”) and must meet certain conditions as set forth in the Initial Franchise Agreement.

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

1. The above recitals are incorporated herein and made a part of this Renewal Addendum to the Franchise Agreement.

2. Paragraph 3.1. (Franchise Fee) is deleted in its entirety.

3. Paragraph 3.2.1 (Monthly Continuing Services and Royalty Fee) is amended by the addition of the following:

Notwithstanding the foregoing, from the date of this Agreement and through the end of the Term, Franchisee must pay the applicable minimum monthly Continuing Services and Royalty Fee for Franchised Businesses in operation for 37 months or longer.

4. Paragraph 4.1 of the Franchise Agreement is revised in its entirety to read as follows: “The term of this Agreement shall be five (5) years (the “Term”) from _____, 20____, which is the date of expiration of the Initial Franchise Agreement, unless sooner terminated pursuant to Section 16.

5. Paragraph 5.1 (Opening) and Paragraph 5.2 (Failure to Open) are hereby deleted as inapplicable.

6. Paragraph 8.1 (Initial Training), Paragraph 8.2 (Opening Assistance), and Paragraph 8.3 (Failure to Complete Initial Training Program) are hereby deleted as inapplicable.

7. In all other respects, the Franchise Agreement shall be construed and enforced as it is written.

8. In consideration of the mutual and several agreements recited above and the Franchisor’s issuance of a successor Franchise Agreement to Franchisee, Franchisee does forever release and discharge Franchisor, its officers,

directors, shareholders, employees, agents and representatives, in that capacity and individually, its guarantors, successors, and assigns on behalf of his or her heirs and its successors and assigns from all manner of actions, cause, causes of action, suits, debts, sums of money, accounts, promises, variances, trespasses, damages, judgments, execution, claims and demands, whatsoever, in law or in equity, arising out of the Initial Franchise Agreement, the franchise relationship between Franchisee and Franchisor, or any relationship between Franchisee and Franchisor whether contractual or otherwise which he, she and/or it now has, or has had, or which his and her heirs and executors and its successors and assigns hereafter can, shall or may have, for upon or by reason of any matter, cause or thing whatsoever at any time prior to the date of this Addendum. The foregoing release includes claims of which the Franchisee is unaware. Franchisee represents and warrants to Franchisor that the Franchisee has not assigned or transferred to any other person any claim or right the Franchisee had or now has relating to or against the Franchisor.

9. Franchisee, and each of them, acknowledges and represents that he, she and/or it has entered into this Renewal Addendum, including the foregoing release of all claims, freely and voluntarily and not as the result of any undue influence, constraint or distress.

In witness whereof, the parties hereto, intending to be legally bound, hereby have duly executed, sealed and delivered this Renewal Addendum to the Franchise Agreement on the date opposite each signature below.

RONLEN ENTERPRISES, INC.:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE: _____
(type/print name)

By: _____

Name: _____

Title: _____

[or, if an individual]

Signed: _____

Name printed: _____

Date: _____

EXHIBIT M TO DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Hawaii	Not Registered
Illinois	April 3, 2023
Indiana	April 3, 2023
Maryland	Pending
Michigan	April 3, 2023
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending
Washington	Not Registered
Wisconsin	April 3, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

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 RONLEN ENTERPRISES, INC. OFFERS YOU A FRANCHISE, RONLEN ENTERPRISES, INC. MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR-DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE OR GRANT UNLESS OTHERWISE STATED IN YOUR STATE’S ADDENDUM. NEW YORK STATE LAW REQUIRES A FRANCHISOR TO PROVIDE THE FRANCHISE DISCLOSURE DOCUMENT AT THE EARLIER OF THE FIRST PERSONAL MEETING OR 10 BUSINESS DAYS BEFORE THE EXECUTION OF THE FRANCHISE OR OTHER AGREEMENT OR THE PAYMENT OF ANY CONSIDERATION THAT RELATES TO THE FRANCHISE RELATIONSHIP. YOU MUST ALSO RECEIVE A FRANCHISE AGREEMENT CONTAINING ALL MATERIAL TERMS AT LEAST 7 CALENDAR DAYS BEFORE YOU SIGN ANY FRANCHISE AGREEMENT.

IF RONLEN ENTERPRISES, 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 AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE ADMINISTRATOR LISTED IN EXHIBIT A.

THE ISSUANCE DATE OF THIS DISCLOSURE DOCUMENT IS MARCH 31, 2023

THE FOLLOWING ARE THE NAMES, PRINCIPAL BUSINESS ADDRESS AND TELEPHONE NUMBER OF EACH FRANCHISE SELLER OFFERING THE FRANCHISE:

ANDREW FOX, 849 N. ELLSWORTH STREET, NAPERVILLE, IL 60563, (888) 339-5425

(CHECK IF APPLICABLE) _____

I RECEIVED A DISCLOSURE DOCUMENT DATED MARCH 31, 2023 THAT 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 OPERATIONS MANUAL
- E. FINANCIAL STATEMENTS
- F. FINANCING AGREEMENT
- G. CONVERSION ADDENDUM
- H. LIST OF CURRENT AND TERMINATED FRANCHISEES
- I. SOFTWARE LICENSING AGREEMENT
- J. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- K. MULTI-STATE ADDENDA
- L. RENEWAL ADDENDUM
- M. STATE EFFECTIVE DATES

Please sign and print your name below, date and return one copy of this receipt to Ronlen Enterprises, Inc. and keep the other for your records.

Date of Receipt

Print Name

Signature

Copy for You

RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

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- L. RENEWAL ADDENDUM
- M. STATE EFFECTIVE DATES
- N.

Please sign and print your name below, date and return one copy of this receipt to Ronlen Enterprises, Inc. and keep the other for your records.

Date of Receipt

Print Name

Signature

Return to:

Ronlen Enterprises, Inc.
849 N. Ellsworth Street
Naperville, Illinois 60563

(individually or as an officer, member or partner of)

(Name of corporation or limited liability company)
a _____ corporation