



## FRANCHISE DISCLOSURE DOCUMENT

**Stanley Steemer International, Inc.**  
**An Ohio corporation**  
**5800 Innovation Drive**  
**Dublin, Ohio 43016**  
**(614) 764-2007**  
**www.stanleysteemer.com**  
**FranchiseOpps@Steemer.com**

**Brief Description of the Franchised Business:** The franchisee will own and operate a Stanley Steemer cleaning and restoration business that offers cleaning, restoration and related services for various types of systems and surfaces found in indoor environments. Stanley Steemer businesses offer proprietary cleaning systems, including exclusive equipment and cleaning methods, that can be applied to various types of systems and surfaces found in indoor environments, including all types of flooring, upholstery, HVAC systems, air ducts and related items.

The total investment necessary to begin operation of a Stanley Steemer franchise ranges from \$147,210 to \$427,195 for a Stanley Steemer cleaning business using a single Stanley Steemer Cleaning Platform capable of cleaning flooring, upholstery, HVAC systems, air ducts and related items. This includes the \$117,495 to \$353,495 that must be paid to Stanley Steemer.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact D. Ryan Jankowski, at Stanley Steemer International, Inc., 5800 Innovation Drive, Dublin, Ohio 43016 and (614) 764-2007.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance Date: March 25, 2024

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit B.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Stanley Steemer business in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Stanley Steemer franchisee?</b>	Item 20 or Exhibit B lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks To Consider About This Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and arbitration in Illinois and in Ohio for disputes involving litigation. 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 and arbitrate with the franchisor in Illinois, or litigate with the franchisor in Ohio 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 the 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.

## DISCLOSURES REQUIRED BY THE STATE OF MICHIGAN

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

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchisee prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provisions of the franchise agreement and failure to cure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such a failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than five years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards;
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
  - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of the assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in a manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

The Michigan Franchise Investment Law also provides:

A franchisor whose most recent financial statements are unaudited and which show a net worth of less than One Hundred Thousand Dollars (\$100,000) shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in the place of escrow.

The escrow agent shall be a financial institution authorized to do business in the State of Michigan. The escrow agent may release to the franchisor that amount of the escrowed funds applicable to a specific franchisee upon presentation of an affidavit executed by the franchisee and an affidavit executed by the franchisor stating that the franchisor has fulfilled its obligation to provide real estate, improvements, equipment, inventory, training or other items. This sub-section does not prohibit a partial release of escrowed funds upon receipt of affidavits of partial fulfillment of the franchisor's obligation.

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

Franchisees should direct any questions concerning this offering to:

Assistant Attorney General  
Consumer Protection Division, Franchise Section  
G. Mennen Williams Building, First Floor  
525 West Ottawa Street  
Lansing, MI 48933  
(517) 373-7117

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

The name of the franchisor is Stanley Steemer International, Inc., which is referred to in this disclosure document as “Stanley Steemer” or “we” or “us”. Stanley Steemer is an Ohio corporation. We do business under the names “Stanley Steemer International, Inc.”, “Stanley Steemer Carpet Cleaner”, “Stanley Steemer Duct Cleaning Service”, and “Stanley Steemer Restoration Services”. Our principal business address is 5800 Innovation Drive, Dublin, Ohio 43016. When we use the word “you” in this disclosure document, we are referring to you as a prospective Stanley Steemer franchisee and to other Stanley Steemer franchisees. If you elect to acquire a Stanley Steemer franchise through a corporation, limited liability company, partnership or other business entity, the word “you” also includes the shareholders, members, partners or owners of that entity. References in this disclosure document to “current” or “currently” mean as of the original issuance date of this disclosure document. Our agent for service of process is Philip P. Ryser, 5800 Innovation Drive, Dublin, Ohio 43016. In addition, if your state is listed in Exhibit I to this disclosure document, our agent for service of process in your state is listed in Exhibit I.

In April of 2000, our affiliate, Stanley Steemer National Advertising Fund, Inc., an Ohio nonprofit corporation, was formed to operate Stanley Steemer’s national advertising program on behalf of Stanley Steemer Businesses. Its principal business address is 5800 Innovation Drive, Dublin, Ohio 43016.

We have no parents or predecessors or, except as disclosed in the preceding paragraph, affiliates required to be disclosed in this disclosure document.

### **Description of Stanley Steemer’s Business**

We are in the business of providing cleaning, restoration and related services for various types of systems and surfaces found in indoor environments (referred to in this disclosure document as a “Stanley Steemer Business”) under our distinctive business format and operating system, including uniform methods, plans, standards, specifications, and procedures of operation, management and quality, as well as uniformity of products and services (any and all of which may be periodically modified by us) (collectively, the “Stanley Steemer System”). The Stanley Steemer System includes additional special characteristics identifiable to the public by our trade secrets, trademarks, service marks, names, logos and symbols, which are used by us in identifying, advertising, promoting and marketing cleaning, restoration and related services for various types of systems and surfaces found in indoor environments (the “Trademarks”). We are also in the business of selling merchandise related to the services listed above, as well as licensing franchisees to operate a Stanley Steemer Business in a particular area. We also manufacture and sell to our franchisees cleaning equipment and accessories, cleaning chemicals, products and other supplies and equipment for use in connection with a Stanley Steemer Business. We also manufacture and sell Stanley Steemer Professional Carpet & Upholstery Spot Remover™ and Stanley Steemer Odor Out™ to various retail outlets throughout the United States. We also operate a catalog order business for these items and for certain floor care and cleaning products and offers certain of these items through our website at [www.stanleysteemer.com](http://www.stanleysteemer.com).

Other than as described above, we are not engaged in other business activities.

### **Description of the Stanley Steemer Franchise**

Each Stanley Steemer franchise offers cleaning, restoration, and related services for various types of systems and surfaces found in indoor environments to individuals and businesses using methods and techniques established by us within a specified geographic area. These services are performed by using the proprietary Stanley Steemer Carpet Cleaning Machine and/or the Stanley Steemer Steemervac™ Air Duct



Cleaning Machine (the “Stanley Steemer Cleaning Platforms”), which are contained in a vehicle bearing our distinctive yellow color and trademarks.

Our franchisees also offer various products and cleaning supplies specified by us for sale to the public.

We currently operate Stanley Steemer Businesses of the type being franchised in numerous markets throughout the United States.

### **Market and Competition**

The general market for the products and services to be offered by your Stanley Steemer Business is the residential market, and to a lesser extent the commercial market. The business is year-round and is not seasonal. The market for the products and services is developed. If you become a Stanley Steemer franchisee, you must compete with a large number of already established locally owned cleaning and restoration businesses, many of which have been in business for a significant period of time, as well as several national or regional franchise programs offering franchises similar to ours. You should consult the classified telephone directory and undertake an Internet search for “Carpet and Upholstery Cleaners,” “Air Duct Cleaning” and/or “Water Damage Restoration” to determine the number of competitors in the area.

### **Laws or Regulations Applicable to a Stanley Steemer Business**

A Stanley Steemer Business is subject to numerous laws and governmental regulations that apply to businesses generally. In addition, certain areas of the country may have environmental regulations which may affect how you operate your Stanley Steemer Business. You will need to contact your state and local authorities to determine the applicability of local regulations and ordinances as they relate to your Stanley Steemer Business. We are aware that certain states (including Arizona, Arkansas, California, Florida, Georgia, Michigan, and Texas) require businesses providing duct cleaning services to first obtain a contractor’s license. Before you purchase a Stanley Steemer franchise, we suggest that you check on the existence of any applicable regulations in your area.

### **Prior Business Experience of Stanley Steemer**

We have conducted a cleaning business of the type to be operated by you since 1947.

Prior to our incorporation in 1972, we were a sole proprietorship operated by Jack A. Bates, our founder and former Chairman of the Board. We have offered Stanley Steemer Carpet Cleaner franchises since 1972, Stanley Steemer Air Duct Cleaning Service “add-on” licenses from 1998 through 2020, and Stanley Steemer Carpet Sales and Installation Service licenses from 1999 through 2013 and have never offered franchises in other lines of business.

Stanley Steemer’s affiliate, Stanley Steemer National Advertising Fund, Inc., has never operated a business of the type to be operated by you and has never offered franchises in any line of business.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Chief Executive Officer and Chairman of the Board of Directors: Wesley C. Bates**

Mr. Bates has been employed by Stanley Steemer in Columbus, Ohio since its formation in 1972. He has served as its Chief Executive Officer since January 2007 and as Chairman of the Board of Directors since December of 1989.

**President: Justin M. Bates**

Mr. Bates has been employed by Stanley Steemer in Columbus, Ohio since July of 1997. He has served as its President since January of 2007.

**Executive Vice President, Secretary and General Counsel: Philip P. Ryser**

Mr. Ryser has been employed by Stanley Steemer in Columbus, Ohio since October of 1981. He has served as Executive Vice President, Secretary and General Counsel since March of 1998.

**Vice President and Treasurer: Mark V. Bunner**

Mr. Bunner has been employed by Stanley Steemer in Columbus, Ohio since October of 1984. He has served as Vice President and Treasurer since January of 1995.

**Vice President of Legal Affairs and Chief Administrative Officer: D. Ryan Jankowski**

Mr. Jankowski has been employed with Stanley Steemer in Columbus, Ohio since June of 1997. He has served as Chief Administrative Officer since October of 2011 and as Vice President of Legal Affairs since February of 2003.

**Vice President of Human Resources: Eric Smith**

Mr. Smith has been employed by Stanley Steemer in Columbus, Ohio as Vice President of Human Resources since October of 2001.

**Vice President of Marketing: Joy Molinari**

Ms. Molinari has been employed with Stanley Steemer in Columbus, Ohio since April of 2007. She has served as Marketing Media Manager since April of 2007 and as Vice President of Marketing since May of 2018.

**Vice President of Branch Operations: Nino DiVincenzo**

Mr. DiVincenzo has been employed with Stanley Steemer in Columbus, Ohio since January of 2010. He has served as National Tile and Grout Manager since January of 2010 and as Vice President of Branch Operations since January of 2012.

**Director: R. L. Richards**

Mr. Richards has served as a Director of Stanley Steemer since May of 1982. Since July of 1978, he has served as an Officer and Director of the R. David Thomas Trust in Dublin, Ohio.

**Director: Howard C. Task**

Mr. Task has served as a Director of Stanley Steemer since February of 1985. Since July of 1994, he has served as President of Howard Task and Associates in Columbus, Ohio.

**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**

##### **Stanley Steemer Franchise**

To acquire a Stanley Steemer franchise, you must pay us an initial franchise fee. The amount of this fee will be negotiated between you and us. In negotiating the initial franchise fee, we will consider factors such as the population of the area, demographics of the population, trends in population, existing and projected competition, the existing Stanley Steemer advertising and/or existing sales in the area (if any), average household income, and related factors.

During 2023, the range of initial fees charged to franchisees was \$5,000 to \$10,000. As a general rule, the initial franchise fee is approximately \$20,000 for each 100,000 in population or fraction of 100,000 in population in your area. Typically, the range of initial franchise fees charged to franchisees is \$20,000 to \$100,000.

The initial franchise fee can be paid in a single lump sum payment or can be financed under either one of two plans offered by us. The first financing plan (“Option A”) would allow you to defer payment of a portion of the initial franchise fee over a period of 6 months to 5 years as you and we would agree. In this case, you would sign a promissory note, in the form of Exhibit E attached to this disclosure document, providing for the payment of the deferred portion of the initial franchise fee at an agreed-upon interest rate which would not exceed 5% per annum over the prime rate of JP Morgan Chase Bank, N.A., or its successor bank. Under the second plan (“Option B”), you and we would agree to defer payment of a portion of the initial franchise fee and an estimated imputed interest on that amount. The initial franchise fee under the Stanley Steemer International, Inc. Franchise Agreement (“Franchise Agreement”) would then be reduced to the amount of the down payment and the deferred amount and imputed interest would be paid, under the Franchise Agreement, by means of an additional monthly royalty payment of 3% of your gross sales until the deferred amount and imputed interest are paid in full. If Option B is selected, your Franchise Agreement will include a provision similar to Exhibit D attached to this disclosure document.

The initial franchise fee is nonrefundable. However, if you elect to defer a portion of the initial franchise fee under Option B above and your franchise is terminated prior to payment in full of the deferred amount and imputed interest, you would not be obligated to pay the unpaid balance of the deferred amount and imputed interest.

If we agree, we may allow you to reserve an area prior to becoming a Stanley Steemer franchisee for a period of up to 6 months by paying a nonrefundable option fee not to exceed 10 percent of the estimated initial franchise fee. This option fee will be applied toward payment of the initial franchise fee if you purchase a franchise and, with our consent, you can transfer this fee to reserve another area or purchase another Stanley Steemer franchise. A copy of the form Option to Purchase Agreement is attached as Exhibit F to this disclosure document.

In addition to the initial franchise fee, you must purchase one or more Stanley Steemer Cleaning Platforms and distinctive van-type vehicles from us. The Stanley Steemer Vehicle equipped with a Stanley Steemer Cleaning Platform and/or bearing the Trademarks is referred to in this disclosure document as the “Stanley Steemer Vehicle.” The number of Stanley Steemer Vehicles will be agreed to by you and us based upon the size of your area and your business plan. The cost of each Stanley Steemer Vehicle can vary from \$74,000 to \$123,000 based upon how you elect to accessorize it.

You must also purchase certain equipment from us to perform water damage mitigation and restoration services. The cost of this equipment can vary from \$10,000 to \$40,000 depending upon the size of your area and your business plan. You must also purchase certain air duct cleaning equipment from us to perform air duct cleaning services. The cost of this equipment can vary from \$8,000 to \$82,000 depending upon the size of your area and your business plan.

You will also need cleaning chemicals, cleaning supplies, office supplies, advertising materials and similar items to begin your Stanley Steemer Business. These can be purchased from us or directly from a supplier approved by us. The total cost of an initial inventory of these items will vary from \$5,000 to \$8,000, depending upon the size of your area and your business plan.

You are required to use our proprietary software. You are not charged an initial fee for this software, but you must pay us a non-refundable fee of \$495 per person per day for any set up or conversion of your computer hardware system needed in order for you to be able to use our software.

We do not offer any financing or deferred payment terms for Stanley Steemer Vehicles or other items that you must purchase for use in your Stanley Steemer Business. Amounts that you pay to us for the initial franchise fee, the Stanley Steemer Vehicles and other items are nonrefundable. Generally, payments made to parties other than us are not refundable.

**ITEM 6. OTHER FEES**

**OTHER FEES - Stanley Steemer Franchise**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Monthly Royalty	Monthly royalty payment equal to seven percent (7%) of gross sales from Core Business and three (3%) of gross sales from Related Business	Payable monthly on the 15th day of the next month.	See Note 1.
Minimum Annual Royalty	If the total of monthly royalty payments paid by you during a one year period are not at least equal to the Minimum Annual Royalty amount negotiated by you and us as set out in your Franchise Agreement, you must pay us the difference.	Payable within thirty (30) days following the end of each Minimum Annual Royalty Year	See Note 1.
Additional Royalty	0 to 3% of total gross sales.	Payable monthly on the 15th day of the next month.	See Note 2.
Late Payment Fee	The lesser of 18% interest per annum or the maximum amount allowed under applicable law on all	When payment is overdue.	See Note 3.

Type of Fee	Amount	Due Date	Remarks
	amounts not paid when payment is due to us.		
Advertising	10% of total gross sales.	Payable as incurred, but total amount must be spent within calendar year.	See Note 4.
National Advertising Fee	Up to 4% of monthly gross sales from Core Business and Related Business.	Payable monthly on the 15 <sup>th</sup> day of the next month.	See Note 4.
1-800-STEEMER® & Location Based Call Routing Fees	Actual cost of usage on per minute basis. We estimate actual cost to be between \$.05 and \$.08 per minute.	30 days after billing.	See Note 5.
National Customer Contact Center Usage Fees	Actual cost of usage on per minute basis. We estimate actual cost to be \$.85-\$.90 per minute.	30 days after billing.	See Note 6.
Additional Training Tuition Fee	\$185-\$625 per person for each training session.	30 days after billing.	See Note 7.
Transfer Fee	\$10,000	Before transfer is effective.	See Note 8.
Renewal Fee	\$10,000	Before renewal is effective.	See Note 9.
Audit Fee	Actual cost of audit, plus late payment fee. We estimate the actual cost of an audit to range between \$4,000 to \$8,000.	Immediately upon billing.	See Note 10.
Training Fee Related to Proprietary Software	Up to \$250	Immediately upon billing.	See Note 11.
Indemnification of us for Expenses of Claims	The amount of all damages, losses and expenses that we incur in connection with legal actions arising out of your ownership, operation, construction or improvement of your <b>Stanley Steemer</b> business.	Upon receipt of invoice.	
Testing and Inspection	The costs of testing products, supplies and other items used in your <b>Stanley Steemer</b> business; and following an inspection of your	Upon receipt of invoice; no later than the date the next royalty payments are due under the Franchise Agreement.	See Note 12.

Type of Fee	Amount	Due Date	Remarks
	business premises, equipment and cleaning methods, the reasonable costs and expenses incurred by us in the removal, replacement, repair, or remodel of equipment and products that do not conform to our specifications.		
Ongoing Purchases from Us	The typical franchisee pays us \$17,651 to \$70,602 annually for ongoing purchases from us.	Upon receipt of invoice.	These ongoing purchases may include cleaning products, supplies, equipment, and machinery, as well as accessory cleaning equipment, <b>Stanley Steemer</b> Vehicle accessories and replacement and spare parts, replacement and spare parts for your <b>Stanley Steemer</b> Cleaning Platform(s), <b>Stanley Steemer</b> Professional Carpet & Upholstery Spot Remover™ and <b>Stanley Steemer</b> Odor Out™.
Technology Fee	We have the right to require you to pay a monthly fee for your use of our proprietary software, integrated technology systems, social media listings, listings in local directories and other technology related products and services identified by us for use in your Stanley Steemer Business.	Monthly upon invoice.	We do not currently charge this fee. We have the right to change the amount of this fee from time to time. We estimate the maximum fee will be 3 to 4% of your annual gross sales.

Except as provided in the following footnotes, the fees and payments listed above are payable to us, and uniformly imposed and collected by us. These fees and payments are not refundable.

**Note 1: Royalty:** You are required to pay to us a monthly royalty equal to 7% of your gross sales related to your Core Business and three (3%) related to your Related Business. Gross Sales means the amount of all sums charged (regardless of collection) for all products sold or services provided by you in connection

with your Stanley Steemer Business, for cash or on a charge, credit or time basis, without reserve or deduction for inability or failure to collect. Gross Sales include all sums from (i) all activities of every type by you and your employees under the name Stanley Steemer or in connection with the Stanley Steemer Trademarks, (ii) any cleaning, water mitigation or restoration services performed by you or your employees; and the fair market value of all goods and services received by you in exchange for products or services provided by you or related to your Stanley Steemer Business. Gross Sales do not include the amount of overcharges, refunds, allowances or discounts to customers (including discounts attributable to coupon sales), the amount of any excise or sales tax levied upon retail sales of goods and services and collected on behalf of, and payable over to, the appropriate governmental authorities, and isolated sales of non-inventory items or the bulk sale of your Stanley Steemer Business.

The royalty fee that you will pay varies, depending upon whether the Gross Sales are from your Core Business or your Related Business. The monthly royalty payments are due and payable, without invoice or other notice from us, on the 15th day of the month following the month for which the payment is due.

Core Business means all cleaning, enhancement, installation, maintenance, mitigation, remediation, repair and restoration services of any type not specifically defined or designated as Related Business (see below), including services related to floors, walls, ceilings, counters, furniture, soft goods, textiles, fabrics, rugs, upholstery, ductwork, HVAC and other mechanical systems.

Core Business includes the application of protective coatings, deodorizers, sanitizers and disinfectants; janitorial and housekeeping services; pressure washing services; the cleaning, maintenance, repair and restoration of hard surfaces, including exterior concrete and natural stone; the sale, installation, repair, maintenance and cleaning of air ducts, HVAC systems and related items including clean air enhancement and ventilation services; any extraction, mitigation, remediation and restoration services associated with fire, smoke, mold, flood or water damage including services paid for by insurance; the sale of any item for the care, cleaning or maintenance of any type of floors, walls, ceilings, counters, furniture, soft goods, textiles, fabrics, rugs, upholstery, ductwork, HVAC and other mechanical systems including Stanley Steemer Professional Carpet Spot Remover, Stanley Steemer Odor Out, UV lighting systems, interior/exterior matting systems and carpet rakes.

Related Business means the sale, installation and repair of all types of flooring; subcontracted services outside of the Core Business; Reconstruction Services (see below); and any other services that we may designate in the Manuals (see Item 11 of this disclosure document). Reconstruction Services means any construction services rendered in connection with fire, smoke, mold, flood or water damage. Reconstruction Services shall expressly include electrical services, plumbing services, carpentry services, roofing services, drywall and plaster, painting, wallpapering, cosmetic restoration and structural repairs. Reconstruction Services do not include demolition, tear-out or post-construction cleaning services.

You are required to pay to us a minimum annual royalty (“Minimum Annual Royalty”) in an amount which is negotiated by you and us prior to signing the Franchise Agreement. In negotiating this Minimum Annual Royalty, we may consider factors such as the size and population of the franchised area, demographics of the population, trends in population, existing and projected competition, existing sales performance (if any), average household income, and related factors. During each minimum annual royalty year (the term of which is set out in a table in your Franchise Agreement) (the “Minimum Annual Royalty Year”), you must pay us a total amount of monthly royalty payments equal to or greater than the applicable amount of Minimum Annual Royalty for the Minimum Annual Royalty Year. In the event that the total amount of monthly royalty payments paid to us during a Minimum Annual Royalty Year is equal to or greater than the applicable Minimum Annual Royalty set out in the Franchise Agreement for that Minimum Annual Royalty Year, then you are not required to make an additional royalty payment for that Minimum Annual Royalty Year. However, in the event that the total amount of monthly royalty payments paid to us during any Minimum Annual Royalty Year is less than

the applicable Minimum Annual Royalty set out in the Franchise Agreement for the applicable Minimum Annual Royalty Year, then, within thirty (30) days following the end of that Minimum Annual Royalty Year, you must pay us an amount of money equal to the difference between the total amount of monthly royalty payments paid during the Minimum Annual Royalty Year and the applicable Minimum Annual Royalty.

**Note 2: Additional Royalty:** If we agree to allow you to defer payment of a portion of the initial franchise fee and an estimated imputed interest on that amount, the deferred amount and imputed interest will be paid by you by means of an additional monthly royalty payment of 3% of your gross sales, until this amount is paid in full.

**Note 3: Late Payment Fee:** Any payment that is not received by us on the due date will bear interest at the lesser of eighteen percent (18%) per annum or the maximum amount allowed under applicable law from the date that payment is due until the date that payment is received by Stanley Steemer. In addition, you must reimburse us for all of our costs of collection.

**Note 4: Advertising Expenditures:** You are required to spend annually for advertising an amount equal to at least 10% of your annual gross sales. This amount includes any amounts spent for cooperative and national advertising, as discussed below. Except for national advertising and instances in which we operate as the billing and collection agent for a regional advertising cooperative or other advertising program, these amounts are paid to third parties and not to us. If we require, you must advertise in local market advertising listings, which may include directories, social media websites, applications and platforms, and independent websites. You may not advertise in local market advertising listings without our prior written approval, which we may withhold or condition for any reason. We have full rights and control over content and placement of all local market advertising listings.

In addition, if we or a majority of the Stanley Steemer Businesses in your media area determine that a media area cooperative advertising program should be established, you are required to participate in and pay your pro rata share for that cooperative advertising program, determined in accordance with the Franchise Agreement. You must also comply with all rules and regulations adopted by the members of the cooperative advertising program.

Because some franchisees have, in the past, signed other forms of franchise agreements, it is possible that some franchisees in a media area cannot legally be required to participate in cooperative advertising to the same extent as you are required.

If we have a company-owned operation in your area, we are also required to participate in that advertising cooperative on the same terms as you. As of the original issuance date of this disclosure document, all **Stanley Steemer** advertising cooperatives operate on the basis of one vote for each **Stanley Steemer** Business in the area served by the cooperative. Currently, we have controlling voting power in the television media areas of Chicago, Illinois and Philadelphia, Pennsylvania. We do not have controlling voting power in any other advertising cooperatives. If we have controlling voting power in a cooperative, the range of the advertising cooperative fee will be approximately 2% to 12% of the annual aggregate gross sales of the Stanley Steemer Businesses operating in the media area covered by the advertising cooperative.

You are required to participate in a national advertising program for Stanley Steemer Businesses and to pay a monthly National Advertising Fee to our affiliate, Stanley Steemer National Advertising Fund, Inc. We have the right to require you to pay up to 4% of your gross sales to the National Advertising Fee each month. These payments must be made as a separate payment to **Stanley Steemer** National Advertising Fund, Inc., submitted to us and will due and payable on the 15th day of each month in the same manner as your royalty payment. The percentage of monthly gross sales that makes up the National Advertising Fee is provided by the Franchise Agreement.



Because some franchisees have, in the past, signed other forms of franchise agreements, it is possible that some franchisees cannot legally be required to participate in the national advertising program to the same extent as you are required.

**Note 5: 1-800-STEEMER® & Location Based Call Routing:** We maintain a national toll-free vanity number--1-800-STEEMER®--and other associated telephone numbers that route in-bound inquiries to the appropriate **Stanley Steemer** operations through a location based routing system. You are required to use these telephone numbers in the operation of your **Stanley Steemer** Business and to pay the costs associated with this system on the basis of actual usage. Costs are billed monthly on a per minute basis. These amounts are due to be paid within 30 days after billing.

**Note 6: National Customer Contact Center Usage Fees:** We maintain a National Customer Contact Center for the purposes of fielding in-bound customer contacts and inquiries. Depending upon our capacity and the availability of resources, you may use the services of our National Customer Contact Center in the operation of your **Stanley Steemer** Business. Your utilization of services provided through our National Customer Contact Center is voluntary and will be determined at your discretion. If you choose to use these services, you will be required to pay for the costs of the services on the basis of your actual usage. Costs are billed monthly on a per minute basis. These amounts are due to be paid within 30 days after billing.

**Note 7: Additional Training Tuition Fee:** We provide various periodic mandatory and supplemental training programs both onsite – workshops, and offsite – road shows, for you and your personnel. Your employees are not currently required to attend these training programs, rather, their attendance will be determined at your discretion. If you or one of your employees attends one of these programs, you may be required to pay us a tuition fee that varies between \$185-\$625 per person per training program. These tuition fees are not applicable to our initial training program or any current additional mandatory training programs. These amounts are due within 30 days after billing and are non-refundable.

**Note 8: Transfer Fee:** Among other preconditions of our approval for a proposed transfer of your franchise, you or the person or business entity to whom you are transferring your franchise, must pay us a transfer fee in the amount of \$10,000 before that transfer is effective.

**Note 9: Renewal Fee:** Among other preconditions of our approval of a request by you to renew your franchise, you must pay us a renewal fee of \$10,000 before your renewal is effective.

**Note 10: Audit Fee:** We may audit your books, records and tax returns at any reasonable time. That audit is at our expense unless it discloses that you have understated your gross sales by 2% or more for the period covered by the audit. In that event, you must immediately pay us the royalty payment for the amounts understated, plus interest from the date payment was due until the date payment is made, and reimburse us for the cost of the audit (including accounting and attorneys' fees and disbursements).

**Note 11: Proprietary Software Training Fee:** You must use our proprietary software in your Stanley Steemer Business. Currently, our proprietary software includes Powermagic®, Fusion™, Nimbus™ and Nimbus X™ . We provide franchisees basic training on the use of this software at a cost of \$150 to \$250 per person per day. We currently charge \$150 per day.

**Note 12: Testing and Inspection:** We may inspect products, supplies and other items used in your Stanley Steemer Business, without reimbursement to you, in amounts reasonably necessary to allow us to determine whether the items removed meet our then current standards and specifications. If an item does not conform to our standards and specifications, or if you are using an item that has not been previously approved by us, you must pay the costs and expenses associated with the testing of the item. We also have the right to inspect your place of business, machines, equipment, products and the methods that you use when cleaning

to ensure compliance with the Franchise Agreement. Following the inspection, we may remove, replace, repair or remodel, at your expense, any items that do not conform to our standards and specifications, provided that you have delayed or refused to take conforming action promptly upon our request. If we do so, you must pay Stanley Steemer the reasonable costs and expenses incurred by Stanley Steemer in the removal, replacement, repair, or remodel of equipment and products that do not conform to Stanley Steemer specifications. Payment is due no later than the date your next royalty payments are due. There are no purchasing or distribution cooperatives for the **Stanley Steemer** system.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Column 1 Type of Expenditure</b>	<b>Column 2 Amount</b>	<b>Column 3 Method of Payment</b>	<b>Column 4 When Due</b>	<b>Column 5 To Whom Payment is to be Made</b>
INITIAL FRANCHISE FEE	\$20,000 to \$100,000 (See Note 1.)	See Note 1.	See Note 1.	<b>Stanley Steemer</b>
REAL PROPERTY	(See Note 2.)	See Note 2.	See Note 2.	See Note 2.
<b>EQUIPMENT, FIXTURES AND OTHER FIXED ASSETS:</b>				
1. <b>Stanley Steemer</b> Cleaning Platform and Accessories (See Note 3.)	\$29,000 to \$63,000	Lump Sum	Prior to Opening	<b>Stanley Steemer</b>
2. <b>Stanley Steemer</b> Vehicle (See Note 4.)	\$45,000 to \$60,000	Lump Sum	Prior to Opening	<b>Stanley Steemer</b>
Total for <b>Stanley Steemer</b> Vehicle (as equipped)	\$74,000 to \$123,000	Lump Sum	Prior to Opening	<b>Stanley Steemer</b>
Water Restoration Equipment	\$10,000 to \$40,000	Lump Sum	Prior to Opening	<b>Stanley Steemer</b> or approved supplier(s)
Air Duct Cleaning Equipment	\$8,000 to \$82,000	Lump Sum	Prior to Opening	<b>Stanley Steemer</b> or approved supplier(s)
<b>INVENTORY:</b>				
Sufficient supply of cleaning products required to commence operation (See Note 5.)	\$5,000 to \$8,000	Lump Sum	Prior to Opening	<b>Stanley Steemer</b> or approved supplier(s)

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<b>SECURITY DEPOSITS &amp; PREPAID EXPENSES:</b>				
1. Telephone Deposit (See Note 6.)	\$0 to \$250	Lump Sum	Prior to Opening	Telephone Company
2. Comprehensive Liability Insurance (per year) in the form required by Article IX of the Franchise Agreement (See Note 7.)	\$7,500 to \$15,000	Lump Sum	Prior to Opening	Insurance Company
3. Computer System (See Note 8.)	\$2,500 to \$5,000	Lump Sum	Prior to Opening	Various
<b>OTHER EXPENSES:</b>				
1. Local Market Advertising Listings (See Note 9.)	\$600 to \$7,000	Monthly Installments	Upon Opening	Various Publishers
2. Internet Connection	\$40 to \$200	Monthly	Upon Opening	Various
3. Data Hosting/Backup	\$75 to \$250	Monthly	Upon Opening	Various
4. Advertising (See Note 10.)	\$8,500 to \$14,000	Monthly	As Incurred	Media Providers and <b>Stanley Steemer</b>
5. Travel, room and board to attend training program (See Note 11.)	\$500 to \$2,000 per person	As incurred	Prior to Opening	Various
6. Proprietary Software Set Up or Conversion Fee (See Note 12.)	\$495 per person per day	As incurred	Prior to Opening	Stanley Steemer
<b>ADDITIONAL FUNDS: For Six (6) Months of Operation</b> (See Note 13.)	\$10,000 to \$30,000	As Incurred	As Incurred	Various
<b>TOTAL</b>	\$147,210 to \$427,195	(Does not include real estate costs)		

All figures in Item 7 are estimates only and, except as noted below, are not refundable. Actual costs will vary for each franchisee and each location depending on a number of factors.

**Note 1: Initial Franchise Fee:** In order to acquire a Stanley Steemer franchise, you must pay Stanley Steemer an initial franchise fee. The amount of this fee will be negotiated between you and us. Typically, the range of initial franchise fees charged to franchisees is \$20,000 to \$100,000. The initial franchise fee can be paid in a single lump sum payment or can be financed under either one of two plans offered by us.

See Item 5 of this disclosure document for additional information about the initial franchise fee. Also, see Items 5 and 10 of this disclosure document for information about the financing by Stanley Steemer of the initial franchise fee.

**Note 2: Real Property:** The size of business facility you need will depend upon the size of your area, the number of Stanley Steemer Vehicles you have and your business plan. If you are starting out with one Stanley Steemer Vehicle, we strongly recommend that, initially, you use your place of residence as your office. If your residence is not used, a small office/warehouse may be leased at a cost which should range from \$1,000 - \$3,500 per month, payable to the landlord on terms negotiated by you and the landlord. If you need a larger facility, your rent will vary based upon the size of your facility. Rents also vary significantly from one area of the country to another. Stanley Steemer gives its franchisees a wide range of choices in locating their offices. Generally, your office must be located within your geographic area and should be located so as to allow you to provide services to customers in your area efficiently and conveniently, so you will want to locate your office relatively close to residential areas.

If you lease space for your office, you may incur some buildout expenses. Depending on the terms of your lease, you may also incur real estate broker fees, prepayment of the last month's rent, common area maintenance fees, operating fees or other expenses. **Stanley Steemer** is unable to estimate your expenses for buying or leasing land and constructing a building, as these costs vary widely based upon factors such as location, design of the building, method of construction and cost of materials.

**Note 3: Stanley Steemer Cleaning Platform:** This estimate is for one **Stanley Steemer** Cleaning Platform and accessories (Series #5700 Unit).

**Note 4: Stanley Steemer Vehicle:** You must purchase one or more **Stanley Steemer** Vehicles for use in your operation of your **Stanley Steemer** Business. The number of **Stanley Steemer** Vehicles will be agreed to by you and us based upon the size of your area and your business plan. Typically, a single **Stanley Steemer** Vehicle is sufficient for a new franchisee, but additional **Stanley Steemer** Vehicles may be required. The estimate provided in this Item 7 is based on our experience operating and franchising **Stanley Steemer** Businesses.

**Note 5: Inventory:** You will need an initial supply of cleaning products in order to commence operation of your **Stanley Steemer** Business. The estimated cost presented above should cover approximately 3 months of operation. All supplies and inventory must meet our standards and specifications (see Item 8 of this disclosure document).

**Note 6: Telephone Deposit:** The estimate presented above includes deposits which may be refundable to you at a later time.

**Note 7: Insurance:** You must maintain commercial general liability insurance including products liability, completed operations, personal injury, and advertising injury coverages, with a combined single limits of not less than \$1,000,000 per occurrence; commercial automobile liability insurance covering all vehicles used or operated in connection with your Stanley Steemer Business, including coverage for owned, hired and non-owned vehicles, with a combined single limit of not less than \$1,000,000 per occurrence; excess liability or umbrella insurance providing additional coverage for the liabilities insured under your commercial general liability and commercial automobile liability policies in an amount not less than \$2,000,000 per occurrence; employment practices liability insurance, including wage and hour defense coverage with a limit of not less than \$500,000 per occurrence; workers' compensation insurance with a minimum of \$500,000 employers limit of liability; construction services liability with limits of \$3,000,000 per occurrence and \$4,000,000 in the aggregate (required only if you provide Reconstruction Services); and such other insurance as may be required by statute or rule of the state in which you operate your Stanley Steemer business. The cost of this coverage

will vary depending on the insurance carriers, the terms of payment, the location of your Stanley Steemer Business, and your history.

The estimate is for one year of insurance premiums for the various coverages (excluding worker's compensation) required under the Franchise Agreement. If you have employees, you may incur expenses for workers' compensation insurance. We are unable to estimate amounts that you may be required to spend for workers' compensation insurance. The requirements and rates vary widely from place to place.

**Note 8: Computer System:** The computer system you are required to use may vary in type and quantity, depending upon the size of your area and your business plan. The current computer system includes specified hardware, software, tablets, mobile devices and printers, and may include other technology related systems and components we require or suggest from time to time. A typical single user computer system generally ranges from \$2,500 to \$5,000. We have the right to change the required computer system and you must comply with those requirements at your cost.

**Note 9: Local Market Advertising Listings:** If we require, you must advertise in local market advertising listings, which may include directories, social media websites, applications and platforms, and independent websites. You may not advertise in local market advertising listings without our prior written approval, which we may withhold or condition for any reason. We have full rights and control over content and placement of all local market advertising listings. We may grant you limited rights to edit content online concerning your Stanley Steemer Business, but we are not obligated to do so.

**Note 10: Advertising:** The range of expenditures for local advertising presented above represents an estimated average amount spent by most start-up franchisees. However, advertising expenses can vary considerably from area to area based upon the size of the area, the types of media available and other factors.

**Note 11: Training Expenses:** The range of estimates presented above reflects room, board and transportation expenses and takes into consideration that transportation expenses will vary according to distance and mode of transportation.

**Note 12: Proprietary Software Set Up or Integration Fee:** You must use our proprietary software in your Stanley Steemer Business. This software is compatible with most personal computers, but certain computer hardware components are needed for you to be able to use the software. We do not supply these hardware components, but if needed, we set up or convert your existing computer hardware system so that you may use our proprietary software on your computer system. The cost for us to do this setup or conversion is \$495 per person per day.

**Note 13 Additional Funds:** This is an estimate only of the range of initial start-up expenses that you may incur. The actual amount of additional funds that you will need depends on a variety of factors, including the size of your area, the time of year when you start your business, your own management skill, economic conditions, competition in your area, and other factors. The estimate of additional funds is based on an owner-operated business and does not include any salaries or benefits for employees or any allowance for an owner's draw. The estimate is for a period of 6 months. We estimate that, in general, a franchisee can expect to put additional cash into the business during the first 3 to 9 months, and sometimes longer, but we cannot estimate or promise when, or whether, any individual franchisee will achieve positive cash flow or profits.

You may finance all or part of the initial investment. We do not, however, make financing available to you for any obligation except, in certain circumstances, the initial franchise fee. (Information regarding financing of the initial franchise fee is provided in Items 5 and 10 of this disclosure document.)

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

All cleaning products, supplies, advertising materials, equipment and computer systems used by you in the establishment and operation of your **Stanley Steemer** Business must meet our specifications as established from time to time. In addition, you may only offer services and products authorized by us, and you must provide those services and products in accordance with our requirements, as established from time to time. The source of these obligations is the Franchise Agreement. The purpose of these requirements is to maintain the **Stanley Steemer** image and system, to ensure the identification of **Stanley Steemer** businesses by the public, to preserve and enhance the goodwill associated with the **Stanley Steemer** image, to maintain the integrity, character and uniform quality of the goods and services associated with the **Stanley Steemer** image, the Trademarks, and the **Stanley Steemer** System, and to fulfill the expectations of **Stanley Steemer's** customers.

Specifications may include minimum standards for cleanliness of result, efficacy, quality, performance, safety, equipment protection, durability, appearance, size, color, fitness for purpose, design, material, and other characteristics, including minimum computer system capabilities.

### **Items Which Must Be Purchased From Us**

You are required to purchase from us and use in your **Stanley Steemer** Business the **Stanley Steemer** Vehicle. We must approve your **Stanley Steemer Vehicle** prior to your purchase. Unless permitted by our specifications, standards or operating procedures, you may not attach or otherwise use any item or device on a Stanley Steemer Vehicle without our prior written approval. You must maintain your Stanley Steemer Vehicle(s) in proper mechanical operating condition at all times. Your Stanley Steemer Vehicle(s) must be maintained in good appearance, free from dust, dents, or other marks, and you must paint and replace signs and decals as we may reasonably require. You may use your Stanley Steemer Vehicle(s) only for purposes associated with your **Stanley Steemer** Business.

For your **Stanley Steemer** Business, you must also purchase a Stanley Steemer Cleaning Platform and certain accessory cleaning equipment such as upholstery and furniture wands and similar accessories appropriate for the specific **Stanley Steemer** Cleaning Platform. The **Stanley Steemer** Cleaning Platforms and associated accessories and replacement and spare parts may only be purchased from us. We are also the sole source of supply for the proprietary and specially formulated **Stanley Steemer** Professional Carpet & Upholstery Spot Remover™ and **Stanley Steemer** Odor Out™, which are products you must offer in the operation of your **Stanley Steemer** Business.

If we develop other proprietary equipment or products in the future, you are required to purchase those items from us.

For your **Stanley Steemer** Business, **Stanley Steemer** manufactures the **Stanley Steemer** Cleaning Platforms and related accessories and assembles them in a van-type vehicle which either you or we acquire from an automobile manufacturer or dealer at volume purchase prices to complete the **Stanley Steemer** Vehicle. We do not receive a profit from our sale of the **Stanley Steemer** Vehicle to you. We charge a price for the **Stanley Steemer** Cleaning Platforms which recognizes our cost and a profit margin on the equipment we install in the **Stanley Steemer** Vehicle and our labor. That profit margin is currently about 16% of the total cost of the **Stanley Steemer** Cleaning Platforms and related equipment. Our profit margin on spare parts and replacement parts for the **Stanley Steemer** Cleaning Platforms and related equipment is approximately 23% , on average.

**Stanley Steemer** Professional Carpet & Upholstery Spot Remover™ and **Stanley Steemer** Odor Out™ are specially fabricated and packaged for us by a third-party manufacturer. They are then distributed by us

directly to our franchisees and through various channels throughout the United States. Our profit margin on these items, which pays our costs of distribution and provides a profit to us, is approximately 51%.

### **Approved Suppliers**

Other than the items described above, you are not required to purchase other items or services from us or other specifically designated suppliers. However, you are required to purchase all additional cleaning products, equipment, signs, uniforms, supplies, stationery, paper goods, business cards, and report forms utilized in the operation of your **Stanley Steemer** Business only from suppliers who have been approved by us. We continually review and evaluate suppliers for this purpose and approve those who are able to meet our standards and specifications, who possess adequate quality controls, and who have the capacity to supply our needs and the needs of our franchisees promptly and reliably. We reserve the right to limit the number of approved suppliers for purposes of efficiency and effective buying power. We do not make our criteria for approving suppliers available to franchisees.

We are an approved supplier, but not the sole approved supplier, of a number of items used in a **Stanley Steemer** Business. Currently, these items include cleaning chemicals, cleaning solutions, carpet/furniture protectors, advertising materials, deodorizers, carpet rakes/combs, furniture brushes, vehicle decals, uniforms and promotional items. The profit margin that we receive for items purchased from us varies from item to item, but generally averages approximately 17% to 26%.

We maintain specifications for the cleaning products, supplies, advertising materials and equipment to be used by you in your **Stanley Steemer** Business. Many of these specifications are contained in our Manuals and others are provided in periodic written notices by regular mail or email to our franchisees. We generally provide these specifications to approved suppliers, but in certain cases where the specifications involve confidential and proprietary information regarding the content, design or formulation of the product, the specifications will only be made available to a supplier who agrees to sign a confidentiality agreement with us. These specifications are developed by us either through our research and development staff or in conjunction with a particular manufacturer and may be modified by us from time to time by notice to our franchisees. If you desire to purchase, or any non-approved supplier proposes to sell to you, any item not previously approved by us, either you or the supplier must first submit the item to us for our review and approval.

As a condition of our approval, our representative must be permitted to inspect the proposed supplier's facilities, and the supplier must deliver samples of the item to us for testing. The proposed supplier must pay us upon receipt of our invoice our reasonable expenses incurred in conducting the inspection and tests. We must respond to any request from you for approval of a supplier or product within ninety (90) days. If we approve a supplier, we have the right to re-inspect its facilities and products from time to time, and we can revoke our approval if the supplier or product fails to meet our standards. Our determination regarding approval or disapproval is final. If we revoke our approval of an approved supplier or if the list of approved suppliers is otherwise amended, we will communicate this revocation of approval and/or amended list of approved suppliers to you in writing by regular mail and/or email communication. We do not make our criteria for approving suppliers available to franchisees.

Except as described in this Item 8, we do not permit you to contract with alternative suppliers.

Currently, you are not required to purchase your computer system from us or a supplier approved or designated by us, but we have the right to require you to do so. Your computer system must meet our specifications. We currently provide our proprietary software to you, and any upgrades to the software, at no cost, but we have the right to charge a fee.

In addition to the required purchases described above, you are obligated to obtain and maintain, at your own expense, the insurance coverage provided in the Franchise Agreement. The Franchise Agreement provides that you must maintain commercial general liability insurance including products liability, completed operations, personal injury, and advertising injury coverages, with a combined single limits of not less than \$1,000,000 per occurrence; commercial automobile liability insurance covering all vehicles used or operated by you in connection with your **Stanley Steemer** Business, including coverage for owned, hired and non-owned vehicles, with a combined single limit of not less than \$1,000,000 per occurrence; excess liability or umbrella insurance providing additional coverage for the liabilities insured under your commercial general liability and commercial automobile liability policies in an amount not less than \$2,000,000 per occurrence; employment practices liability insurance, including wage and hour defense coverage with a limit of not less than \$500,000 per occurrence; construction services liability with limits of \$3,000,000 per occurrence and \$4,000,000 in the aggregate (required only if you provide Reconstruction Services); and workers' compensation insurance with a minimum of \$500,000 employers limit of liability and such other insurance as may be required by statute or rule of the state in which you operate your **Stanley Steemer** Business. All policies of insurance maintained by you must contain a separate endorsement naming us as an additional insured, as our interest may appear. All insurance maintained by you must be placed with an insurance carrier or carriers with an A.M. Best's rating of "A" and an A.M. Best's Class rating of "xiv" or be otherwise approved in writing by us. The cost of this coverage will vary depending on the insurance carriers, the terms of payment and your history.

During 2023, our revenues from the required purchase of **Stanley Steemer** Cleaning Platforms and its accessories and spare parts, as well as cleaning products, and equipment by our **Stanley Steemer** franchisees were \$12,883,926. This represented 4.5% of our total revenues of \$285,613,624 for the year.

We estimate that the items that you are required to purchase from us or approved sources will constitute approximately 90% of the products and equipment that you will need to purchase to commence and operate your **Stanley Steemer** Business.

Any person who provides services on your behalf to a customer of your **Stanley Steemer** Business must wear a uniform meeting our brand standards.

With the exception of advertising cooperatives as described in Items 6 and 11 of this disclosure document, we have not established and do not participate in any purchasing or distribution cooperatives, and no purchasing and distribution cooperatives have been approved.

We do not receive any compensation or rebates from any designated or approved suppliers. In certain cases, we do receive promotional allowances from suppliers. All amounts received as promotional allowances are used in connection with preparation of advertising and promotional materials for use by the **Stanley Steemer** system. In 2023, we received no promotional allowances.

No officers of **Stanley Steemer** own an interest in any supplier (other than **Stanley Steemer**) listed in this Item 8.

From time to time, we negotiate particular purchase arrangements and pricing with particular suppliers for the benefit of the entire **Stanley Steemer** system.

Except for your **Stanley Steemer** franchise, we do not provide any material benefits to you based upon your use of designated or approved sources.



## ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	Section(s) In Franchise Agreement	Disclosure Document Item(s)
a. Site selection and acquisition/ lease	Not Applicable	Items 7 and 11
b. Pre-opening purchases/leases	Article III, Section C, of Franchise Agreement	Items 5, 7, and 8
c. Site development and other pre-opening requirements	Article VII, Section B, of Franchise Agreement	Items 7 and 11
d. Initial and ongoing training	Article VII, Section B, of Franchise Agreement	Items 6, 7, and 11
e. Opening	Article I of Franchise Agreement	Item 11
f. Fees	Article II of Franchise Agreement; Paragraphs 1, 2 and 4 of Cognovit Promissory Note; Paragraphs 1 and 2 of Option to Purchase Agreement; Sections 7, 12 and 15 of Integrated Technology Systems Access Agreement	Items 5, 6, 7, 10, 11, 12, and 17
g. Compliance with standards and policies/operating manual	Article III, Sections A, B, C, D, and E, and Article VII Sections A, J and K of Franchise Agreement; Section 10 of Integrated Technology Systems Access Agreement	Items 8, 11, 15, and 16
h. Trademarks and proprietary information	Articles V and VII, Sections C and D, of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Article III, Sections C, D, and E, of Franchise Agreement	Items 11 and 16
j. Warranty and customer service requirements	Article III, Section C, of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Article II, Sections D and H, and Article IV, Section C, of Franchise Agreement	Item 12
l. Ongoing product/service purchases	Article III, Sections C and D, of Franchise Agreement; Section 5 of the Integrated Technology Systems Access Agreement	Items 6, 8, 11, and 16
m. Maintenance, appearance and remodeling requirements	Article III, Section C, of Franchise Agreement	Not Applicable

<b>Obligation</b>	<b>Section(s) In Franchise Agreement</b>	<b>Disclosure Document Item(s)</b>
n. Insurance	Article IX of Franchise Agreement	Items 6,7,8, and 11
o. Advertising	Article VI of Franchise Agreement	Items 6, 7, and 11
p. Indemnification	Article IX, Section F of Franchise Agreement; Section 15 of Integrated Technology Systems Access Agreement; Paragraph 2 of the Guarantee, Indemnification, and Acknowledgment	Item 6
q. Owner's participation/ management/ staffing	Article VII, Section A of Franchise Agreement	Items 11 and 15
r. Records and reports	Article III, Sections E and F, and Article VII, Sections F, of Franchise Agreements	Item 6
s. Inspections and audits	Article III, Section E, and Article VII, Section F, of Franchise Agreement	Item 6
t. Transfer	Article XII of Franchise Agreement; Paragraph 2 of Option to Purchase Agreement	Items 5, 11, 12, and 17
u. Renewal	Article XI of Franchise Agreement	Item 17
v. Post-termination obligations	Article XV of Franchise Agreement; Paragraphs 6 and 8 of Cognovit Promissory Note	Items 5, 10, and 17
w. Non-competition covenants	Article VII, Section E and Article XV Section B of Franchise Agreement	Item 17
x. Dispute resolution	Article XVI of Franchise Agreement; Paragraphs 5, 6 and 8 of Cognovit Promissory Note; Section 16 of Integrated Technology Systems Access Agreement; Paragraph 4 of the Guarantee, Indemnification and Acknowledgment	Items 5, 10, and 17
y. Payments to third parties	Article III, Section C, of Franchise Agreement	Item 6
z. 1-800-STEEMER® & Location Based Routing	Article VII of Franchise Agreement	Items 5, 6, 10, and 17

<b>Obligation</b>	<b>Section(s) In Franchise Agreement</b>	<b>Disclosure Document Item(s)</b>
aa. Waiver of trial and notice of judgment	Article XVI, Section C of Franchise Agreement; Paragraph 8 of Cognovit Promissory Note	Items 5, 10, and 17
bb. Waiver of presentment for payment, notice of dishonor, protest and notice of protest	Paragraph 5 of Cognovit Promissory Note	Items 5, 10, and 17
cc. Compliance with laws	Section 10 of the Integrated Technology Systems Access Agreement	Item 11
dd. Payment of principal and interest	Paragraphs 1 and 2 of Cognovit Promissory Note	Items 5 and 10
ee. Payment by Guarantor of amounts owed to Stanley Steemer	Paragraphs 2 and 3 of the Guarantee, Indemnification, and Acknowledgment	Not applicable

## **ITEM 10. FINANCING**

We offer two plans under which you may finance 100% of your initial franchise fee with us. These plans are described in detail in Item 5 of this disclosure document. We do not offer financing of any other obligations which you may incur in your **Stanley Steemer** Business.

As described in Item 5 of this disclosure document, if you elect to finance your initial franchise fee, under Option A, you must sign a promissory note with us in the form of Exhibit E attached to this disclosure document. That note contains certain material terms of which you should be aware. These include the following: (1) You have the right to prepay the note without penalty. (Cognovit Promissory Note, Paragraph 2). (2) If you do not pay on time, we have the right to declare the entire amount of the loan to be due by accelerating the note, and to bring legal proceedings to collect the note. If this happens, you will also be liable for our costs incurred in collecting the note, including our attorney's fees and court costs. (Cognovit Promissory Note, Paragraphs 4 and 6). (3) If you default in payment of the note, this is also a default under the Franchise Agreement, and we may terminate the Franchise Agreement. (Franchise Agreement, Article XIII.B.2.) (4) The note contains what is known as a cognovit provision, which allows us, upon a default by you, to have an attorney appear before a judge in Franklin County, Ohio and consent to the court granting a judgment against you for the full amount that you owe, without advance notice to you or the opportunity for a hearing. We must, however, notify you of this after the court grants judgment. (Cognovit Promissory Note, Paragraphs 6 and 8). (5) Upon default in the payment of a note, the entire amount outstanding may be accelerated and become immediately due and payable and the interest rate charged on the note will increase to the default interest rate specified in the note. This rate will not exceed 4% over the stated interest rate on the note. (Cognovit Promissory Note, Paragraph 4). (6) The note contains provisions by which you waive certain rights, such as presentment for payment, notice of dishonor, protest and notice of protest, and claims that you may have against us in the event that we do not strictly enforce the terms of the note. (Cognovit Promissory Note, Paragraph 5). (7) If the franchisee is a corporation, limited liability company, partnership, or similar business entity, the note must be signed by each of the shareholders, members, partners, or other owners. (Cognovit Promissory Note). (8) The interest rate will be an agreed-upon rate. The last promissory note signed by a franchisee as of December 31, 2023, our most recent fiscal year end, included an interest rate of 6%. (9) The payments are due monthly over three (3) years. (Cognovit Promissory Note, Paragraph 2). (10) We do not require a security interest for the note. (Cognovit Promissory Note).

Although we have never done so, we have the right to assign the note to a third party without your consent. If we do so, the third party may be immune under the law to any defenses to payment you may have against us. Notwithstanding any assignment of the note to a third party, as long as the Franchise Agreement is effective, we will remain primarily obligated to provide the assistance to the franchisee for which we are obligated under the Franchise Agreement.

As described in Item 5 of this disclosure document, if you elect to finance your initial franchise fee Option B, you will be required to pay a portion of the initial franchise fee when you sign the Franchise Agreement and payment of the remaining portion of the fee as well as imputed interest will be deferred. The deferred amount will be paid by means of an additional monthly royalty payment of 3% of your gross sales until the deferred amount and imputed interest are paid in full. If Option B is selected, your Franchise Agreement will include a provision similar to Exhibit D attached to this disclosure document.

Other than as disclosed above, we do not offer direct or indirect financing to you. We do not guarantee any loan or lease that you may obtain or any obligation that you may incur in your **Stanley Steemer** business.

We do not receive direct or indirect payments for placing financing.

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

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

### **Obligations Prior to Opening**

Prior to the opening of your **Stanley Steemer** Business, we will provide the following assistance:

1. Sell one or more **Stanley Steemer** Vehicles to you or to a company which you designate which agrees to lease the **Stanley Steemer** Vehicle(s) to you. (Franchise Agreement, Article IV.B. and C.).
2. Recommend brands and manufacturers of products meeting our specifications. (Franchise Agreement, Article VIII.I.).
3. Provide you access to our Manuals. (Franchise Agreement, Article VIII.K.).
4. Permit you to use the **Stanley Steemer** Trademarks and the **Stanley Steemer** System, in accordance with our requirements. (Franchise Agreement, Article VIII.D. and E).
5. Provide initial training of you at times and locations designated by us. (Franchise Agreement, Article VIII.J.).
6. Furnish additional advice and counseling as you reasonably request. (Franchise Agreement, Article VIII.L.).
7. If we create communication services through our web site to facilitate communication among franchisees and us, and you are in good standing as a franchisee and sign the Integrated Technology Systems Access Agreement attached to this disclosure document as Exhibit G, we will provide you with access rights to these communication services. (Franchise Agreement, Article VIII.N.).

## **Obligations After Opening**

During the operation of your **Stanley Steemer** Business, we will provide the following assistance:

1. Continuation of the obligations and assistance referred to in paragraphs 1., 2., 3., 4., and 6 above.
2. Provide all advertising materials, including newspaper copy or matrices, television film or video tapes, radio tapes and other advertising materials developed by us from time to time for use in a **Stanley Steemer** Business. We have the right to charge you an amount equal to our cost of preparing these materials, although we generally do not do so. (Franchise Agreement, Article VIII.A.).
3. Participate in any media area cooperative advertising program in those media areas in which we have a company-owned branch operation. Our participation will be on the same terms that are applicable to the other franchisees in the media area. (Franchise Agreement, Article VIII.C.).
4. Make available to you at our standard prices all spare parts necessary to operate and maintain the **Stanley Steemer** Cleaning Platforms. The prices which we charge to all franchisees will be the same, although we may make available certain volume and similar discount programs. (Franchise Agreement, Article VIII.G.).
5. Use our best efforts to protect the **Stanley Steemer** Trademarks and proprietary products from infringement by any person. (Franchise Agreement, Article VIII.F.).
6. Provide to you upon request report forms as are required for you to fulfill your reporting obligations to us. (Franchise Agreement, Articles VII.I., VIII.C. and E.).

We do not provide you with all of the necessary equipment, signs, and fixtures directly for your business, but we are in the practice of providing you with written specifications and the names of approved suppliers offering these items.

In order for you to meet your obligations under the Franchise Agreement, you must offer your customers all products and services as provided for in the Manuals or as otherwise designated by us. (Franchise Agreement – Article II.C.9.).

We do not have an obligation, either before or after opening, to hire or train your employees, but we do make certain training available to you and certain of your employees selected by you (as described more fully in this Item 11).

Although we do not have an obligation under the Franchise Agreement to do so, due in part to our operation of **Stanley Steemer** company-owned businesses, we are significantly involved in improving and developing the products and services that you will offer your customers and in developing the franchised business.

Although we do not have an obligation under the Franchise Agreement to do so, due to our operation of **Stanley Steemer** company-owned businesses, we maintain a National Customer Contact Center for the purposes of fielding in-bound customer contacts and inquiries. Depending upon our capacity and the availability of resources, you may use the services of our National Customer Contact Center in the operation of your Stanley Steemer business. Your utilization of services provided through our National Customer Contact Center is voluntary and will be determined at your discretion.

We do not have an obligation to establish prices but may suggest prices to you from time to time.

Although we do not have an obligation under the Franchise Agreement to do so, due in part to our **Stanley Steemer** company-owned businesses, we are in the practice of establishing and using administrative, bookkeeping, accounting and inventory control procedures which we may share with you from time to time.

Although we do not have an obligation under the Franchise Agreement to resolve operating problems you encounter, we will upon your reasonable request, provide you with advice and consultation in connection with the operation of your **Stanley Steemer** business and periodic continuing individual advice, consultation and assistance. (Franchise Agreement – Article VIII.L.).

### **Advertising Programs**

We consider advertising and promotion to be critical to the success of a **Stanley Steemer** Business. It is for this reason that we require you to spend 10% of your Gross Sales annually for advertising and promotion. Except for your obligations to participate in your local media area advertising cooperative and the national advertising program(s), and, if we require, to advertise in local market advertising listings, you are free to determine how to spend your annual advertising requirement, subject to our specifications and brand standards and advance approval.

We currently retain the services of various advertising agencies to advise us on marketing and assist us in producing advertising for the **Stanley Steemer** system. Currently, we produce advertising materials for dissemination by television, radio, newspapers, digital media, various forms of direct and electronic mail, and local market advertising listings. In addition, we have programs for e-mail solicitation and other forms of digital advertising. All of these are made available to you at prices which do not exceed our costs of production and/or execution. You are also free to prepare your own materials and to contract with advertising agencies of your choice or to work directly with the agencies with which we maintain relationships. All advertising and promotional materials must conform to our specifications and brand standards and be approved in advance by us. You may not advertise or be included in any online directories, third-party websites or social media websites, applications or platforms without our prior approval, which we are not obligated to provide.

**Stanley Steemer** advertising is done on a local basis, by media area through media area advertising cooperatives or through the National Advertising Program for **Stanley Steemer** Businesses through Stanley Steemer National Advertising Fund, Inc. We are not obligated to spend money on advertising in your area.

Currently, there are 29 media area advertising cooperatives. If we or a majority of the **Stanley Steemer** Businesses in your media area determine that a cooperative media area advertising program should be formed, you are required to participate in and pay your pro rata share for that cooperative advertising program. In such event, all **Stanley Steemer** franchisees that have **Stanley Steemer** Businesses in the media area must participate in the cooperative. In addition, if we have a branch operation in the media area, we must participate on the same terms as the franchisees. In a few cases, franchisees that operate under franchise agreements signed years ago may not have the same obligations to participate in a cooperative that you or we have. The media area will be determined by us using third party media services such as Nielsen (or comparable source) for television, Arbitron (or comparable source) for radio and areas of circulation for printed media. The amount of funding required to operate the media area cooperative is determined by the members of the cooperative. Each member's pro rata share is determined by the members of the cooperative and varies depending upon the media used. For example, for television the pro rata share is generally determined based upon the percentage that the number of television households in each franchisee's area bears to the total number of television households in the total media area.

Each cooperative is free to adopt its own by-laws and to choose whether or not to share those by-laws with members of the cooperative. Each cooperative is self-administered. Currently, all cooperatives operate on a one **Stanley Steemer** Business equals one vote basis. In the event of disputes which cannot be amicably

resolved by the members of the cooperative, **Stanley Steemer** reserves the right to resolve the dispute. **Stanley Steemer** has the power to require cooperatives to be formed, changed, dissolved or merged.

We do not require cooperatives to prepare or submit annual or periodic financial statements, although they are free to do so.

In April of 2000, **Stanley Steemer** National Advertising Fund, Inc., an Ohio nonprofit corporation (the “National Advertising Fund”), was formed to operate **Stanley Steemer**’s National Advertising Program on behalf of **Stanley Steemer** Businesses. All new **Stanley Steemer** franchise owners are required, on a monthly basis, to pay a National Advertising Fee as we may designate of up to 4% of monthly Gross Sales to the National Advertising Fund. Most existing **Stanley Steemer** franchise owners are required to participate in the National Advertising Fund at the same rate as new franchise owners; however, there may be franchise owners having older forms of Franchise Agreements who either are not required to participate or may be required to participate at a different rate.

The funds that are collected by the National Advertising Fund will be used only for the administration and execution of the National Advertising Program. **Stanley Steemer** has agreed to provide accounting and bookkeeping services to the National Advertising Fund at no fee.

We must also contribute to the National Advertising Fund at a designated rate of up to 4% of our Gross Sales derived from Core Business and Related Business through our company-owned branch operations.

The finances for this program will be administered by us. Administration of the National Advertising Fund is handled by our accounting and marketing personnel under the direction of a Board of Trustees made up of three (3) representatives of **Stanley Steemer** appointed by the President of **Stanley Steemer** and two (2) representatives of **Stanley Steemer** franchise owners. Initially, the two (2) Trustees representing franchise owners were appointed by the President of **Stanley Steemer**. Beginning in mid-2000, the two (2) Trustees representing franchise owners were selected by the franchise owner members of the **Stanley Steemer** President’s Council. The National Advertising Fund must be operated in compliance with written governing documents, including its Articles of Incorporation and a Code of Regulations. Copies of these documents are available for review by any franchise owner (after his or her signing of a Franchise Agreement) by making a written request of the Vice President of Legal Affairs of Stanley Steemer.

Although the National Advertising Fund is not required to prepare annual financial statements, it does so and these statements are audited by an independent CPA. We make these audited financial statements available for review by a franchisee upon written request. During 2023, the National Advertising Fund spent none of its total expenditures on the production of advertisements and other promotional materials, 98.1% for media placement, and 1.9% for general and administrative expenses which includes interest expense.

We have the power, through the three (3) Trustees of the National Advertising Fund appointed by its President, to require the National Advertising Fund to be changed, dissolved or merged.

If all National Advertising Fees are not spent by the National Advertising Fund in the fiscal year in which they accrue, these fees will be maintained by the National Advertising Fund in its bank accounts and expended during the following fiscal year. We provide you with access to the National Advertising Fund’s media schedule and amounts expended for advertising by the National Advertising Fund.

None of the National Advertising Fees received by the National Advertising Fund will be used for advertising that is principally a solicitation for the sale of franchises.

Unless we are a member of an advertising cooperative in your media area, we have no obligation to spend any money for advertising in that area. Additionally, the National Advertising Fund has no obligation to spend any money for advertising in any particular media area.

Other than as described above, you are not required to participate in any other advertising fund.

We have not appointed a separate advertising council composed of franchisees that advises us on advertising policies.

## **Computer Systems**

### **Generally**

We have the right to require you to use a computer system that meets our specifications and the right to require you to purchase your computer system from a supplier approved or designated by us. Your computer system may include computer hardware, software, tablets, mobile devices and printers and other technology related systems and components we require or suggest from time to time. Currently, we require you to use computer hardware, third-party software, tablets, mobile devices and printers designated by us, but you are not required to purchase these from us or a supplier approved or designated by us. We also currently require you to use our proprietary software, which we provide at no cost to you. Your computer system will be used to store and access customer records and financial data. You may be required by us or third party providers to sign license agreements for software you use in your Stanley Steemer Business. A typical single user computer system generally ranges from \$2,500 to \$5,000.

### **Maintenance, Repairs, Upgrades and Updates**

Except with respect to our proprietary software as described below, you must purchase your computer system and you must purchase all maintenance, repairs, upgrades and updates to the computer system. There are no limitations on the frequency or costs associated with this requirement. We estimate that the annual cost of maintenance, repairs, upgrades and updates to your computer system will be \$250. Stanley Steemer, its affiliate, Stanley Steemer National Advertising Fund, Inc., or third parties are not required to provide you with ongoing maintenance, repairs, upgrades or updates to your computer system.

### **Proprietary Software**

We require you to use our proprietary software, Powermagic®, Fusion™, Nimbus™ and Nimbus X™, in the operation of your Stanley Steemer Business. This software is primarily used for entry of customer invoices, customer scheduling, accounting, and other related operational and financial matters.

We do not currently charge franchisees an initial fee or recurring fee for this software, but franchisees are solely responsible for purchasing, obtaining, configuring and maintaining compatible computer hardware, operating system software and any other communications equipment and devices needed to use our proprietary software. You must pay us a non-refundable fee of \$495 per person per day for any set up or conversion of your computer hardware system needed in order for you to be able to use our software.

If requested by us, you must install and use all updates, upgrades or enhancements to our proprietary software. While there is no limit on the frequency or costs associated with these updates, upgrades or enhancements, we do not currently charge franchisees for such updates, upgrades or enhancements.

We currently provide a help desk to answer franchisees' questions regarding our proprietary software. We also employ reasonable efforts to correct errors or malfunctions in the software that are brought to our attention by franchisees, but we do not guarantee their correction. We do not charge franchisees for help desk support or correction of errors or malfunctions, provided, however, if there is an error or malfunction caused by computer hardware, communications equipment or software that we do not own, we will charge you our



standard rates for any maintenance or support services provided by us to correct the error or malfunction. We do not guarantee that errors or malfunctions can be fixed. If you request, we provide training to you on your use of our proprietary software. Currently, the fee for this training is \$150 per day, but we have the right to increase this fee. If we do, we estimate the maximum fee will be \$250 per day. We have the right to discontinue the help desk resource, training sessions and/or our assistance with errors and malfunctions at any time or to charge you for these services. We have the right to require you to sign a maintenance agreement concerning our proprietary software.

### Intranet System

We currently provide, and require all franchisees to participate in, an intranet system for franchisees to communicate with us and other franchisees. We do not currently charge franchisees a fee for use of the intranet system, but you will be responsible, at your cost and expense, to obtain or maintain any communications equipment necessary to use the system, including modems, computer hardware and software and long distance or local telephone service. We plan to make a number of services available through this intranet system such as email service, a network news service, a buy/sell area for Stanley Steemer business related goods, an interactive chat service and a bulletin board service. Through the intranet, qualified franchisees may manage a unique webpage dedicated to the franchisee's individual Stanley Steemer business within the Stanley Steemer public website. We believe that franchisees will find the intranet system not only useful as a means for receiving technical information and assistance from us, but also as a forum for discussion on a wide range of issues of interest to the Stanley Steemer community as a whole.

### Internet Connection, Email and Social Media

You may choose your Internet provider, but the speed of your connection must meet our specifications. You are required, at your own expense, to use the email system and email addresses we require. You may not use any separate email address without our written consent. You are required to participate, at your own expense, in all social media activities and promotions we may require from time to time. You may not advertise or be included in any online directories, third-party websites or social media websites, applications or platforms without our prior approval, which we are not obligated to provide.

### Our Access to Information on Your Computer System

We have independent access to the information stored on your computer hardware and software, including our proprietary software, and information you maintain in cloud-based storage. We have unlimited rights to access this information and unlimited rights to require you to transmit information relating to your Stanley Steemer Business to us or third-parties designated by us. Currently, we require you to transmit this information to us at least twice weekly, but we have the right to change the frequency by which you must provide us this information.

### Technology Fee

We have the right to charge you a monthly non-refundable fee for the various technology related products and services you use in your Stanley Steemer Business, including, your computer system and any apps, websites, networks, firewall services and other technology related systems and components you use in your Stanley Steemer Business. We do not currently charge this fee. If we charge this fee in the future, we estimate the maximum fee will be 3% to 4% of your annual gross sales.

### Operations Manuals

We provide to you, and each **Stanley Steemer** franchisee, the **Stanley Steemer** Franchise Operations Manual. which may consist of several topic-specific manuals and/or a collection of materials in hard and

electronic formats. We select the format in which the Operations Manual will be provided to you. We may periodically modify and update the Operations Manual and/or provide to **Stanley Steemer** franchisees via written communications, electronic files and communications, and Internet based files and communications, information that supplements, updates or replaces the Operations Manual, in whole or in part (this information, together with the **Stanley Steemer** Franchise Operations Manual, the “Manuals”). You must have an e-mail account and Internet service so that you may receive these electronic and web-based files and communications. The Manuals contain both mandatory and suggested specifications, standards, operating procedures and rules periodically prescribed by us for use in the operation of a **Stanley Steemer** business. The Manuals are designed to maintain the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer Trademarks and Stanley Steemer System. Nothing contained in the Manuals is intended to govern or otherwise control the day-to-day operations of your **Stanley Steemer** Business or—to the extent applicable—its employees. The Manuals are confidential and the proprietary property of **Stanley Steemer** and are simply loaned or otherwise made available to you. You must return the Manuals to us upon the expiration or termination of your Franchise Agreement for any reason. You must treat the Manuals confidentially. You must operate your **Stanley Steemer** business, including, without limitation, your use of the **Stanley Steemer** Cleaning Platforms, **Stanley Steemer Vehicles**, cleaning products and solutions, cleaning methods, machinery, equipment and supplies, in accordance with the provisions prescribed by us in the Manuals, which may be revised and modified from time to time in our sole and absolute discretion.

The Table of Contents of our **Stanley Steemer** Franchise Operations Manual, as of the original issuance date of this disclosure document, is included below. The total number of pages in the Operations Manual (3,471 pages included in Volumes I and II) and the number of pages devoted to each topic in the Operations Manual are included below.

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## **Business Location Selection**

It is your responsibility to select the site from which your **Stanley Steemer** Business will be operated. Generally, your office must be located within your geographic area and should be located to allow you to provide services to customers in your area efficiently and conveniently. We recommend that you initially consider locating the business in your home to reduce expenses. As you expand, you may find it desirable to locate your business in an office or other commercial building. We do not select or approve a business location for you, and we are not required to provide any assistance to you in selecting a location. We do not assist you in conforming the business location to local ordinances and building codes and/or obtaining any required permits. We are not responsible for constructing, remodeling or decorating the business location. You may not operate another business from the same premises from which you operate your **Stanley Steemer** Business, without our prior consent. You will also be required to use a vehicle or if necessary, vehicles, to service your **Stanley Steemer** Business customers.

## **Time Before Opening**

You must have commenced the operation of your **Stanley Steemer** Business within three months after you sign your Franchise Agreement. The typical length of time from the signing of a Franchise Agreement to the commencement of operations by a franchisee is 30 to 60 days. Factors affecting the length of time typically include obtaining the necessary financing arrangements, delivery of equipment, and the time needed by you to wind up your current business occupation, if any.

## **Training Program**

We provide an initial training program for all Stanley Steemer franchisees, which typically last two weeks and is typically held at our corporate offices in Dublin, Ohio or a company-owned branch designated by us. In our discretion, your initial training sessions may be provided to you, in whole or in part, through webinars, online modules, online learning portals, web-based seminars or classes, cloud-based video communications, video and audio conferencing, and live chats.

There are prerequisites that you must meet or comply with prior to participating in the initial training program. You will receive all training materials prior to your visit. These materials typically include the Manuals and other training aids adopted or revised by us from time to time. You must successfully complete the initial training program to our satisfaction prior to commencing operation of your business (within three (3) months after the Franchise Agreement is signed). In certain instances where a franchisee has significant prior business experience, we may allow a modified or shortened program. The initial training program is offered periodically by us, based upon need.

Our franchisee training program is administered by the Stanley Steemer Training Department with instruction provided by various subject matter experts employed by Stanley Steemer. The average instructor has at least six (6) years of experience with us and eleven (11) years of experience on the subject for which they will provide training. Representatives of the following Stanley Steemer departments will provide instruction: Training, Customer Service, Accounting, Risk Management, Legal, Marketing, IT, Manufacturing, Products and Services, Branch Operations and the National Contact Center. The instructional materials for training will include written materials such as the Manuals and lectures.

Currently, you are not required to pay tuition fees for the initial training program, but we reserve the right to charge fees for this training program. You must pay for all travel, room, board, wages and any other expenses related to the training program, including costs incurred by you and your employees.

We have the right to require you, your manager and/or your other employees to participate in periodic supplemental or refresher training. In addition, we offer periodic supplemental and refresher training that

you, your manager and/or your other employees may participate in on a voluntary basis. Currently, you are not required to pay tuition fees for mandatory or voluntary supplemental or refresher training, but we reserve the right to charge a tuition fee for this training, which may range from \$185-\$625 per person for each training session.

If web-based initial training, supplemental training or refresher courses are offered, participants must have a personal computer with Internet service and may be required to download software or a software plug-in such as Java or Adobe Flash Player to access training materials. If we require in-person training or refresher courses, you are responsible for transportation and room and board for yourself and any of the individuals who participate in the training program or refresher course on your behalf.

### **Stanley Steemer Business**

Our current initial training program for Stanley Steemer franchisees is as follows:

#### **TRAINING PROGRAM**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-The-Job Training</b>	<b>Location</b>
Tour of Stanley Steemer's home office, manufacturing facility and Columbus branch operations	Not applicable	8	Company, Company-Owned Branch
Cleaning Techniques and Methodologies	Not applicable	12	Company-Owned Branch, Web-based Training
Practice Cleaning Technique in Demo Home	Not applicable	8	Demo Home
Outstanding Attributes of a Manager, Customer Service Representative and Crew Chief	8	Not applicable	Company, Company-Owned Branch, Web-based Training
<b>Stanley Steemer</b> Vehicle and cleaning equipment	12	Not applicable	Company Manufacturing Facility
Marketing Strategy and Yearly Media Planning	4	Not applicable	Company, Company-Owned Branch, Web-based Training
Insurance	2	Not applicable	Company, Company-Owned Branch, Web-based Training
Financing the <b>Stanley Steemer</b> Vehicle	2	Not applicable	Company, Company-Owned Branch, Web-based Training
Reporting	6	Not applicable	Company, Company-Owned Branch, Web-based Training

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Manager, Customer Service Representative or Crew Chief Class	16	Not applicable	Company, Company-Owned Branch, Web-based Training
Field Training and Certification	Not applicable	32 hours	Franchisee's Business Location

## ITEM 12. TERRITORY

You will be granted an exclusive area within which to operate a **Stanley Steemer** Business. You may not provide services to any customer location outside of your exclusive area without our consent. Your exclusive area will be agreed to by you and us and detailed on Exhibit "A" to your Franchise Agreement. That area will generally consist of one or more counties. However, in heavily populated areas, it may be less than a county, and, in that case, it will be delineated by reference to boundary streets or other political subdivisions. If you receive a request for service outside of your exclusive area, you must refer that request to the **Stanley Steemer** branch or franchisee in the area in which the services are to be performed. You may not solicit customers outside of your exclusive area by channels of distribution such as the Internet, catalog sales, telemarketing, or other direct marketing. Except as disclosed below, we will not solicit or accept orders directly or through other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, or establish a company-owned **Stanley Steemer** Business or grant another **Stanley Steemer** Business franchise within your exclusive area.

Your franchise is not granted for a specific location. You may locate or relocate your business premises in any location within your exclusive area that will allow you to adequately service your exclusive area.

We have the right under the Franchise Agreement, at our option, with respect to the services offered by a **Stanley Steemer** Business to implement a "National Accounts Program" to provide such services, to certain commercial customers having locations within more than one (1) area serviced by franchisees and/or company-owned branch operations. If we implement the National Accounts Program, you must fully participate in the Program in accordance with the terms and service level agreements negotiated with such commercial customers/accounts. The National Accounts Program is likely to include, but is not limited to, the following elements: (1) We could designate certain multi-territory customers as National Account customers and enter into contracts with these customers encompassing any or all of the customers' facilities, including the customers' facilities located in your franchised area. (2) Our contracts with the customers may establish National Account prices for the services to be provided. (3) You must provide services to all National Account customers in your franchised area in accordance with the **Stanley Steemer** System and the terms and service level agreements negotiated with such National Account customers. (4) You may not charge National Account customers prices for products or services in excess of the National Account prices for that customer established by us, but you, at your option, may charge prices less than the National Account prices for that customer. (5) You must cooperate with us and other **Stanley Steemer** franchisees in identifying and servicing National Account customers.

You do not receive options, rights of first refusal or similar rights under the Franchise Agreement to acquire additional franchises in your area, nor do you receive rights under the Franchise Agreement to acquire franchises in contiguous areas. We consider several factors in determining whether a franchisee may acquire an additional franchised area such as, the availability of additional franchised locations, whether the franchisee is good standing with us (including payment in full of any amounts owed to us or third parties), and whether the franchisee has sufficient financing to acquire and operate an additional franchise; we are

not, however, obligated to allow you to acquire an additional franchise. If we agree that you may acquire an additional franchise, you must sign our then-current form of franchise agreement.

If you and we agree, we may allow you to reserve an area prior to becoming a **Stanley Steemer** franchisee for a period of up to six (6) months by paying a nonrefundable option fee not to exceed ten percent (10%) of the estimated initial franchise fee. This option fee will be applied to the initial franchise fee if you purchase a franchise and, with our consent, you can transfer this fee to reserve another area or purchase another **Stanley Steemer** franchise. A copy of the form Option to Purchase Agreement is attached as Exhibit F to this disclosure document.

In the Franchise Agreement, we reserve the right to establish other systems for the sale at wholesale or retail of products, including **Stanley Steemer** products which you can sell as a part of your **Stanley Steemer** Business and products that do not bear our Trademarks, through distribution systems other than **Stanley Steemer** franchisees such as through the Internet, catalog sales, telemarketing or other direct marketing sales. Currently, we sell bottles of **Stanley Steemer** Professional Carpet & Upholstery Spot Remover™ and **Stanley Steemer** Odor Out™ through various retail channels throughout the United States. We also operate a catalog order business for various **Stanley Steemer** products and offer certain of these products through our corporate website. We are not obligated to compensate you for any of these sales. We also have the right to establish other franchise systems utilizing trademarks and service marks which are not a part of the **Stanley Steemer** System, which could solicit or accept orders within your area. None of those franchise systems however, would be involved with the cleaning of flooring, upholstery, air ducts or HVAC systems.

Other than the “add-on” license for **Stanley Steemer** Duct Cleaning Service businesses offered from 1998 through 2020 and the add-on licenses for **Stanley Steemer** Carpet Sales and Installation Service business offered from 1999 through 2013, **Stanley Steemer** has not established any other franchise systems and, other than as disclosed above, has no current plans to do so.

You are required at all times to use your best efforts to promote and increase your sales within your area. In connection with your **Stanley Steemer** franchise, you will be deemed to be in violation of this obligation if you (1) fail to generate the gross sales necessary to require you to make total monthly royalty payments amounting to at least the minimum annual royalty payments for any period of two (2) successive Minimum Annual Royalty Years or (2) fail to meet your advertising obligations. If you default in the performance of your obligations under the Franchise Agreement, we have the option of terminating that Agreement or of simply terminating your territorial exclusivity. If we terminate your territorial exclusivity, we may suspend your access to our proprietary software and other technology related products and services you use in your Stanley Steemer Business, including, inclusion in online directories and social media listings, websites, platforms and applications, and we may also suspend your participation in our national accounts program and toll-free telephone scheduling system used potential customers of your Stanley Steemer Business. In the past, we have always opted to terminate the Franchise Agreement entirely.

You maintain rights to your area even though the population of the area increases.

### **ITEM 13. TRADEMARKS**

As a **Stanley Steemer** franchisee, you will be granted, in accordance with the terms of your Franchise Agreement, a limited, non-exclusive license to use certain of our trade secrets, trademarks, service marks, names, logos and symbols, which are used by Stanley Steemer in identifying, advertising, promoting and marketing various carpet and upholstery cleaning services, and duct cleaning services (the “Trademarks”). All of these Trademarks are owned by **Stanley Steemer** and are registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”).

We have filed all required affidavits and renewals for these Trademarks to have currently effective registrations.

Mark: **“STANLEY STEEMER”**

Carpet Cleaning Machines

Reg. Date: October 22, 1974

Reg. No.: 996,362

Renewal Date: August 16, 1994

Second Renewal Date: September 22, 2004

Third Renewal Date: September 18, 2014

Mark: **“STANLEY STEEMER”**

Carpet Cleaning Services

Reg. Date: March 11, 1975

Reg. No.: 1,006,675

Renewal Date: November 23, 1994

Second Renewal Date: September 22, 2004

Third Renewal Date: January 23, 2015

Mark: **“STANLEY STEEMER”**

Cleaner and spot remover for carpets and upholstery sold in connection with carpet cleaning services

Reg. Date: August 26, 1986

Reg. No.: 1,406,382

Renewal Date: November 3, 2006

Second Renewal Date: October 13, 2016

Mark: **“STANLEY STEEMER”**

Upholstery Cleaning Services

Reg. Date: June 16, 1992

Reg. No.: 1,694,865

Renewal Date: March 13, 2002

Second Renewal Date: December 3, 2011

Third Renewal Date: October 5, 2022

Mark: **“STANLEY STEEMER”**

Duct Cleaning Services

Reg. Date: August 31, 1999

Reg. No.: 2,274,323

Renewal Date: September 30, 2009

Second Renewal Date: September 19, 2019

Mark: **“STANLEY STEEMER”**

Installation of carpet; Retail store services and retail door to door services, namely for carpet.

Reg. Date: April 10, 2001

Reg. No.: 2,442,125

Renewal Date: April 11, 2011

Second Renewal Date: June 22, 2021

Mark: **“STANLEY STEEMER”**

Installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems.

Reg. Date: August 10, 2004

Reg. No.: 2,871,734

Renewal Date: August 7, 2014

Mark: “**STANLEY STEEMER**” (stylized font)

Carpet cleaning services; renting of carpet cleaning machines; installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems; hardwood floor refinishing; tile and grout cleaning; water damage restoration in the nature of cleaning services; upholstery cleaning services; installation of carpet; and duct cleaning services; cleaner and spot removers; carpet cleaning machines; rugs and carpet; retail store and retail door to door services, namely for carpet.

Reg. Date: November 9, 2010

Reg. No.: 3,872,588

Renewal Date: January 24, 2021

Mark: **Depiction of Stanley Steemer Vehicle**

Carpet and upholstery cleaning; installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems; hardwood floor refinishing; tile and grout cleaning; water damage restoration in the nature of cleaning services.

Reg. Date: December 12, 2006

Reg. No.: 3,182,239

Renewal Date: February 10, 2017

Mark: **Stanley Steemer Yellow**

Carpet and upholstery cleaning; installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems; hardwood floor refinishing; tile and grout cleaning; water damage restoration in the nature of cleaning services.

Reg. Date: December 12, 2006

Reg. No.: 3,182,240

Renewal Date: February 10, 2017

Mark: “**TOUGH ON DIRT. GENTLE ON CARPET**”

Carpet and upholstery cleaning services

Reg. Date: February 15, 2000

Reg. No.: 2,319,147

Renewal Date: March 23, 2010

Second Renewal Date: April 3, 2020

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Mark: “**1-800-STEEMER**”

Carpet and upholstery cleaning; installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems; hardwood floor refinishing; tile and grout cleaning; water damage restoration in the nature of cleaning services.

Reg. Date: July 15, 2008

Reg. No.: 3,464,933

Renewal Date: May 9, 2018

Mark: “**LIVING BRINGS IT IN. WE TAKE IT OUT.**”

Carpet cleaning services; cleaning of heating, ventilating, and air conditioning systems; upholstery cleaning services.

Reg. Date: October 20, 2020

Reg. No.: 6,179,648



Mark: **“EXPERT CARE FOR YOUR AIR”**

Carpet cleaning services; cleaning of heating, ventilating, and air conditioning systems; upholstery cleaning services

Reg. Date: October 20, 2020

Reg. No.: 6,180,147

There are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings, nor any pending material federal or state court litigation involving the Trademarks. In addition, there are no agreements currently in effect which significantly limit the rights of **Stanley Steemer** to use or license the use of the Trademarks.

The Franchise Agreement does not obligate us to protect your use of the Trademarks or protect you against claims of infringement or unfair competition arising out of your use of the Trademarks. You must notify us of any use of, or claim of right to, a trademark which is identical or confusingly similar to our Trademarks. You may not prosecute or defend any claim or action with respect to the Trademarks without our consent. We are required to use efforts as we deem reasonable, considering the costs and other risks involved, to protect our Trademarks from infringement by any person. We have the right to control any administrative proceedings or litigation concerning any of the Trademarks. You must cooperate with us in any proceeding or litigation involving any of the Trademarks. The Franchise Agreement does not require us to participate in your defense and/or to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Trademark, or if a proceeding is resolved unfavorably to you.

If we discontinue or modify any of the Trademarks, we may require you to discontinue or similarly modify your use of that Trademark. Your rights under the Franchise Agreement will continue as long as you implement the modification or discontinuance of the Trademarks as required by us. If you fail to comply with this requirement, we have the right to terminate the Franchise Agreement.

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

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

No patents or copyrights are material to the Stanley Steemer franchise. We do not currently have any pending patent applications that are material to the Stanley Steemer franchise. However, the Stanley Steemer Cleaning Platforms are proprietary systems we have developed exclusively for use in the Stanley Steemer system. In addition, our primary carpet cleaning solutions, Stanley Steemer Professional Carpet & Upholstery Spot Remover™, and Stanley Steemer Odor Out™, are proprietary, confidential and specially formulated products. The Operations Manual and various other bulletins and directives, which we publish to our franchise system from time to time and which relate to the operation of a Stanley Steemer business, are proprietary and confidential. Further, the Powermagic®, Fusion™, Nimbus™ and Nimbus X™ software, as well as manuals and other information relating to Powermagic®, Fusion™, Nimbus™ and Nimbus X™ are proprietary and confidential.

We grant you a limited license to use our trade secrets and proprietary know-how relating to the operation of your Stanley Steemer Business (the “Confidential Information”). You acquire no interest in the Confidential Information provided to you other than the right to utilize it in development and operation of the Stanley Steemer Business in accordance with and during the term of the Franchise Agreement. You are also obligated to treat the contents of the Operations Manual as confidential. You are prohibited from

disclosing, copying, duplicating, recording, reproducing or otherwise making the contents of the Operations Manual to any unauthorized person without our consent.

You must promptly notify us of any use of, or claim of right to, any proprietary information of Stanley Steemer and any litigation instituted by any third party against us or you involving any proprietary information of Stanley Steemer. The Franchise Agreement does not require us to take affirmative action when notified of these uses or claims. We may, in our sole discretion, undertake the defense, prosecution or settlement of any litigation relating to the proprietary information of Stanley Steemer. If we discontinue or modify any of the proprietary information of Stanley Steemer, we may require you, at your expense, to discontinue or similarly modify your use of that proprietary information of Stanley Steemer.

Article VII.C. of the Franchise Agreement provides that the Confidential Information is confidential and a trade secret of ours and is disclosed to you under the conditions that you:

1. will not use the Confidential Information in any business or capacity other than with the Stanley Steemer System;
2. will maintain the confidentiality of the Confidential Information;
3. will not use the Confidential Information for the benefit of any third party; and
4. will restrict disclosure of the Confidential Information to your employees who need access to it in order to operate your Stanley Steemer Business.

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

You are not required to participate personally in the direct operation of your Stanley Steemer business, but you and the other owners, officers and managers of your Stanley Steemer Business are required to devote full-time energy and best efforts to the management and operation of your Stanley Steemer Business. We strongly recommend your personal and direct participation, and our experience has shown that our most successful franchisees are those who are directly and closely involved in the day-to-day operations of their Stanley Steemer Businesses. You may hire anyone in your sound discretion to manage your Stanley Steemer business, and we do not have the right to approve or disapprove that manager. If you are not actively involved in your Stanley Steemer business, you must advise us of this fact, and we may require you to have your manager attend and successfully complete our initial training program and all subsequent mandatory training programs. If you form a corporation, partnership, limited liability company, or other business entity to conduct your Stanley Steemer business, it is not necessary that your manager hold an ownership interest in that entity.

In the event that the franchisee is a business entity, we will require that the principal owners of the entity personally guarantee the obligations of the entity under the Franchise Agreement. If you are a sole proprietor and would like to transfer your Stanley Steemer Business to a business entity that you form, such as a corporation or limited liability company, you must sign a personal guarantee of the business entity's obligations to Stanley Steemer and indemnify us for costs we incur because of your failure to perform your obligations concerning the guaranty (see the Guarantee, Indemnification and Acknowledgement in Exhibit K).

**ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You are required to offer your customers all services and products for the cleaning, maintenance, restoration and repair of various types of systems and surfaces found in indoor environments which we prescribe and only those services and products. You must provide all services and operate your business in accordance with our prescribed procedures.

We have the right to add to, discontinue or modify required services, products and procedures at our discretion. There are no limits on this right to make changes.

**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.**

**Franchise Agreement**

<b>Provision</b>	<b>Section In Franchise Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Article I	Term is 10 years from date of Franchise Agreement.
b. Renewal or extension of the term	Article XI	Upon payment of renewal fees and upon meeting certain other conditions, you can renew for one (1) additional 10 year term.
c. Requirements for franchisee to renew or extend	Article XI	No defaults under the Franchise Agreement, or any other agreement between you and us, full compliance with material terms and conditions during the term of the Franchise Agreement and any other agreement between you and us, provide timely written notice of intent to renew, pay renewal fee of \$10,000, sign a general release of claims (see Exhibit L), and sign a new franchise agreement in the same form offered to new franchisees (which may have materially different terms, including increased royalty fees, advertising fees and advertising expenditure requirements, and renewal fees). The term renewal means that the franchise relationship is extended for an additional term of years under our then-current form of Franchise Agreement, which may have

Provision	Section In Franchise Agreement	Summary
		materially different terms and conditions than your original contract.
d. Termination by franchisee	Article XIV	If we fail to comply with any substantial term of the Franchise Agreement, and fail to cure the breach within 30 days of your written notice of the breach.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Article XIII	We can terminate only if you fail to pay any sum due to us or to comply with your obligations under the Franchise Agreement.
g. "Cause" defined – curable defaults	Article XIII.B.	You have 30 days to cure certain defaults including: misuse of the <b>Stanley Steemer</b> System or Trademarks and other actions that impair the goodwill associated with these; failure to make payment to us when due; failure to furnish any required report or information; failure to operate the <b>Stanley Steemer</b> Business in compliance with the Franchise Agreement and Manuals; failure to comply with a lease or sublease of the Premises or any equipment used in the operation of the <b>Stanley Steemer</b> Business; failure to perform any provisions of the agreements to which you and we are parties; abandonment of the <b>Stanley Steemer</b> Business; and failure of your representative to comply with provisions of Franchise Agreement upon your death or disability.
h. "Cause" defined – non-curable defaults	Article XIII.B.	Non-curable defaults include: failure to open and commence operations within six (6) months; failure to complete initial training program to our satisfaction; termination of lease or sublease of the Premises; any assignment for the benefit of your creditors, if not dismissed within fifteen (15) days; failure to comply

Provision	Section In Franchise Agreement	Summary
		<p>with any federal, state or local law or regulation, if not cured within ten (10) days of notice of noncompliance; any attempted transfer that does not comply with the Franchise Agreement; any material misrepresentation relating to the grant of the franchise or your conduct that reflects unfavorably on the operation of the <b>Stanley Steemer</b> Business or <b>Stanley Steemer</b> System; your Stanley Steemer Business or the Premises are taken over or foreclosed by a government official or a creditor and not dismissed within 30 days; insolvency; appointment of receiver over your assets; levy of execution not discharged within five (5) days; bankruptcy, reorganization or similar proceeding; you, any owner or principal officer is convicted of a felony or any crime involving moral turpitude; we determine operation of the <b>Stanley Steemer</b> Business will result in immediate danger to public health and/or safety, unless cured within three (3) days; default by you which occurs at any time after notice of three other defaults that have been cured within the prior twelve (12) months; disclosure of the Operations Manual to any third party; your death or disability without electing to sell or transfer the <b>Stanley Steemer</b> Business; and failure to obtain vehicles within the required time period.</p>
<p>i. Franchisee’s obligations on termination/ nonrenewal</p>	<p>Article XV, Article III.C.1.e.</p>	<p>Obligations include complete de-identification, cessation of use of the <b>Stanley Steemer</b> System (including without limitation, the use of distinctive color schemes, any articles that display the Trademarks, the <b>Stanley Steemer</b> Vehicle and <b>Stanley Steemer</b> Cleaning Platforms), return of all Manuals</p>

Provision	Section In Franchise Agreement	Summary
		and advertising materials, cessation of use of all telephone numbers and classified listings in advertisements, transfer of all telephone lines to us, payment of all sums owed to telephone company, cessation of use of our proprietary software and other technology related products and services including all <b>Stanley Steemer</b> online services, toll free customer scheduling systems, intranet and extranet, cessation of use of confidential information, including customer records and data, and return confidential information to us. (see also r. below).
j. Assignment of contract by franchisor	Not applicable	Not applicable
k. “Transfer” by franchisee – defined	Article XII.F., Article XII.G.	Includes transfer of contract, stock, partnership interest, or other interest in franchise, changes in certain officers or managers, and any pledge or mortgage of the Franchise Agreement.
l. Franchisor’s approval of transfer by franchisee	Article XII.D.	We have the right to qualify all proposed transferees.
m. Conditions for franchisor’s approval of transfer	Article XII	<p>You have owned and operated your business for at least one year, you have paid all of your obligations to us, your creditors and the government, you are not in default under the Franchise Agreement, you sign a general release (see Exhibit L), new franchisee qualifies, transfer fee paid, current Agreement signed by new franchisee (also see n. and r. below.)</p> <p>If you are a sole proprietor and wish to transfer your interest to a business entity, we may require that: you give us ten (10) days prior written notice; you remain individually liable under the Franchise Agreement, no stock or document evidencing ownership be transferred without our prior written approval; all certificates of</p>

Provision	Section In Franchise Agreement	Summary
		stock or other ownership interest are clearly endorsed in compliance with the Franchise Agreement, you enter into a guaranty agreement satisfactory to us (see Guarantee, Indemnification and Acknowledgement in Exhibit K); and all officers, directors, managers; and owners sign confidentiality and non-competition agreements in forms satisfactory to us.
n. Franchisor's right of first refusal to acquire franchisee's business	Article XII.D.5 & 6, and Article XV.A.8	Stanley Steemer can match any offer for your business. Upon termination or expiration of your franchise, Stanley Steemer has a right of first refusal to purchase any <b>Stanley Steemer</b> Vehicles.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Article XII.C.	Franchise must be transferred by estate to approved buyer within 24 months.
q. Non-competition covenants during the term of the franchise	Article VII.E	No involvement in ownership or operation of a competitive carpet, upholstery, or other cleaning business or franchise, or any business involved in carpet sales, water restoration, air duct cleaning, carpet installation, or services similar to those provided by us or a <b>Stanley Steemer</b> franchisee or licensee.
r. Non-competition covenants after the franchise is terminated or expires	Article XV.12	No involvement with similar business for 2 years within the franchise owner's area (including after assignment) or within 25 miles of the franchise owner's area.
s. Modification of the agreement	Article XVIII.B, & Article III.B. and C.2.	No modifications generally unless in writing signed by both parties, but Stanley Steemer System and Manuals subject to change by us in our sole discretion.

<b>Provision</b>	<b>Section In Franchise Agreement</b>	<b>Summary</b>
t. Integration/merger clause	Article XVIII.E.	Only the terms of the Franchise Agreement are binding. Any other promises or representations are unenforceable. However, nothing in the Franchise Agreement, or in any related agreement, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.
u. Dispute resolution by arbitration or mediation	Article XVI	With limited exceptions, all disputes will be resolved by a mandatory three-step process – good faith negotiation, mediation (if negotiation is unsuccessful to resolve claims) and arbitration (if mediation is unsuccessful to resolve claims). Mediation will be held in Chicago, Illinois by JAMS, The Resolution Experts. Mediator to be mutually selected, but if we cannot agree, then by the rules of JAMS. Arbitration will be held in Chicago, Illinois. Damages for punitive, exemplary, indirect, special, consequential or incidental damages, or any other damages may not be in excess of actual direct damages or any limit set out in the Franchise Agreement, whichever is lower. Prevailing party may be awarded costs and expenses in compelling arbitration. Arbitration may not be brought on a class-wide or multiple plaintiff basis. See State Addenda, if applicable.
v. Choice of forum	Article XVIII.D.	Litigation must be filed in Columbus, Ohio. Subject to state law. See State Addenda, if applicable.
w. Choice of law	Article XVIII.C.	Except as governed by the U.S. Trademark Act of 1946, as amended, Ohio law applies. Subject to state law. See State Addenda, if applicable.



**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.**

**Cognovit Promissory Note**

<b>Provision</b>	<b>Section In Cognovit Promissory Note</b>	<b>Summary</b>
a. Length of the franchise term	Paragraph 2 of the Cognovit Promissory Note	The term is between 6 months and 5 years as agreed between you and us.
b. Renewal or extension of the term	Paragraph 5 of the Cognovit Promissory Note	The time for payment may be extended without releasing liability on the Note.
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Paragraph 4 of the Cognovit Promissory Note	Upon your default in payment, at our option, the entire principal amount due under the Note may become immediately due and payable.
g. "Cause" defined – curable defaults	Not applicable	Not applicable
h. "Cause" defined – non-curable defaults	Paragraph 4 of the Cognovit Promissory Note	Default in payment.
i. Franchisee's obligations on termination/nonrenewal	Paragraph 4 of the Cognovit Promissory Note	Payment of the entire unpaid principal, together with accrued interest and our costs and expenses in enforcing our rights under the note.
j. Assignment of contract by franchisor	Not applicable	Not applicable
k. "Transfer" by franchisee – defined	Not applicable	Not applicable
l. Franchisor's approval of transfer by franchisee	Not applicable	Not applicable
m. Conditions for franchisor's approval of transfer	Not applicable	Not applicable

<b>Provision</b>	<b>Section In Cognovit Promissory Note</b>	<b>Summary</b>
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Not applicable	Not applicable
t. Integration/merger clause	Not applicable	Not applicable
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Paragraph 6 of the Cognovit Promissory Note	Subject to state law, after the indebtedness becomes due, you authorize any attorney to appear in any court of record in the State of Ohio, or elsewhere in the United States, so that judgment can be entered against you.
w. Choice of law	Not applicable	Subject to state law, Ohio law applies.

**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.**

**Option to Purchase Agreement**

<b>Provision</b>	<b>Section In Option to Purchase Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 1 of the Option to Purchase Agreement	One year from the date of the Option to Purchase Agreement.
b. Renewal or extension of the term	Not applicable	Not applicable

Provision	Section In Option to Purchase Agreement	Summary
c. Requirements for franchisee to renew or extend	Not applicable	Although the term “renewal” does not apply to the Option to Purchase Agreement, the term renewal generally means that the franchise relationship is extended for an additional term of years.
d. Termination by franchisee	Not applicable	Not applicable
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Not applicable	Not applicable
g. “Cause” defined – curable defaults	Not applicable	Not applicable
h. “Cause” defined – non-curable defaults	Not applicable	Not applicable
i. Franchisee’s obligations on termination/ nonrenewal	Not applicable	Not applicable
j. Assignment of contract by franchisor	Not applicable	Not applicable
k. “Transfer” by franchisee – defined	Section 2 of the Option to Purchase Agreement	With our consent, you can transfer the option fee to reserve another franchised area or purchase another <b>Stanley Steemer</b> franchise.
l. Franchisor’s approval of transfer by franchisee	Not applicable	Not applicable
m. Conditions for franchisor’s approval of transfer	Not applicable	Not applicable
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not applicable	Not applicable
o. Franchisor’s option to purchase franchisee’s business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable

<b>Provision</b>	<b>Section In Option to Purchase Agreement</b>	<b>Summary</b>
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Not applicable	Not applicable
t. Integration/merger clause	Section 3 of the Option to Purchase Agreement	The Option to Purchase Agreement contains the entire agreement of the parties. However, nothing in the Option to Purchase Agreement or any related agreement is intended to disclaim the representations we made to you in the franchise disclosure document that we provided to you.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Not applicable	Not applicable
w. Choice of law	Not applicable	Not applicable

**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.**

**Integrated Technology Systems Access Agreement**

<b>Provision</b>	<b>Section In Integrated Technology Systems Access Agreement</b>	<b>Summary</b>
a. Length of the franchise term	Section 1 of the Integrated Technology Systems Access Agreement	The term continues until either party terminates the Agreement according to the provisions of the Agreement.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for franchisee to renew or extend	Not applicable	Although the term “renewal” does not apply to the Agreement, the term renewal generally means that the franchise relationship is extended for an additional term of years.
d. Termination by franchisee	Section 11 of the Integrated Technology Systems Access Agreement	You may terminate the Agreement for a default by us not cured within 30 days after notice of the default.

<b>Provision</b>	<b>Section In Integrated Technology Systems Access Agreement</b>	<b>Summary</b>
e. Termination by franchisor without cause	Section 11 of the Integrated Technology Systems Access Agreement	We can terminate upon sixty (60) day written notice to you for any reason.
f. Termination by franchisor with cause	Section 11 of the Integrated Technology Systems Access Agreement	We may terminate the Agreement for a default by you not cured within 30 days after notice of the default.
g. “Cause” defined – curable defaults	Not applicable	Not applicable
h. “Cause” defined – non-curable defaults	Not applicable	Not applicable
i. Franchisee’s obligations on termination/ nonrenewal	Not applicable	Not applicable
j. Assignment of contract by franchisor	Not applicable	Not applicable
k. “Transfer” by franchisee – defined	Not applicable	Not applicable
l. Franchisor’s approval of transfer by franchisee	Not applicable	Not applicable
m. Conditions for franchisor’s approval of transfer	Not applicable	Not applicable
n. Franchisor’s right of first refusal to acquire franchisee’s business	Not applicable	Not applicable
o. Franchisor’s option to purchase franchisee’s business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable

<b>Provision</b>	<b>Section In Integrated Technology Systems Access Agreement</b>	<b>Summary</b>
s. Modification of the agreement	Section 16(B) of the Integrated Technology Systems Access Agreement	Agreement may only be modified in a writing signed by the parties, however, franchisees must comply with all requirements in Operations Manual pertaining to Integrated Technology Systems, which we may change from time to time.
t. Integration/merger clause	Section 16(E) of the Integrated Technology Systems Access Agreement	The Agreement contains the entire agreement of the parties. However, nothing in the Agreement or any related agreement is intended to disclaim the representations we made to you in the franchise disclosure document that we provided to you.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable
v. Choice of forum	Section 16(D) of the Integrated Technology Systems Access Agreement	Subject to state law, state court in Franklin County, Ohio or the U.S. District Court for Southern District of Ohio.
w. Choice of law	Section 16(C) of the Integrated Technology Systems Access Agreement	Subject to state law, Ohio law applies.

**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.**

**Guarantee, Indemnification, and Acknowledgment**

<b>Provision</b>	<b>Section in Guarantee, Indemnification, and Acknowledgment</b>	<b>Summary</b>
a. Length of the franchise term	Paragraph 3	The term continues until the Franchise Agreement is terminated or expires.
b. Renewal or extension of the term	Not applicable	Not applicable
c. Requirements for franchisee to renew or extend	Not applicable	Not applicable
d. Termination by franchisee	Not applicable	Not applicable

<b>Provision</b>	<b>Section in Guarantee, Indemnification, and Acknowledgment</b>	<b>Summary</b>
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Not applicable	Not applicable
g. "Cause" defined – curable defaults	Not applicable	Not applicable
h. "Cause" defined – non-curable defaults	Not applicable	Not applicable
i. Franchisee's obligations on termination/ nonrenewal	Not applicable	Not applicable
j. Assignment of contract by franchisor	Not applicable	Not applicable
k. "Transfer" by franchisee – defined	Not applicable	Not applicable
l. Franchisor's approval of transfer by franchisee	Not applicable	Not applicable
m. Conditions for franchisor's approval of transfer	Not applicable	Not applicable
n. Franchisor's right of first refusal to acquire franchisee's business	Not applicable	Not applicable
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable
p. Death or disability of franchisee	Not applicable	Not applicable
q. Non-competition covenants during the term of the franchise	Not applicable	Not applicable
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	Not applicable
s. Modification of the agreement	Not applicable	Not applicable
t. Integration/merger clause	Not applicable	Not applicable
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable

Provision	Section in Guarantee, Indemnification, and Acknowledgment	Summary
v. Choice of forum	Not applicable	Not applicable
w. Choice of law	Paragraph 4	Ohio law applies.

## ITEM 18. PUBLIC FIGURES

**Stanley Steemer** does not use any public figure to promote its franchise.

## ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

Those **Stanley Steemer** franchisees that were in operation for all of 2023 had average annual gross sales for 2023 in the amounts listed below. As used in this Item 19, gross sales means the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns.

Although franchisees operated their **Stanley Steemer** Businesses from their homes or office warehouses, the locations of franchisee’s offices made no significant difference in gross sales.

We provided substantially the same services to all franchisees, and all franchisees provided substantially the same services to the public. Franchisees use substantially the same accounting system to account for gross sales.

The information disclosed in this Item 19 relates to the historical performance of franchised **Stanley Steemer** Businesses for calendar year 2023. No company-owned stores were included in the information disclosed below in Item 19.

### NATIONWIDE

Two hundred nine (209) **Stanley Steemer** franchisees were in operation during all of 2023. During 2023, one (1) franchise had an outlet terminated, canceled, not renewed or otherwise ceased to do business in 2023. This one (1) franchise was not in operation for twelve (12) months or longer. Nationwide, the average annual gross sales of franchisees who were in operation during all of 2023 was \$1,739,599. Sixty-six (66) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$10,591. The highest amount of gross sales achieved by a franchisee was \$13,556,265. Nationwide, franchisee’s median annual gross sales were \$1,256,055.

### NEW ENGLAND STATES

(Connecticut, Maine, Massachusetts, Rhode Island, New Hampshire, Vermont)

Eight (8) **Stanley Steemer** franchisees were in operation during all of 2023 in the New England States. During 2023, there were no franchisees in these states that had an outlet terminated, canceled, not renewed



or who otherwise ceased to do business. The average annual gross sales of these franchisees was \$1,651,328. Two (2) of the eight (8) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$349,851. The highest amount of gross sales achieved by a franchisee was \$4,394,029. Their median annual gross sales were \$1,279,531.

#### **MID-ATLANTIC STATES**

(New York, Pennsylvania, Maryland, Delaware, New Jersey)

Twenty-one (21) **Stanley Steemer** franchisees were in operation during all of 2023 in the Mid-Atlantic States. During 2023, there were no franchisees in these states that had an outlet terminated, canceled, not renewed or who otherwise ceased to do business. The average annual gross sales of these franchisees was \$2,650,602. Ten (10) of the twenty-one (21) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$383,363. The highest amount of gross sales achieved by a franchisee was \$7,054,190. Their median annual gross sales were \$2,372,005.

#### **GREAT LAKE STATES**

(Ohio, Illinois, Indiana, Wisconsin, Michigan)

Forty-eight (48) **Stanley Steemer** franchisees were in operation during all of 2023 in the Great Lake States. During 2023, there were no franchisees in these states that had an outlet terminated, canceled, not renewed or who otherwise ceased to do business. The average annual gross sales of these franchisees was \$1,188,055. Fifteen (15) of the forty-eight (48) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$32,920. The highest amount of gross sales achieved by a franchisee was \$9,958,228. Their median annual gross sales were \$637,127.

#### **MID-SOUTH STATES**

(Virginia, North Carolina, Tennessee, West Virginia, Kentucky)

Twenty-eight (28) **Stanley Steemer** franchisees were in operation during all of 2023 in the Mid-South States. During 2023, there were no franchisees in these states that had an outlet terminated, canceled, not renewed or who otherwise ceased to do business. The average annual gross sales of these franchisees was \$1,756,793. Thirteen (13) of the twenty-eight (28) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$50,944. The highest amount of gross sales achieved by a franchisee was \$4,665,584. Their median annual gross sales were \$1,515,534.

#### **SOUTHEAST STATES**

(Florida, South Carolina, Georgia)

Twenty-six (26) **Stanley Steemer** franchisees were in operation during all of 2023 in the Southeast States. In connection with a franchise transfer in 2023, two existing franchised Stanley Steemer Businesses were consolidated into one location. Other than this consolidation, there were no franchisees who had an outlet terminated, canceled, not renewed or otherwise ceased to do business in 2023. The average annual gross sales of these franchisees was \$3,357,556. Eight (8) of the twenty-six (26) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$109,231. The highest amount of gross sales achieved by a franchisee was \$13,556,265. Their median annual gross sales were \$2,022,629.

#### **GREAT PLAINS STATES**

(Arkansas, Kansas, Iowa, Missouri, Minnesota, Nebraska, Oklahoma)

Twenty (20) **Stanley Steemer** franchisees were in operation during all of 2023 in the Great Plains States. During 2023, there were no franchisees in these states that had an outlet terminated, canceled, not renewed

or who otherwise ceased to do business. The average annual gross sales of these franchisees was \$925,629. Seven (7) of the twenty (20) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$120,261. The highest amount of gross sales achieved by a franchisee was \$5,804,311. Their median annual gross sales were \$461,455.

### **SOUTHWEST STATES**

(Arizona, New Mexico, Colorado, Utah, Texas, Nevada)

Eighteen (18) **Stanley Steemer** franchisees were in operation during all of 2023 in the Southwest States. During 2023, there were no franchisees in these states that had an outlet terminated, canceled, not renewed or who otherwise ceased to do business. The average annual gross sales of these franchisees was \$1,135,096. Six (6) of the eighteen (18) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$10,591. The highest amount of gross sales achieved by a franchisee was \$5,508,286. Their median annual gross sales were \$892,665.

### **PACIFIC COAST STATES**

(Alaska, California, Hawaii, Oregon, Washington)

Twenty-seven (27) **Stanley Steemer** franchisees were in operation during all of 2023 in the Pacific Coast States. In connection with a franchise transfer in 2023, two existing franchised Stanley Steemer Businesses were consolidated into one location. Other than this consolidation, there were no franchises in these states that had an outlet terminated, canceled, not renewed or otherwise ceased to do business in 2023. The average annual gross sales of these franchisees was \$1,764,945. Eight (8) of the twenty-seven (27) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$131,361. The highest amount of gross sales achieved by a franchisee was \$10,835,439. Their median annual gross sales were \$906,046.

### **SOUTHERN STATES**

(Alabama, Louisiana, Mississippi)

Thirteen (13) **Stanley Steemer** franchisees were in operation during all of 2023 in the Southern States. During 2023, there were no franchisees in these states that had an outlet terminated, canceled, not renewed or who otherwise ceased to do business. The average annual gross sales of these franchisees was \$1,344,765. Five (5) of the thirteen (13) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$64,527. The highest amount of gross sales achieved by a franchisee was \$4,426,168. Their median annual gross sales were \$1,284,988.

### **NORTHWESTERN STATES**

(Idaho, Montana, North Dakota, South Dakota, Wyoming)

Three (3) **Stanley Steemer** franchisees were in operation during all of 2023 in the Northwestern States. During 2023, there was one (1) franchisee in these states that had an outlet terminated, canceled, not renewed or who otherwise ceased to do business. The average annual gross sales of these franchisees was \$775,780. Two (2) of the three (3) franchisees achieved this sales volume or more. The lowest amount of gross sales achieved by a franchisee was \$95,654. The highest amount of gross sales achieved by a franchisee was \$1,303,445. Their median annual gross sales were \$926,242.

These figures were obtained from gross sales reports made by franchisees to **Stanley Steemer** in compliance with the requirements of their Franchise Agreements that they supply these figures. These figures have been compiled from those reports in accordance with generally accepted accounting principles.

We have presented these figures on a nationwide basis and in geographic subsets. We selected these geographic subsets based upon regional variations in weather, population density and consumer consumption patterns. While these figures may be useful in determining possible future gross sales and locations, data other than geographical locations and community size could affect sales. Those factors include the number and financial resources of competitors, average income levels in the community, local advertising costs, the number of commercial establishments in the community, climate and the number of part-time residents.

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

Written substantiation of the data used in preparing the information in Item 19 will be made available to any prospective franchisee, upon reasonable demand, provided, however, that this will not be construed to require disclosure of the identity of a specific franchisee or to require the release of data without the consent of the franchisee. Other than the financial performance representations above, Stanley Steemer does not make any financial performance representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to Stanley Steemer's management by contacting Stanley Steemer at the attention of D. Ryan Jankowski, 5800 Innovation Drive, Dublin, Ohio 43016, (614) 764-2007, the Federal Trade Commission, and the appropriate state regulatory agencies.

#### **ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**

A list of our **Stanley Steemer** franchisees that were in operation during our 2023 fiscal year, and who were still in operation as of the original issuance date of this disclosure document (March 25, 2024), as well as the addresses and telephone numbers of their business offices, is attached as Exhibit B to this disclosure document. Information concerning transfers of franchisees' Stanley Steemer Businesses, franchises that were reacquired by us, and franchisees who left the Stanley Steemer franchise system is also included in Exhibit B. A list of franchisees who signed a Franchise Agreement after the end of the 2023 fiscal year, but before the original issuance date of this disclosure document (March 25, 2024) is included below. A list of our company-owned **Stanley Steemer** branch locations as of January 4, 2024 and the addresses and telephone numbers of their offices is also included in the attached Exhibit B to this disclosure document.

**Stanley Steemer Franchises**

Following is information on **Stanley Steemer**'s franchised and company-owned **Stanley Steemer** Businesses as of the end of its 2021, 2022 and 2023 fiscal years:

**ITEM 20 TABLE NO. 1  
SYSTEMWIDE OUTLET SUMMARY  
FOR FISCAL YEARS 2021/2022/2023**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
<b>Franchised</b>	2021	214	217	+3
	2022	217	215	-2
	2023	215	212	-3
<b>Company-Owned</b>	2021	55	56	+1
	2022	56	56	0
	2023	56	57	+1
<b>Total Outlets</b>	2021	269	273	+4
	2022	273	271	-2
	2023	271	269	-2

Following is information on transfers of **Stanley Steemer**'s franchised **Stanley Steemer** Businesses to new owners (other than to **Stanley Steemer**) as of the end of its 2020, 2021 and 2022 fiscal years:

**ITEM 20 TABLE NO. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS  
(OTHER THAN THE FRANCHISOR)  
FOR FISCAL YEARS 2021/2022/2023**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
<b>Arkansas</b>	2021	0
	2022	1
	2023	0
<b>California</b>	2021	2
	2022	2
	2023	4
<b>Florida</b>	2021	1
	2022	3
	2023	0
<b>Georgia</b>	2021	0
	2022	0
	2023	1
<b>Illinois</b>	2021	0
	2022	0
	2023	1
<b>Indiana</b>	2021	2
	2022	0
	2023	0

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
<b>Kentucky</b>	2021	1
	2022	0
	2023	1
<b>Mississippi</b>	2021	0
	2022	1
	2023	0
<b>Missouri</b>	2021	0
	2022	1
	2023	1
<b>North Carolina</b>	2021	1
	2022	2
	2023	1
<b>Ohio</b>	2021	1
	2022	2
	2023	0
<b>South Carolina</b>	2021	1
	2022	0
	2023	0
<b>Tennessee</b>	2021	0
	2022	1
	2023	1
<b>Texas</b>	2021	1
	2022	0
	2023	0
<b>Total</b>	2021	10
	2022	13
	2023	10*

Following is information on **Stanley Steemer**'s franchised **Stanley Steemer** Businesses as of the end of its 2021, 2022 and 2023 fiscal years:

**ITEM 20 TABLE NO. 3  
STATUS OF FRANCHISED OUTLETS  
FOR FISCAL YEARS 2021/2022/2023**

<b>Col. 1 State</b>	<b>Col. 2 Year</b>	<b>Col. 3 Outlets at Start of Year</b>	<b>Col. 4 Outlets Opened</b>	<b>Col. 5 Terminations</b>	<b>Col. 6 Non-Renewals</b>	<b>Col. 7 Re-acquired by Franchisor</b>	<b>Col. 8 Ceased Operations Other Reasons</b>	<b>Col. 9 Outlets at End of Year</b>
Alabama	2021	4	1	0	0	0	0	5
	2022	5	1	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Alaska	2021	1	0	0	0	0	0	1
	2022	1	0	1	0	0	0	0
	2023	0	0	0	0	0	0	0

<b>Col. 1 State</b>	<b>Col. 2 Year</b>	<b>Col. 3 Outlets at Start of Year</b>	<b>Col. 4 Outlets Opened</b>	<b>Col. 5 Terminations</b>	<b>Col. 6 Non-Renewals</b>	<b>Col. 7 Re-acquired by Franchisor</b>	<b>Col. 8 Ceased Operations Other Reasons</b>	<b>Col. 9 Outlets at End of Year</b>
Arizona	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Arkansas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
California*	2021	20	0	0	0	0	0	20
	2022	20	0	0	0	0	0	20
	2023	20	0	0	0	0	0	19
Colorado	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Florida**	2021	20	0	0	0	0	0	20
	2022	20	0	0	0	0	0	18
	2023	18	0	0	0	0	0	17
Georgia	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
Hawaii	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Idaho	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Illinois	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Indiana	2021	15	0	0	0	0	0	15
	2022	15	0	0	0	0	0	15
	2023	15	0	0	0	0	0	15
Iowa	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Kansas	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Kentucky	2021	7	1	0	0	0	0	8
	2022	8	0	0	0	0	0	8
	2023	8	0	0	0	0	0	8
Louisiana	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Re-acquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of Year
Maine	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Maryland	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	1	0	2
	2023	2	0	0	0	0	0	2
Mass.	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Michigan	2021	4	3	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Minnesota	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Miss.	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Missouri	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
Montana	2021	2	0	0	0	0	0	2
	2022	2	0	1	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Nevada	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Hamp.	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Jersey	2021	3	0	0	0	1	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
New Mexico	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New York	2021	9	0	0	0	0	0	9
	2022	9	1	0	0	0	0	10
	2023	10	0	0	0	0	0	10

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Re-acquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of Year
North Carolina	2021	8	0	0	0	1	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
Ohio	2021	16	0	0	0	1	0	15
	2022	15	0	0	0	0	0	15
	2023	15	0	0	0	0	0	15
Oklahoma	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Oregon	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Penn.	2021	7	0	0	0	0	0	7
	2022	7	0	0	0	0	0	7
	2023	7	0	0	0	0	0	7
South Carolina	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	1	0	4
South Dakota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Tennessee	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	0	0	0	0	0	6
Texas	2021	9	0	0	0	0	0	9
	2022	9	0	0	0	0	0	9
	2023	9	0	0	0	0	0	9
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Vermont	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	5	0	0	0	0	0	5
	2022	5	0	0	0	1	0	4
	2023	4	0	0	0	0	0	4
Wash.	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
West Virginia	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3



Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Re-acquired by Franchisor	Col. 8 Ceased Operations Other Reasons	Col. 9 Outlets at End of Year
Wisconsin	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Wyoming	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	1	0	0	0	0
Total	2021	214	6	0	0	3	0	217
	2022	217	4	2	0	2	0	215
	2023	215	1	1	0	1	0	212***

\* In 2023, a franchisee-operated Stanley Steemer Business located in Santa Rosa, California acquired a separate franchisee-operated Stanley Steemer Business located in Rohnert Park, California which was subsequently consolidated with the Stanley Steemer Business operated by the acquiring franchisee. Because of this consolidation, the total number of franchisee operated business in California was reduced to nineteen (19).

\*\* In 2023, a Florida franchisee-operated Stanley Steemer Business was sold to an existing Florida franchisee. Afterward, the purchased location was consolidated into the buyer's existing Stanley Steemer Business. The total number of Florida Stanley Steemer Businesses at the end of 2023 reflect this consolidation.

\*\*\* The total number of franchised Stanley Steemer Businesses at the end of 2023 reflects the consolidations of the California and Florida Stanley Steemer Businesses described in the notes above.

### Company-Owned Stanley Steemer Branch Locations

Following is information on **Stanley Steemer** company-owned **Stanley Steemer** branch locations as of the end of its 2021, 2022 and 2023 fiscal years:

**ITEM 20 TABLE NO. 4  
STATUS OF COMPANY-OWNED OUTLETS  
FOR FISCAL YEARS 2021/2022/2023**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisees	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisees	Col. 8 Outlets at End of Year
Arizona	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2

<b>Col. 1 State</b>	<b>Col. 2 Year</b>	<b>Col. 3 Outlets at Start of Year</b>	<b>Col. 4 Outlets Opened</b>	<b>Col. 5 Outlets Reacquired from Franchisees</b>	<b>Col. 6 Outlets Closed</b>	<b>Col. 7 Outlets Sold to Franchisees</b>	<b>Col. 8 Outlets at End of Year</b>
California	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Colorado	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
Conn.	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Delaware	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Florida	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
Illinois	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
Indiana	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Kansas	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Kentucky	2021	2	0	0	0	1	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Maryland	2021	2	0	0	0	0	2
	2022	2	0	1	0	0	2
	2023	2	0	0	0	0	2
Mass.	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Michigan	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Minnesota	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Nevada	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New Jersey	2021	2	0	1	0	0	3
	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3

<b>Col. 1 State</b>	<b>Col. 2 Year</b>	<b>Col. 3 Outlets at Start of Year</b>	<b>Col. 4 Outlets Opened</b>	<b>Col. 5 Outlets Reacquired from Franchisees</b>	<b>Col. 6 Outlets Closed</b>	<b>Col. 7 Outlets Sold to Franchisees</b>	<b>Col. 8 Outlets at End of Year</b>
New York	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
North Carolina	2021	0	0	1	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Ohio	2021	5	0	1	0	0	5
	2022	5	0	0	0	0	5
	2023	5	0	0	0	0	5
Oklahoma	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Oregon	2021	2	0	0	0	0	2
	2022	2	0	0	1	0	1
	2023	1	0	0	0	0	1
Penn.	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Rhode Island	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
South Carolina	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	1	0	0	2
Texas	2021	4	0	0	0	0	4
	2022	4	0	0	0	0	4
	2023	4	0	0	0	0	4
Utah	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Virginia	2021	4	0	0	0	0	4
	2022	4	0	1	0	0	5
	2023	5	0	0	0	0	5
Wash.	2021	2	0	0	0	0	2
	2022	2	0	0	0	0	2
	2023	2	0	0	0	0	2
Wisconsin	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Total	2021	55	0	3	0	1	56
	2022	56	0	2	1	0	56
	2023	56	0	1	0	0	57

Following is information on our projections for the sale of **Stanley Steemer** franchises and the opening of company-owned **Stanley Steemer** branch locations during **Stanley Steemer**'s 2024 fiscal year (January 1, 2024 through December 31, 2024):

**ITEM 20 TABLE NO. 5  
PROJECTED OPENINGS AS OF DECEMBER 31, 2023**

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed but Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Column 4 Projected New Company- Owned Outlets in the Next Fiscal Year</b>
Alaska	0	1	0
North Dakota	0	1	0
Wyoming	0	1	0
Total	0	3	0

Following is a list of the names, cities and states and current business telephone numbers of franchisees that signed a Franchise Agreement after the date of our most recent fiscal year end until the original issuance date of this disclosure document: None.

Exhibit B of this disclosure document includes a list of the names, cities and states, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who transferred their Stanley Steemer Businesses during our prior fiscal year to another individual or business entity (other than Stanley Steemer), as well as the names, addresses, cities and states, and current business telephone numbers of the individual or business entity that acquired the franchised Stanley Steemer Business. This list includes eleven (11) franchisees.

Exhibit B of this disclosure document includes the names, cities and states, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who transferred their Stanley Steemer Businesses from the date of our most recently completed fiscal year end until the original issuance date of this disclosure document (other than Stanley Steemer), as well as the named, addresses, cities and states, and current business telephone numbers of the individual or business entity that acquired the franchised Stanley Steemer Business. This list includes one (1) franchisee.

Exhibit B of this disclosure document includes a list of the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks before the original issuance date of this disclosure document. This list includes one (1) franchisee.

Exhibit B of this disclosure document includes a list of the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had a Franchise Agreement terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement from the date of our most recently completed fiscal year end until the original issuance date of this disclosure document. This list includes one (1) franchisee.

Exhibit B of this disclosure document includes a list of the names, cities and states, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had their Stanley Steemer Businesses reacquired by Stanley Steemer during our prior fiscal year, as well as the names, addresses, cities and states, and current business telephone numbers of the individual or business entity that acquired the franchised Stanley Steemer Business. This list includes one (1) franchisee.

Exhibit B of this disclosure document includes the names, cities and states, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had their Stanley Steemer Businesses reacquired by Stanley Steemer from the date of our most recently completed fiscal year end until the original issuance date of this disclosure document (other than Stanley Steemer), as well as the named, addresses, cities and states, and current business telephone numbers of the individual or business entity that acquired the franchised Stanley Steemer Business. This list includes zero (0) franchisees.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Following is a list of the names, cities and states and current business telephone numbers of franchisees that signed a Franchise Agreement during our most recent fiscal year but have not yet opened a franchised outlet: None.

Certain former franchisees signed confidentiality clauses during the last three fiscal years. In some instances, former franchisees sign provisions restricting their ability to speak openly about their experience with **Stanley Steemer**. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you. There are no known trademark-specific franchisee organization associated with the franchise system being offered.

## **ITEM 21. FINANCIAL STATEMENTS**

**Stanley Steemer's** annual audited financial statements for the fiscal years ended December 31, 2023, 2022, and 2021 are attached to this disclosure document as Exhibit A.

## **ITEM 22. CONTRACTS**

Attached to this disclosure document are copies of the following agreements relating to the offering of the **Stanley Steemer** franchise:

Exhibit C	Stanley Steemer International, Inc. Franchise Agreement
Exhibit D	Optional Franchise Agreement Language
Exhibit E	Cognovit Promissory Note
Exhibit F	Option to Purchase Agreement
Exhibit G	Integrated Technology Systems Access Agreement
Exhibit J	State Addenda
Exhibit K	Guarantee, Indemnification and Acknowledgement
Exhibit L	General Release of All Claims
Exhibit M	Receipt Pages

**ITEM 23. RECEIPTS**

The last page of this disclosure document is a detachable document acknowledging your receipt of the disclosure document. If this page or any other pages or exhibits are missing from your copy, please contact us at this address or phone number:

Stanley Steemer International, Inc.  
5800 Innovation Drive  
Dublin, Ohio 43016  
(614) 764-2007

**EXHIBIT A**

**STANLEY STEEMER INTERNATIONAL INC.  
FINANCIAL STATEMENTS**

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## Partners

To the Stockholders and Board of Directors  
Stanley Steemer International, Inc. and Subsidiary  
Dublin, Ohio

### **Independent Auditor's Report**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Stanley Steemer International, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2023, 2022 and 2021, and the related consolidated statements of income and comprehensive income, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Stanley Steemer International, Inc. and Subsidiary as of December 31, 2023, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Stanley Steemer International, Inc. and Subsidiary 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

*GBQ Partners LLC*

Columbus, Ohio  
March 15, 2024

**STANLEY STEEMER INTERNATIONAL, INC.  
AND SUBSIDIARY**  
**Consolidated Balance Sheets**  
**December 31, 2023, 2022 and 2021**

	2023	2022	2021
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	\$ 24,321,276	\$ 22,672,932	\$ 28,284,269
Investments - marketable securities	7,845,000	8,920,000	7,524,000
Receivables:			
Trade	3,451,590	3,221,718	3,351,812
Due from franchisees	3,436,331	3,836,587	3,957,009
Notes receivable from franchisees - current portion	1,272,320	400,555	1,061,080
Allowance for doubtful accounts and notes receivable - current portion	(620,608)	(479,222)	(687,047)
Net receivables	<u>7,539,633</u>	<u>6,979,638</u>	<u>7,682,854</u>
Inventories, net	9,279,378	10,151,915	8,190,233
Other current assets	1,299,031	803,113	404,613
Commodity hedge - current portion	-	862,115	759,278
Total current assets	<u>50,284,318</u>	<u>50,389,713</u>	<u>52,845,247</u>
<b>Property, Plant and Equipment, net</b>	<b>42,717,452</b>	<b>40,897,058</b>	<b>37,295,508</b>
<b>Right-Of-Use-Assets - Operating Leases, net</b>	<b><u>38,131,137</u></b>	<b><u>42,010,623</u></b>	<b><u>-</u></b>
<b>Other Assets</b>			
Notes receivable from franchisees - less current portion	220,564	167,365	736,302
Allowance for doubtful notes receivable - less current portion	(50,000)	(50,000)	(50,000)
Commodity hedge - less current portion	-	-	538,590
Goodwill	16,641,050	15,391,050	14,723,228
Note receivable from related party	1,325,491	-	-
Deposits and other	745,099	964,414	958,449
Total other assets	<u>18,882,204</u>	<u>16,472,829</u>	<u>16,906,569</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 150,015,111</u></b>	<b><u>\$ 149,770,223</u></b>	<b><u>\$ 107,047,324</u></b>

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

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Consolidated Balance Sheets (continued) December 31, 2023, 2022 and 2021

	2023	2022	2021
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>Current Liabilities</b>			
Trade accounts payable	\$ 4,698,524	\$ 3,414,023	\$ 4,656,450
Current portion long-term operating lease liabilities	9,800,679	9,882,652	-
Accrued compensation and related taxes	16,697,772	16,788,698	20,627,985
Other accrued expenses	5,246,128	4,756,048	5,546,785
Deferred guarantee revenue	3,838,087	3,476,617	3,509,832
Total current liabilities	<u>40,281,190</u>	<u>38,318,038</u>	<u>34,341,052</u>
<b>Deferred Revenue - Franchise License Fees</b>	<b>809,342</b>	<b>930,959</b>	<b>1,049,042</b>
<b>Long-term Operating Lease Liabilities, net</b>	<b><u>29,866,495</u></b>	<b><u>33,574,558</u></b>	<b><u>-</u></b>
Total liabilities	<b>70,957,027</b>	<b>72,823,555</b>	<b>35,390,094</b>
<b>Stockholders' Equity</b>			
Controlling interest in stockholders' equity			
Common stock	1,652,770	1,652,770	1,652,770
Retained earnings	80,935,961	78,561,245	73,244,619
Accumulated other comprehensive income	-	862,115	1,297,868
Treasury stock, shares at cost	(822,729)	(822,729)	(822,729)
Total controlling interest in stockholders' equity	<u>81,766,002</u>	<u>80,253,401</u>	<u>75,372,528</u>
Non-controlling interest in stockholders' deficit	<u>(2,707,918)</u>	<u>(3,306,733)</u>	<u>(3,715,298)</u>
Total stockholders' equity	<u>79,058,084</u>	<u>76,946,668</u>	<u>71,657,230</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$ 150,015,111</u></b>	<b><u>\$ 149,770,223</u></b>	<b><u>\$ 107,047,324</u></b>

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

**STANLEY STEEMER INTERNATIONAL, INC.  
AND SUBSIDIARY**  
**Consolidated Statements of Income and Comprehensive Income**  
**For the Years Ended December 31, 2023, 2022 and 2021**

	2023	2022	2021
<b>Revenues</b>			
Branch operations	\$ 238,344,012	\$ 232,536,150	\$ 216,059,643
Manufacturing	12,883,926	15,199,487	15,363,750
Franchise royalty fees	24,278,288	23,624,503	22,901,571
Franchise license fees	168,616	178,083	536,531
Franchise contact center support fees	2,934,338	3,245,185	3,176,121
Franchise national advertising fees	7,004,444	6,821,905	5,679,021
Total revenues	<u>285,613,624</u>	<u>281,605,313</u>	<u>263,716,637</u>
<b>Costs and Expenses</b>			
Cost of operations and selling expenses	248,178,809	242,578,165	219,297,117
General and administrative expenses	19,922,043	20,235,950	21,265,242
Total costs and expenses	<u>268,100,852</u>	<u>262,814,115</u>	<u>240,562,359</u>
<b>Operating Income</b>	<b>17,512,772</b>	18,791,198	23,154,278
<b>Other Income (Expense)</b>			
Interest income	597,946	229,244	168,772
Interest expense	(10,917)	(14,985)	(10,695)
Other	60,988	40,092	34,802
Total other income, net	<u>648,017</u>	<u>254,351</u>	<u>192,879</u>
<b>Net Income</b>	<b>18,160,789</b>	19,045,549	23,347,157
<b>Less: Net (Income) Loss Attributable to Non-Controlling Interests</b>	<u>(598,815)</u>	<u>(408,564)</u>	<u>98,567</u>
<b>Net Income Attributable to Stanley Steemer International, Inc.</b>	<u>\$ 17,561,974</u>	<u>\$ 18,636,985</u>	<u>\$ 23,445,724</u>
<b>Other Comprehensive (Loss) Income</b>			
Change in cash flow hedge	<u>(862,115)</u>	<u>(435,753)</u>	<u>817,191</u>
<b>Comprehensive Income Attributable to Stanley Steemer International, Inc.</b>	<u>\$ 16,699,859</u>	<u>\$ 18,201,232</u>	<u>\$ 24,262,915</u>

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

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Consolidated Statements of Stockholders' Equity For the Years Ended December 31, 2023, 2022 and 2021

	Common Stock	Stock Subscriptions Receivable	Retained Earnings	Accumulated Other Comprehensive Income	Treasury Stock	Total Stockholders' Equity Attributable to Stanley Steemer International, Inc.	Stockholders' Deficit Attributable to Non-Controlling Interest	Total Stockholders' Equity
Balance - December 31, 2020	\$ 1,652,770	\$ -	\$ 65,980,056	\$ 480,677	\$ (822,729)	\$ 67,290,774	\$ (3,616,730)	\$ 63,674,044
Net income (loss)	-	-	23,445,724	-	-	23,445,724	(96,567)	23,347,157
Distributions to stockholders	-	-	(16,181,161)	-	-	(16,181,161)	-	(16,181,161)
Change in cash flow hedge	-	-	-	817,191	-	817,191	-	817,191
Balance - December 31, 2021	1,652,770	-	73,244,619	1,297,868	(822,729)	75,372,528	(3,715,297)	71,657,231
Net income (loss)	-	-	18,636,985	-	-	18,636,985	408,564	19,045,549
Distributions to stockholders	-	-	(13,320,358)	-	-	(13,320,358)	-	(13,320,358)
Change in cash flow hedge	-	-	-	(435,753)	-	(435,753)	-	(435,753)
Balance - December 31, 2022	1,652,770	-	78,561,246	862,115	(822,729)	80,253,402	(3,306,733)	76,946,669
Net income (loss)	-	-	17,561,974	-	-	17,561,974	598,815	18,160,789
Distributions to stockholders	-	-	(15,187,259)	-	-	(15,187,259)	-	(15,187,259)
Change in cash flow hedge	-	-	-	(862,115)	-	(862,115)	-	(862,115)
Balance - December 31, 2023	\$ 1,652,770	\$ -	\$ 80,935,961	\$ -	\$ (822,729)	\$ 81,166,002	\$ (2,707,918)	\$ 79,056,084

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

**STANLEY STEEMER INTERNATIONAL, INC.**  
**AND SUBSIDIARY**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2023, 2022 and 2021**

	2023	2022	2021
<b>Cash Flows from Operating Activities</b>			
Net income	\$ 18,160,789	\$ 19,045,549	\$ 23,347,157
Adjustments to reconcile net income to net cash and cash equivalents provided by operating activities:			
Depreciation and amortization expense	12,446,288	11,549,243	11,129,050
Bad debt expense	714,378	574,391	531,951
Non-cash lease expense	89,450	1,446,587	-
(Gain) on the sale of property, plant and equipment	(110,773)	(24,632)	(568,660)
(Increase) decrease in operating assets:			
Accounts receivable - trade, related parties and franchisees	(402,607)	(531,700)	112,610
Inventories	872,537	(1,961,682)	(1,719,331)
Other assets	(276,603)	(404,465)	90,409
Increase (Decrease) in operating liabilities:			
Trade accounts payable	1,284,501	(1,242,427)	2,860,155
Accrued compensation and related taxes	(90,926)	(3,839,287)	6,278,283
Other accrued expenses	329,856	(790,737)	331,343
Deferred guarantee revenue	361,470	(33,215)	760,859
Deferred revenue - franchise license fee	(121,617)	(118,083)	206,383
Total adjustments	15,095,954	4,623,993	20,013,052
Net cash and cash equivalents provided by operating activities	33,256,743	23,669,542	43,360,209
<b>Cash Flows from Investing Activities</b>			
Purchases of marketable securities	-	(2,385,000)	(785,000)
Proceeds from sales of marketable securities	1,075,000	989,000	2,030,000
Purchase of property, plant and equipment	(13,877,650)	(15,350,862)	(18,322,278)
Proceeds from disposals of property, plant and equipment	171,741	335,879	839,256
Net loans provided to related party	(1,325,491)	-	-
Net loans provided to franchisees	(924,964)	1,229,462	(564,542)
Cash paid for franchise re-acquisitions	(1,539,776)	(779,000)	(3,280,608)
Net cash and cash equivalents used in investing activities	(16,421,140)	(15,960,521)	(20,083,172)
<b>Cash Flows from Financing Activities</b>			
Cash distributions to stockholders	(15,187,259)	(13,320,358)	(16,181,161)
Net cash and cash equivalents used in financing activities	(15,187,259)	(13,320,358)	(16,181,161)
Net increase (decrease) in cash and cash equivalents	1,648,344	(5,611,337)	7,095,876
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>22,672,932</b>	<b>28,284,269</b>	<b>21,188,393</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 24,321,276</b>	<b>\$ 22,672,932</b>	<b>\$ 28,284,269</b>

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

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Consolidated Statements of Cash Flows (continued) For the Years Ended December 31, 2023, 2022 and 2021



	2023	2022	2021
<b>Supplemental Disclosure of Cash Flow Information</b>			
Cash paid during the year for interest	\$ 10,917	\$ 14,985	\$ 10,695
<b>Supplemental Disclosures of Non-Cash Investing and Financing Activities</b>			
During 2023, 2022 and 2021, the Company re-acquired various franchise locations. In conjunction with the re-acquisitions, the assets and liabilities are as follows:			
Goodwill	\$ 1,250,000	\$ 667,822	\$ 2,672,737
Less: former franchisee liabilities paid	(160,224)	-	(420,803)
Add: former franchisee assets acquired	450,000	111,178	1,028,674
<b>Net cash paid for re-acquisitions</b>	<b>\$ 1,539,776</b>	<b>\$ 779,000</b>	<b>\$ 3,280,608</b>

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



# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Nature and Scope of Business

Stanley Steemer International, Inc. (the Company) operates and franchises businesses engaged in cleaning carpets, upholstery, area rugs and air ducts and in providing water mitigation and restoration services for individuals and businesses throughout the United States. The Company also manufactures and sells carpet cleaning, tile and grout cleaning and hardwood cleaning equipment and supplies and sells cleaning products, air duct cleaning equipment and supplies, water mitigation and restoration equipment and other supplies and equipment to owners of franchises.

The Company grants franchises to private operators in exchange for an initial franchise license fee and receives royalties based on a percentage of franchisee gross sales. Services provided by the Company under franchise agreements include: (1) the use of advertising materials developed by the Company, (2) the sale of assembled carpet cleaning machines and vans and related repair parts, (3) initial training, including copies of operations manuals and (4) advice, counseling and management assistance as reasonably requested.

The number of company-owned and franchised locations at December 31 are as follows:

	2023	2022	2021
Company-owned	57	56	56
Franchised	212	215	216
<b>Total system-wide operations</b>	<b>269</b>	<b>271</b>	<b>272</b>

In 2000, Stanley Steemer National Advertising Fund, Inc. (the Fund) was established as an Ohio non-profit organization to collect and administer funds contributed by the Company and franchise owners. These contributions are used for a national advertising program designed to advertise, promote and market the Stanley Steemer Carpet Cleaner System and the products and services offered by the Company and its franchise owners.

### Summary of Significant Accounting Policies

#### Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**STANLEY STEEMER INTERNATIONAL, INC.  
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**December 31, 2023, 2022 and 2021**

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**Summary of Significant Accounting Policies** (continued)

Variable Interest Entities

The *Consolidation* Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) provides a framework for identifying variable interest entities (VIEs) and determining when a company should include the assets, liabilities, non-controlling interests and results of operations of a VIE in its consolidated financial statements.

As required by the *Consolidation* Topic of the FASB ASC, a VIE shall be consolidated by an entity that has the power to direct the activities of a VIE that most significantly impact the entity's economic performance, an obligation to absorb losses of the entity or the right to receive benefits that could be potentially significant to the entity. An entity that consolidates the VIE is called the primary beneficiary. Upon consolidation, the primary beneficiary generally must initially record all of the VIE's assets, liabilities and non-controlling interests at cost for related parties.

Management has determined that the Fund, franchisees and the two related real estate entities, Bates Property Management, LTD. (BPM) Bates Family Investments, LLC (BFI) are VIEs.

The Company is considered the primary beneficiary of the Fund since it has the ability to significantly influence the daily operations of the Fund. Three of the five Board of Trustee members governing the Fund are members of management of the Company and the Fund does not have sufficient equity to finance its operations without loan advances made by the Company.

The Fund has been consolidated in the accompanying consolidated financial statements since management has determined that the Company is the primary beneficiary of this entity.

The Company has determined that the two related real estate entities are VIEs and that the Company is the primary beneficiary. The Company elected not to consolidate the real estate entities as of December 31, 2023, 2022 and 2021 as the Company met the requirements under Accounting Standards Update (ASU) 2014-07 *Applying Variable Interest Entities Guidance to Common Control Leasing Arrangements*.

The Company sells new franchise territories under arrangements where a portion, or the entire franchise fee, is financed. A third party bank extends lines of credit to developing franchisees and the Company guarantees certain franchisee debt arrangements under a guidance line. The Company's objective in extending the flexible financing is to establish and grow long-term franchisee relationships. The Company is not considered the primary beneficiary of these franchisees as the franchise owner has the power to direct the activities of the VIE that most significantly impact the entity's economic performance. Revenues generated by franchisees with these types of debt arrangements were approximately \$82,000,000, \$42,000,000 and \$54,000,000 for the years ended December 31, 2023, 2022 and 2021, respectively.

See the *Notes Receivable from Franchisees, Related Parties, Leases and Commitments and Contingencies* footnotes for additional disclosures related to the VIEs.

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Summary of Significant Accounting Policies (continued)

#### Principles of Consolidation

The consolidated financial statements include the financial statements of Stanley Steemer International, Inc. and Stanley Steemer National Advertising Fund, Inc. All significant intercompany balances and transactions have been eliminated in consolidation.

#### Revenue Recognition

At contract inception, the Company assesses the goods and services promised in contracts with customers and identifies a performance obligation for each promise to transfer to the customer a good or service (or a bundle of goods and services) that is distinct. To identify the performance obligations, the Company considers all the goods and services promised in the contract regardless of whether they are explicitly stated or are implied by customary business practices.

#### ***Nature of Products and Services with Company-Operated Branches***

##### *Branch operations revenue*

Revenue from branch operation services are recognized at the agreed-upon contractual amount over time as the services are provided, most of which are started and completed within one day, as the customer simultaneously receives and consumes the benefits of the services as they are performed. Upon completion of service, a receivable is recorded related to the revenue as the Company has an unconditional right to invoice and receive payment. Payments are typically received shortly after services have been rendered.

##### *One-Year Guarantee Program*

The Company has a one-year service program. The service contract consists of an initial one-time application of protection followed with up to three additional cleanings over the one-year period. Payments are received at the commencement of the contract, which generates a contract liability referred to as deferred guarantee revenue in the consolidated balance sheets. For these contracts, the Company has an obligation, which the customer receives and consumes the benefits over the annual period. Associated service costs are expensed as incurred. The Company measures progress toward satisfaction of the obligation over time using costs incurred as the measure of progress under the input method and recognizes revenue as part of branch operations revenue. See deferred guarantee program footnote for details.

#### ***Nature of Products and Services with Franchisees***

Contracts with franchisees can include various combinations of products and services, which are generally capable of being distinct and accounted for as separate performance obligations. The Company has concluded that manufacturing, royalty fees, franchise license fees, contact center support and national advertising fees are separate performance obligations within its franchise arrangement. For such arrangements, the contract transaction price is allocated to the separate performance obligations on a relative standalone selling price (SSP) basis. The Company determines the SSP based on an observable standalone selling price.

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### ***Nature of Products and Services with Franchisees*** (continued)

Additionally, the Company has determined that its franchise dispositions usually represent multiple-performance obligations, and as such, the cash consideration received is allocated to the separate obligations based on their SSP. Cash consideration generally includes up-front consideration for the franchise license fees, intangibles, equipment and future cash consideration for royalties, contact center support and national advertising fees. The Company obtains evidence to estimate the relative selling price of the stated equipment which is primarily based upon comparable equipment sales. The cash consideration per franchise for license fees is consistent with the amounts stated in the related franchise agreements which are charged for separate standalone arrangements. Therefore, the Company recognizes the franchise license fee when earned over the term of the franchise agreement. The Company estimates the value of intangibles on the residual value method to determine the SSP. The intangibles are considered functional intellectual property and revenue related to the intangibles is recognized at a point in time. Future royalty, contract center support and national advertising fee revenue is also recognized as earned, see revenue recognition below for further information.

##### *Manufacturing, sale of products*

Revenue from manufacturing operations for the sale of carpet cleaning and air duct equipment, water restoration and mitigation equipment, products and supplies to franchisees is recognized at a point in time once control transfers to the customer, which generally occurs upon shipment or delivery of the product. A receivable is recorded related to these sales as the Company has an unconditional right to invoice and receive payment. Payments are typically received shortly after a customer is invoiced.

##### *Royalty fees*

The Company has franchise agreements in which royalty fee revenue consists principally of sales-based royalties received as part of the consideration for the franchise right and is calculated as a percentage of customer level revenue. Franchise royalty fees revenue, which are based upon percentages of carpet cleaning, air duct cleaning, tile and grout cleaning, hardwood cleaning, carpet sales, water restoration and mitigation services by the franchisees, is recognized by the Company at the agreed-upon contractual rates over time as the customer level revenue is generated by the franchisees. A receivable is recognized for an estimate of the unreported royalty fees, which are reported and remitted to the Company in arrears. Continuing franchise royalties recorded in 2023, 2022 and 2021 were approximately \$24,300,000, \$23,600,000 and \$22,900,000, respectively.

The Company also receives certain additional royalty fees in connection with the sale of a franchise. These additional royalties are generally payable by the franchisee monthly up to a specified maximum amount at a fixed percentage of sales commencing after the first year of operation of the franchisee. Additional royalties recorded in 2023, 2022 and 2021 were approximately \$30,000, \$47,000 and \$57,000, respectively.

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Summary of Significant Accounting Policies (continued)

#### Revenue Recognition (continued)

##### ***Nature of Products and Services with Franchisees*** (continued)

###### *Franchise license fees*

Initial franchise fees result from the sale of a franchise license, which includes the use of the name, trademarks and proprietary methods. The franchise license is considered symbolic intellectual property and revenue related to the sale of this right is recognized at the agreed upon contractual amount over the term of the initial franchise agreement.

###### *Contact center support/ marketing fees*

The Company provides contact center support services and marketing services to franchisees. Revenues for these services are recognized over time as services are performed and the fees become receivable from the franchisees.

###### *National advertising fees*

For 2023 and 2022, the Fund received approximately 2.00% of all carpet cleaning and all air duct cleaning sales from branches and franchises. For 2021, the Fund received approximately 3.00% for all carpet cleaning sales from branches and 2.00% of all carpet cleaning sales from franchises. The Fund did not begin collecting a percentage of air duct cleaning sales prior to 2022. Advertising fee revenue totaled approximately \$11,800,000, \$11,400,000 and \$11,500,000 in 2023, 2022 and 2021, respectively. Branch revenues have been properly eliminated in consolidation. The revenues received are used by the Fund for a national advertising program designed to advertise, promote and market the Stanley Steemer Carpet Cleaner System and the products and services offered by the Company and its franchise owners. The advertising fee revenues are generally payable monthly and recognized over time based on output methods as services are performed and the revenues are receivable. Unused fee revenues are deferred until the costs have been properly incurred to recognize the revenue.

The Company records sales net of sales tax collected.

#### Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash and cash equivalents represent cash on deposit and money market accounts.

#### Investments – Marketable Securities

Investments in marketable securities consist of corporate and municipal debt securities, which are variable rate demand notes. Management determines the appropriate classification of securities at the time of purchase as available-for-sale, held-to-maturity or trading. A security is classified as available-for-sale if management does not intend to hold the security until maturity and the security was not purchased for selling it in the near term. The variable rate demand notes are classified as available-for-sale and carried at their fair values as further described herein.

**STANLEY STEEMER INTERNATIONAL, INC.**  
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**Notes to Consolidated Financial Statements**  
**December 31, 2023, 2022 and 2021**



**Summary of Significant Accounting Policies** (continued)

Investments – Marketable Securities (continued)

Marketable securities are exposed to market risk due to changes in interest rates and credit risk. Accordingly, it is at least reasonably possible that changes in the fair value of marketable securities may occur in the near term, which could be material. The Company regularly monitors credit risk and attempts to mitigate its exposure by investing in highly-rated securities and through investment diversification.

Management evaluates securities for other-than-temporary impairment at least on a quarterly basis, and more frequently when economic or market concerns warrant such evaluation. Consideration is given to (1) length of time and the extent to which the fair market value has been less than cost, (2) the financial condition and near-term prospects of the issuer and (3) the intent and ability of the Company to retain its investment in the issuer for a period of time sufficient to allow for any anticipated recovery in fair value. Based on the Company's evaluation and the intent and ability to hold these investments for a reasonable period of time, sufficient for a forecasted recovery of fair value, the Company does not consider these investments to be other-than-temporarily impaired as of December 31, 2023, 2022 and 2021.

Under U.S. GAAP, the Company discloses information to facilitate the financial statement users' evaluation of the Company's credit risk, how the risk is analyzed and the changes and reasons for changes in allowance for credit losses. The Company is required to disclose the information on two defined levels of disaggregation – portfolio segments and class of financing receivable. Portfolio segments are defined as a level at which the Company develops and documents a systematic method for determining credit losses. Classes are defined as a disaggregation of portfolio segments. Under the updated provisions, management has determined notes receivable from franchisees represent the only portfolio segment and class.

Receivables

*Trade Receivables and Due from Franchisees*

The Company provides services to a large number of individual and commercial customers. The Company's trade accounts receivable are exposed to credit risk; however, the risk is limited due to the large number of customers and their wide geographic dispersion. Balances with individual and commercial customers exceeding their terms are considered delinquent; however, no interest is charged on delinquent balances. The Company and the Fund have significant transactions with the Company's franchisees. The Company's and the Fund's receivables from franchisees are exposed to credit risk; however, the risk is limited due to the large number of franchisees and their wide geographic dispersion. Annual interest of 18% is charged to delinquent balances due from franchisees and is recorded twice a month. Balances from franchisees that exceed their contractual terms are considered delinquent.

*Notes Receivable from Franchisees*

The Company provides notes to franchisees which are individually negotiated. Balances from franchisees that exceed their contractual terms are considered delinquent. Interest on notes receivable is charged at rates ranging from 0% to 7.5%.

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Summary of Significant Accounting Policies (continued)

#### Receivables (continued)

##### *Allowance for Credit Losses – Trade Receivables and Due from Franchisees*

The carrying amount of the trade receivables and balances due from franchisees is reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. The allowance for doubtful accounts was approximately \$620,000, \$479,000 and \$687,000 at December 31, 2023, 2022 and 2021, respectively. Changes in the valuation allowance were not material to the accompanying consolidated financial statements.

##### *Allowance for Credit Losses – Notes Receivable from Franchisees*

The carrying amount of notes receivables are reduced by a valuation allowance for expected credit losses, as necessary, that reflects management's best estimate of the amount that will not be collected. This estimation takes into consideration historical experience, current conditions and, as applicable, reasonable supportable forecasts. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them to be uncollectible. The allowance for doubtful accounts for notes receivable from franchisees was approximately \$50,000 at December 31, 2023, 2022 and 2021. Changes in the valuation allowance were not material to the accompanying consolidated financial statements.

#### Inventories

Inventories consisting principally of cleaning products and equipment parts are stated at the lower of cost, using the first-in first-out (FIFO) method, or net realizable value. A provision for potentially obsolete or slow moving inventory is made based on inventory levels, future sales forecasts and management's judgment of potentially obsolete inventory.

#### Property, Plant and Equipment

Property, plant and equipment are carried at cost. The Company provides for depreciation and amortization of property and equipment primarily using the straight-line method. Major renewals and betterments are capitalized and depreciated; maintenance and repairs that neither improve nor extend the life of the respective asset are charged to expense as incurred. Assets purchased, but not yet placed into service, are capitalized; depreciation is not computed until the assets are placed in service. The following summarizes the estimated useful lives used in the calculation of depreciation and amortization:

Leasehold improvements	5 - 10 years
Furniture and fixtures	5 - 7 years
Machinery and equipment	5 - 7 years
Transportation equipment/aircraft	3 - 7 years
Computer equipment and software	3 - 10 years

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Summary of Significant Accounting Policies (continued)

#### Long-Lived Assets Impairment Policy

The carrying values of long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Management has determined that no impairment existed as of December 31, 2023, 2022 and 2021.

#### Derivatives and Hedging Activities

The Company maintains a derivative financial instrument for the purpose of hedging the risks of certain identifiable and anticipated transactions. In general, the types of risks hedged are those relating to the variability of future earnings and cash flows caused by movements in commodity prices. Currently, the derivative instrument used by the Company as part of its risk-management strategy is a fixed price commodity hedge used to offset changes in commodity prices (cash flow hedge). The specific terms and notional amount of the hedge is determined based on management's assessment of future commodity prices and other factors. The Company does not enter into derivative instrument agreements for trading or speculative purposes.

In accordance with ASU 2017-12 *Derivatives and Hedging*, the Company recognized the entire change in fair value within accumulated other comprehensive income.

The Company formally documents all relationships between the hedging instrument and the hedged items, as well as their risk-management objectives and strategies for undertaking various hedge transactions. This process includes linking the hedge to the specific assets or liabilities on the consolidated balance sheets. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivative used in the hedging transactions has been highly effective in offsetting changes in the cash flow/fair value of the hedged items and whether the derivative may be expected to remain highly effective in future periods. When it is determined that the derivative is not, or has ceased to be, highly effective as a hedge, the Company will discontinue hedge accounting prospectively. If hedge accounting is discontinued and the derivative remains outstanding, the Company will carry the derivative at its fair values on the consolidated balance sheet, recognizing changes in the fair values in current period earnings



# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Summary of Significant Accounting Policies (continued)

#### Derivatives and Hedging Activities (continued)

Management values derivatives based on valuations reported by the bank equal to what the bank would receive or pay to terminate the agreement at the reporting date, taking into account current commodity prices and current creditworthiness of the counterparties. This method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

#### Goodwill and Impairment Policy

The Company incurs costs to reacquire franchise rights from existing franchisees. Goodwill represents the excess of costs over fair value of assets of franchisees acquired. Goodwill is tested for impairment at least annually in accordance with FASB ASC 350, *Intangibles*, following the qualitative assessment as prescribed by ASU 2011-08, *Testing Goodwill for Impairment*. An impairment loss is recognized to the extent that the carrying amount exceeds the asset's fair value. No impairment loss was noted in 2023, 2022 or 2021.

#### Advertising Costs

Advertising costs for the Company primarily relate to television, print and digital media advertisements, including production costs. Such costs are expensed as incurred.

The Fund expenses the costs of advertising the first time the advertising takes place.

Total advertising expenses were approximately \$39,200,000, \$36,200,000 and \$34,400,000, in 2023, 2022 and 2021, respectively.

#### Leases

Pursuant to GAAP, a contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease right-of-use (ROU) assets, other current liabilities, and operating lease liabilities within the Company's accompanying consolidated balance sheets.

**STANLEY STEEMER INTERNATIONAL, INC.**  
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**Summary of Significant Accounting Policies** (continued)

Leases (continued)

ROU assets represent the Company's right to use an underlying asset for the lease term, and lease liabilities represent the Company's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Company uses the implicit rate when it is readily determinable. If the Company's leases do not provide an implicit rate, the Company elected the practical expedient to utilize the risk-free rate to determine the present value of lease payments. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option.

The Company has lease agreements with lease and non-lease components, however the Company has elected the practical expedient to account for the lease and non-lease components as a single lease.

Income Taxes

The Company has elected to be treated as an S Corporation for federal and certain state income tax purposes. Accordingly, the Company is not required to pay these income taxes. The Company's stockholders include their respective share of the Company's taxable income in their individual tax returns. Under a stockholder agreement, the Company is obligated to make distributions to its stockholders to permit them to pay their income taxes related to their proportionate share of the Company's taxable income.

Because of timing differences in the recognition of income and expense between financial statement and income tax reporting purposes, distributions under the stockholder agreement may be disproportionate to financial statement income.

The Company pays certain state and local income taxes on its taxable income based upon statutory rates.

The Fund is an Ohio non-profit organization, which is subject to federal income tax under the Internal Revenue Code, but exempt from state income taxation. The Fund maintains a tax year-end of May 31. Deferred income taxes are recognized for temporary differences between the financial reporting and tax bases of assets and liabilities. The Fund has temporary differences relating to the recognition of certain prepaid expenses for tax purposes. A valuation allowance equal to the resulting deferred tax asset has been recorded, as the deferred tax asset may not be utilized in the future.

The Company and the Fund account for uncertainty in income taxes in their financial statements as required under FASB ASC 740, *Income Taxes*. The standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition accounting. Management determined there were no material uncertain positions taken in its tax returns.

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Summary of Significant Accounting Policies (continued)

#### Fair Value Measurements

U.S. GAAP established a fair value hierarchy that prioritizes the inputs to measure the fair value of the assets or liabilities being measured. Fair value is defined as the exchange value that would be received on the measurement date to sell an asset or to value the amount paid to transfer a liability in the principal or most advantageous market available to the entity in an orderly transaction between market participants. The three levels of the fair value hierarchy are as follows:

- Level 1 Inputs are unadjusted quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date. Level 1 inputs provide the most reliable measure of fair value as of the measurement date.
- Level 2 Inputs are based on significant observable inputs, including unadjusted quoted market prices for similar assets and liabilities in active markets, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active or inputs other than quoted prices that are observable for the asset or liability.
- Level 3 Inputs are significant unobservable inputs for the asset or liability.

The level of the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2023, 2022 and 2021.

#### *Variable Rate*

*Demand Notes:* Level 2 Measurement - Valued using observable market prices by third-party pricing services. The securities can be put (sold at par) typically on a daily basis with settlement periods ranging from the same day to one week.

#### *Derivatives:*

Level 2 Measurement - Valued by management based on valuations reported by the bank equal to what the bank would receive or pay to terminate the commodity hedge agreement at the reporting date, taking into account current prices and current creditworthiness of the counterparties.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Company believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Summary of Significant Accounting Policies (continued)

#### Newly Adopted Accounting Pronouncements

Effective January 1, 2023, the Company adopted the provisions and disclosure requirements described in ASC Topic 326, *Financial Instruments – Credit Losses* (ASC 326). ASC 326 sets forth a current expected credit loss (CECL) model, which requires the Company to measure all expected credit losses for financial assets (or a group of financial assets) held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. The standard replaces the existing incurred loss model and is applicable to the measurement of credit losses on financial assets measured at amortized cost, such as accounts receivable and related allowances and notes receivable. The adoption of ASC 326 did not have a material effect to the accompanying consolidated financial statements.

#### Cash and Cash Equivalents

Cash and cash equivalents are primarily maintained at financial institutions and, at times, balances may exceed federally insured limits.

#### Related Party Notes Receivable

Effective June 12, 2023 and July 25, 2023 the Company extended two promissory notes to a related party in the amounts of \$1,100,000 and \$959,525, respectively. The notes accrue interest at 3.56% and 3.85%, respectively, per annum with a maturity date for both notes of December 31, 2027. The balance on the notes at December 31, 2023 were \$365,966 and \$959,525 respectively.

#### Investments – Marketable Securities

The variable demand notes have varying maturities through 2049.

The amortized cost and fair value of variable rate demand notes that had stated maturities as of December 31, 2023 are shown below by contractual maturity.

	<b>Amortized Cost</b>	<b>Fair Value</b>
Maturity date:		
Due within 1 year	\$ -	\$ -
Due after 1 year through 5 years	935,000	935,000
Due after 5 years through 10 years	2,245,000	2,245,000
Due after 10 years	4,665,000	4,665,000
	<u>4,665,000</u>	<u>4,665,000</u>
<b>Total</b>	<b>\$ 7,845,000</b>	<b>\$ 7,845,000</b>

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021

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### Inventories

The components of inventories are as follows at December 31:

	2023	2022	2021
Raw materials	\$ 6,059,875	\$ 7,314,090	\$ 5,359,915
Work-in-process	279,802	273,636	341,177
Finished goods	2,949,701	2,574,189	2,499,141
Provision for obsolescence	(10,000)	(10,000)	(10,000)
<b>Total inventories, net</b>	<b>\$ 9,279,378</b>	<b>\$ 10,151,915</b>	<b>\$ 8,190,233</b>

### Property, Plant and Equipment

Property, plant and equipment are as follows at December 31:

	2023	2022	2021
Leasehold improvements	\$ 15,409,076	\$ 13,977,585	\$ 11,794,407
Furniture and fixtures	3,371,204	3,221,779	2,777,128
Machinery and equipment	40,302,463	38,476,345	32,721,092
Transportation equipment	48,292,732	44,192,586	38,719,070
Aircraft	1,710,938	1,710,938	1,710,938
Computer equipment and software	22,701,472	20,991,825	21,057,231
Work-in-process	375,780	351,626	574,945
	<b>132,163,665</b>	122,922,684	109,354,811
Less: accumulated depreciation and amortization	(89,446,213)	(82,025,626)	(72,059,303)
<b>Total property, plant and equipment, net</b>	<b>\$ 42,717,452</b>	<b>\$ 40,897,058</b>	<b>\$ 37,295,508</b>

### Derivative Financial Instruments

On May 29, 2020, the Company entered into a commodity swap agreement with a notional amount of \$2,806,999 which terminated in December 2023. The outstanding receivable was \$862,115 and \$1,297,868 as of December 31, 2022 and 2021, respectively. Under the agreement, the Company paid or received the net difference of the notional quantity at the fixed rate (\$1.13/gallon in 2021, \$1.23/gallon in 2022 and \$1.34/gallon in 2023) and the floating rate (indexed on the commodity NYMEX New York Harbor Unleaded Gasoline).

While the counterparty to its derivative financial instrument contract exposed the Company to credit losses in the event of nonperformance, the counterparty was an established bank. The Company had no reason to believe that the counterparty would not be able to fully satisfy its obligations under the contract.

The agreement was designated as an effective cash flow hedge of the Company's commodity purchases for fuel. If there were changes in the Company's forecasted purchases, the swap would no longer qualify as an effective hedge, and amounts would have been recorded in accumulated other comprehensive income would be reclassified to earnings.

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Goodwill

During 2023, the Company reacquired rights to one territory, Columbia, South Carolina. The excess of purchase price over the fair market value of assets acquired resulted in additional goodwill of \$1,250,000.

During 2022, the Company reacquired rights to two territories, Fredericksburg, Virginia and Frederick, Maryland. The excess of purchase price over the fair market value of assets acquired resulted in additional goodwill of \$667,822.

During 2021, the Company re-acquired rights to various territories including Raleigh, North Carolina, Edison, New Jersey and parts of Lorain, Medina and Erie counties within Ohio. The excess of purchase price over the fair market value of assets acquired resulted in additional goodwill of \$2,672,737.

### Insurance Reserves

In an effort to maximize the cost-effectiveness of its insurance coverage, the Company has a self-insurance program for healthcare benefits and workers' compensation. The Company has stop-loss coverage of \$225,000 per individual for the healthcare program and stop-loss coverage of \$250,000 per individual for the workers' compensation program. The Company also has variable stop-loss coverages in the aggregate for the programs. The Company accrues the estimated cost of reported claims and also incurred-but-not-reported claims.

Included in other accrued expenses were approximately \$1,900,000, \$1,300,000 and \$1,100,000 as of December 31, 2023, 2022 and 2021, respectively, related to such self-insured health accruals. Self-insured workers' compensation accruals, included in accrued compensation and related taxes, were approximately \$2,300,000, \$2,000,000 and \$2,100,000 as of December 31, 2023, 2022 and 2021, respectively. The health and workers' compensation self-insurance accruals are estimated and actual results could differ.

### Deferred Guarantee Program

Deferred guarantee revenue represents a contract liability and is recognized when cash payments are received in advance of the performance of services, including when the amounts are refundable. Revenue from the guarantee service program is deferred and recognized over time upon completion of services. Changes in deferred guarantee revenue for the years ended December 31 were as follows:

	2023	2022	2021
Deferred guarantee revenue - beginning of year	\$ 3,476,617	\$ 3,509,832	\$ 2,748,973
Guarantee sales	7,658,579	6,925,590	6,851,483
Guarantee revenue recognized	<u>(7,297,109)</u>	<u>(6,958,805)</u>	<u>(6,090,624)</u>
Deferred guarantee revenue - end of year	<u>\$ 3,838,087</u>	<u>\$ 3,476,617</u>	<u>\$ 3,509,832</u>

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Deferred Franchise License Fees

Deferred franchise license fees represent a contract liability and are recognized over the term of the agreement when an initial franchise license agreement is entered into.

The following is a schedule of the future amortization of deferred franchise license fees as of December 31, 2023:

	2024	\$	156,283
	2025		156,283
	2026		156,283
	2027		154,426
	2028		91,368
	Thereafter		94,699
	<b>Total</b>	<b>\$</b>	<b>809,342</b>

### Note Payable – Line of Credit

At December 31, 2023, the Company had available a \$20,000,000 bank line of credit which bears interest at the Secured Overnight Financing Rate (SOFR) plus 1.25% (6.63% and 5.55% as of December 31, 2023 and 2022, respectively) and one-month LIBOR plus 1.10% for 2021 (1.20% as of December 31, 2021). The bank line of credit expired in June 2023 and was renewed through June 2025. No outstanding borrowings existed under this line at December 31, 2023, 2022 and 2021. The agreement also requires the Company to maintain certain financial ratios and restricts the amount of debt that the Company can guarantee for others. As of December 31, 2023, 2022 and 2021, the Company was in compliance with the covenants.

### Employee Benefits

The Company maintains a 401(k) retirement plan which covers all employees with one year of service who have attained the age of 21 and have 1,000 hours of service each year. Employees are automatically enrolled and may elect to contribute a percentage of their annual compensation to the plan each year. The Company matches a certain percentage, 50% of the first 6% in 2023, 2022 and 2021, of each participating employee’s contribution subject to certain limitations. Company contributions were approximately \$1,700,000, \$1,700,000 and \$1,400,000 in 2023, 2022 and 2021, respectively.

### Common Stock

The Company has 30,000 shares of no par value, \$.10 stated value, common stock and 270,000 shares of no par value, \$.10 stated value, nonvoting common stock authorized. As of December 31, 2023, 2022 and 2021, there were 27,259 shares of common stock and 245,331 shares of nonvoting common stock issued and outstanding. As of December 31, 2023, 2022 and 2021, the Company had 4,000 shares of treasury stock at cost.

# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021

### Related Parties

The Company has extended a line of credit to the Fund with a maximum borrowing of \$5,000,000. Balances on the line were \$3,322,000, \$3,872,000 and \$4,672,000 at December 31, 2023, 2022 and 2021, respectively. For the years ended December 31, 2023, 2022 and 2021, interest was charged at 3.25%. The line expires in December 2024. Interest on the note is due quarterly. The note, interest income and interest expense have been eliminated in the accompanying consolidated financial statements.

See *Leases* footnote for disclosure of other related party transactions.

### Leases

The Company has operating leases for certain branch offices, from both third parties and related parties, under agreements expiring at various dates through 2032. Certain operating leases contain renewal options ranging from one to ten years.

The maturities of lease liabilities as of December 31, 2023 were as follows:

	Third Parties	Related Party (BFI)	Related Party (BPM)	Total
2024	\$ 5,600,000	\$ 2,100,000	\$ 2,100,000	\$ 9,800,000
2025	4,300,000	2,100,000	2,100,000	8,500,000
2026	2,700,000	1,700,000	1,000,000	5,400,000
2027	2,000,000	1,700,000	900,000	4,600,000
2028	1,500,000	1,600,000	900,000	4,000,000
Thereafter	2,300,000	3,700,000	3,500,000	9,500,000
Total undiscounted cash flows	18,400,000	12,900,000	10,500,000	41,800,000
Less: present value discount	(1,000,000)	(700,000)	(400,000)	(2,100,000)
<b>Total lease liabilities</b>	<b>\$ 17,400,000</b>	<b>\$ 12,200,000</b>	<b>\$ 10,100,000</b>	<b>\$ 39,700,000</b>

Lease expense is included as a component of selling, general and administrative expenses within the accompanying statements of income and comprehensive income. The following summarizes the lease expense for the years ended December 31:

	2023	2022	2021
Third parties	\$ 6,700,000	\$ 6,400,000	\$ 5,800,000
Related Party (BFI)	2,000,000	1,900,000	2,300,000
Related Party (BPM)	2,000,000	1,900,000	1,600,000
<b>Total lease expense</b>	<b>\$ 10,700,000</b>	<b>\$ 10,200,000</b>	<b>\$ 9,700,000</b>



# STANLEY STEEMER INTERNATIONAL, INC. AND SUBSIDIARY

## Notes to Consolidated Financial Statements December 31, 2023, 2022 and 2021



### Leases (continued)

The following summarizes additional information related to leases for the year ended December 31:

	<b>2023</b>	<b>2022</b>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	<b>\$10,373,787</b>	9,468,804
ROU assets obtained in exchange for new operating lease liabilities	<b>5,741,747</b>	52,375,635
Weighted-average remaining lease term in years for operating leases	<b>5.98</b>	6.20
Weighted-average discount rate for operating leases	<b>1.72%</b>	1.63%

### Commitments and Contingencies

The Company maintains a \$25,000,000 guidance line of credit with a financial institution. The line of credit is intended to provide certain franchisees loans with terms not to exceed seven years and bearing interest at either a fixed rate of 3.75% above the bank’s swap rate for the loan or floating rate of 4.00% plus one-month LIBOR. The guidance line of credit expires in October 2024. The Company guarantees the greater of 10% of total outstanding loans under the guidance line, the largest outstanding loan by a franchisee under the guidance line or \$500,000. Under the guarantee, and in line with the agreement limit, the Company is required to purchase loans where the borrower has been in default for more than 90 days. The total loans required to be purchased is limited by the Company’s guarantee. The Company does not expect any guarantees to require future payment as of December 31, 2023. At December 31, 2023, the outstanding balance of the guidance line of credit was approximately \$5,100,000 and the Company’s guarantee was \$2,494,561.

At December 31, 2023, contractual commitments entered into by the Fund for future media expenditures amounted to approximately \$11,600,000.

At December 31, 2023, the Company had a \$3,800,000 letter of credit available for the general liability insurance policy and had no amounts outstanding under the available letter of credit.

### Subsequent Events

Management has evaluated subsequent events through the date of the Independent Auditor’s Report, the date on which the consolidated financial statements were available to be issued.

## EXHIBIT B LIST OF FRANCHISEES



Owner	Address	City State Zip	Phone
<b><u>Alabama</u></b>			
Gellner, Mark	P.O. Box 608128	Orlando, FL 32860	(407) 291-4717
Quatela Group	3730 Honeysuckle Ln	Atlanta, GA 30340	(770) 451-3035
Smith, Gregory A.	118 Little Valley Ct	Hoover, AL 35244	(205) 985-4601
<b><u>Arizona</u></b>			
Bennett, Fred & Leora	1280 Powell Dr	Lake Havasu City, AZ 86406	(928) 855-6818
Burk, James	2586 W 150 S	Hurricane, UT 84737	(435) 652-1703
Dickinson, Geno	8676 E Long Mesa Dr	Prescott Valley, AZ 86314	(928) 773-1299
Niedzwiecki, Jesse	88 Hughes Dr	Traverse City, MI 49696	(800) 338-9898
<b><u>Arkansas</u></b>			
Bartnick, Chris	2311 N Green River Rd	Evansville, IN 47715	(812) 473-5558
Wildman, Chris	699 Madison St	Springdale, AR 72762	(479) 927-0909
<b><u>California</u></b>			
Bartnick, Chris	2311 N Green River Rd	Evansville, IN 47715	(812) 473-5558
Belforte, Gina	3600 Standish Ave, Ste A	Santa Rosa, CA 95407	(707) 585-6125
Bhandari, Sanjay	5913 3rd St	San Francisco, CA 94124	(415) 206-0748
Buchanan, Scott & Lara	1122 W Ave L-12, Ste 111	Lancaster, CA 93534	(661) 723-4839
James, Richard & Sharon	14557 Griffith St	San Leandro, CA 94577	(510) 614-6833
Koch, Brandon	8995 Terabyte Dr, Ste F	Reno, NV 89521	(775) 355-7777
Newton, Robert	5279 W Clinton Ave	Fresno, CA 93722	(559) 435-4555
Pucci, Jeffrey J. & Jourdain, Ryan	841 W Foothill Blvd	Azusa, CA 91702	(626) 812-5454
Thompson, Steve	9655 Via Excelencia	San Diego, CA 92126	(858) 271-9910
Varner, Scott	11420 G Commercial Pkwy	Castroville, CA 95012	(831) 633-0330
<b><u>Colorado</u></b>			
Bryant, Bart	1625 Tuskegee Pl	Colorado Springs, CO 80915	(719) 570-1068
Larkin, John & Gina	277 1/2 W Parkview Dr, Unit A	Grand Junction, CO 81503	(970) 523-1800
Martinez, Ryan	PO Box 635	Pagosa Springs, CO 81147	(970) 731-0307
<b><u>Delaware</u></b>			
Farrell, Brian, Jerry & Lisa	P.O. Box 1892	Salisbury, MD 21802	(410) 548-1178
<b><u>Florida</u></b>			
Bachman, Sarah & Bachman, Robert & Layman, Sue	3670 23rd Ave S	Lake Worth, FL 33461	(561) 586-5700
Coshow, Charles	460 State Rte 16, Ste B	Saint Augustine, FL 32084	(904) 829-8214
Gellner, Mark	P.O. Box 608128	Orlando, FL 32860	(407) 291-4717
Martin, Guy & Martie	3400 Dairy Rd	Melbourne, FL 32904	(321) 723-1417
Peters, John & Susan	PO Box 5830	Lakeland, FL 33807	(863) 709-9400
Roach, Demetrius	P.O. Box 430641	Big Pine Key, FL 33043	(800) 783-3637
Scalera, Tom	400 NW Market Pl	Port Saint Lucie, FL 34986	(772) 335-2080
Smith, John D. & Gloria	9012 Reyes Ct.	Orlando, FL 32836	(239) 465-0700
Stoner, Lynn & Coni	6115 Arlington Expy	Jacksonville, FL 32211	(904) 724-9000

Sylwestrak, Danny	2401 Crystal Dr	Fort Myers, FL 33907	(239) 939-2203
White, Chester, Jr., Shirley & Jo	P.O. Box 430	Inverness, FL 34451	(800) 783-3637

**Georgia**

Carson, Rick & Sharon	2013 Franke Ct	Augusta, GA 30909	(706) 860-3774
Kuehn, Joe & Peggy	286 Ketch Court	Destin, FL 32541	(478) 474-5333
Quatela Group	3730 Honeysuckle Ln	Atlanta, GA 30340	(770) 451-3035
Stoner, Lynn & Coni	6115 Arlington Expy	Jacksonville, FL 32211	(904) 724-9000
White, Chester, Jr., Shirley & Jo	P.O. Box 430	Inverness, FL 34451	(800) 783-3637

**Hawaii**

Mitchell, Dustin	78-1100 Kahoolele St	Kailua Kona, HI 96740	(808) 329-9329
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**Idaho**

Kolar, Russ	3522 Brandon Way	Missoula, MT 59803	(406) 549-2083
Vandendriesche, Erik	2710 N Felts Ln	Spokane, WA 99206	(541) 779-0828

**Illinois**

Bartnick, Chris	2311 N Green River Rd	Evansville, IN 47715	(812) 473-5558
Dean, Phil & Susan	2205 Forte Ct	Maryland Heights, MO 63043	(314) 770-9999
Doone, Joseph	2837 Singer Ave	Springfield, IL 62703	(217) 788-6680
Hoagland, Mark	2601 W Altorfer Dr	Peoria, IL 61615	(309) 692-1990
Kriewald, Gerald J.	1310 Columbus St	Ottawa, IL 61350	(815) 431-9940
McCann, Paul & Paula	9958 N Alpine Rd, Ste 100	Machesney Park, IL 61115	(815) 654-1098
Mitchell, Mike & Peggy	5726 Oakbrook Rd	Davenport, IA 52806	(563) 355-2321

**Indiana**

Bartnick, Chris	2311 N Green River Rd	Evansville, IN 47715	(812) 473-5558
Brown, Steve & Rhonda	1906 Straightline Pike	Richmond, IN 47374	(765) 935-2123
Bultemeier, Craig	P.O. Box 561	Decatur, IN 46733	(260) 724-7377
DeOreo, Anthony	1203 N Mulberry	Terre Haute, IN 47807	(812) 232-5585
Dill, Steve & Sharon K. and Cochran, Jenny & Ron	3480 E 83rd Pl	Merrillville, IN 46410	(800) STE-EMER
McKnight, Greg & Paula	4701 W 300 N	Rensselaer, IN 47978	(219) 866-5101
Parks, Pamela	4446 S 100 W	Anderson, IN 46013	(765) 643-7392
Perdue, Clarence	PO Box 1644	Elizabethtown, KY 42702	(270) 769-0257
Pucci, Greg	8225 Pfeiffer Farms Dr, # 500	Byron Center, MI 49315	(616) 878-7575
Richardson, Scott & Sherry	3408 W Moore Rd	Muncie, IN 47304	(765) 282-6006
Stites, Scott & Trishia	2020 Research Dr	Fort Wayne, IN 46808	(260) 482-3543
Weiland, Tim & Sheila	3496 West Delphi Pike	Marion, IN 46952	(800) 783-3637
Yeoman, Daryl L. & Jane	8545 Logansport Rd	Peru, IN 46970	(800) 404-6642

**Iowa**

Brown, Steve & Rhonda	1906 Straightline Pike	Richmond, IN 47374	(765) 935-2123
Gyuro, Bob	1155 SE 28th St	Grimes, IA 50111	(515) 223-5868
Johnson, Garcia	5006 Sergeant Rd., #366	Sioux City, IA 51106	(909) 641-1492
Kriewald, Gerald J.	1310 Columbus St	Ottawa, IL 61350	(815) 431-9940
Mitchell, Mike & Peggy	5726 Oakbrook Rd	Davenport, IA 52806	(563) 355-2321

**Kansas**

Baker, Mike	914 E Gilbert St, Ste 200	Wichita, KS 67211	(316) 686-3238
Budenbender, Pat & Johnica	808 Lynn St	Lawrence, KS 66044	(785) 841-8666

**Kentucky**

Baker, Anita	P.O. Box 1043	Flatwoods, KY 41139	(606) 836-0991
Bartnick, Chris	2311 N Green River Rd	Evansville, IN 47715	(812) 473-5558
Burns, Kevin	1361 W Laurel Rd	London, KY 40741	(606) 878-1238
Perdue, Clarence	PO Box 1644	Elizabethtown, KY 42702	(270) 769-0257

**Louisiana**

Gellner, Mark	P.O. Box 608128	Orlando, FL 32860	(407) 291-4717
Rinehart, Todd A.	2601-B Lexington Ave	Kenner, LA 70062	(504) 575-3903

**Maine**

Brown, Christopher & Maria	60 Gray Rd, Bldg 2	Falmouth, ME 04105	(207) 878-0559
Hanrahan, Kevin & Ketchel, Erica	499 Broadway #317	Bangor, ME 04401	(207) 573-1059

**Maryland**

Eonta, Phil	206 Bilmar Dr	Pittsburgh, PA 15205	(412) 444-4625
Farrell, Brian, Jerry & Lisa	P.O. Box 1892	Salisbury, MD 21802	(410) 548-1178
Self, Jim	5710 Woodcliff Rd, # 107	Bowie, MD 20720	(301) 262-6341

**Massachusetts**

Farrell, Brian, Jerry & Lisa	P.O. Box 1892	Salisbury, MD 21802	(410) 548-1178
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**Michigan**

King, Rich & Robin	7536 Gratiot Rd, Ste 1	Saginaw, MI 48609	(989) 781-3000
Niedzwiecki, Jesse	88 Hughes Dr	Traverse City, MI 49696	(800) 338-9898
Pucci, Greg	8225 Pfeiffer Farms Dr, # 500	Byron Center, MI 49315	(616) 878-7575
Stites, Scott & Trishia	2020 Research Dr	Fort Wayne, IN 46808	(260) 482-3543

**Minnesota**

Johnson, Garcia	5006 Sergeant Rd., #366	Sioux City, IA 51106	(909) 641-1492
Kelley, Colleen	3835 40th St S	Saint Cloud, MN 56301	(320) 253-1723

**Mississippi**

Bartnick, Chris	2311 N Green River Rd	Evansville, IN 47715	(812) 473-5558
Rinehart, Todd A.	2601-B Lexington Ave	Kenner, LA 70062	(504) 575-3903
Rinehart, Todd A.	2601-B Lexington Ave	Kenner, LA 70062	(601) 853-1711

**Missouri**

Dean, Phil & Susan	2205 Forte Ct	Maryland Heights, MO 63043	(314) 770-9999
Kriewald, Gerald J.	1310 Columbus St	Ottawa, IL 61350	(815) 431-9940

**Montana**

Kolar, Russ	3522 Brandon Way	Missoula, MT 59803	(406) 549-2083
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**Nebraska**

Johnson, Garcia	5006 Sergeant Rd., #366	Sioux City, IA 51106	(909) 641-1492
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**Nevada**

Burk, James	2586 W 150 S	Hurricane, UT 84737	(435) 652-1703
Koch, Brandon	8995 Terabyte Dr, Ste F	Reno, NV 89521	(775) 355-7777

**New Hampshire**

Farrell, Brian, Jerry & Lisa	P.O. Box 1892	Salisbury, MD 21802	(410) 548-1178
Hanrahan, Kevin & Ketchel, Erica	499 Broadway #317	Bangor, ME 04401	(207) 573-1059

**New Jersey**

Crouse, Mike & Jennifer	509 S Carlisle St	Allentown, PA 18109	(484) 223-3939
Lopes, Steve	206 W Parkway Dr, Unit 5A	Egg Harbor Township, NJ 08234	(732) 985-7776
Quatela Group	3730 Honeysuckle Ln	Atlanta, GA 30340	(770) 451-3035

**New Mexico**

Martinez, Ryan	PO Box 635	Pagosa Springs, CO 81147	(970) 731-0307
Rohletter, Steve	1519 Cross Beam Dr	Charlotte, NC 28217	(704) 357-1700

**New York**

Ashley, Tim	41 Albany Ave	Troy, NY 12183	(518) 273-6437
Gomes, Tony	178 Pulaski Ave	Staten Island, NY 10303	(718) 420-6436
McBride, David	725 South Ave	Rochester, NY 14620	(585) 244-4445
Pucci, Robert	2325 Owego Rd	Vestal, NY 13850	(607) 722-0022
Talkowski, Chris	P.O. Box 2219	Newburgh, NY 12550	(845) 561-5303
Young, Edward J.	171 Brook Ave	Deer Park, NY 11729	(800) 243-8640

**North Carolina**

D'Andrea, Allen & Sarah	1140 Whitehorse Rd	Greenville, SC 29605	(864) 232-7746
Mount, David	4742 Washington St	Charleston, WV 25313	(304) 766-6201
Quatela Group	3730 Honeysuckle Ln	Atlanta, GA 30340	(770) 451-3035
Rohletter, Steve	1519 Cross Beam Dr	Charlotte, NC 28217	(704) 357-1700

**North Dakota**

Johnson, Garcia	5006 Sergeant Rd., #366	Sioux City, IA 51106	(909) 641-1492
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**Ohio**

Acles, Doug & Debbie	950 W Leffels Ln, Ste B	Springfield, OH 45506	(937) 390-0222
Adams, Pattie	P.O. Box 158	Bellevue, OH 44811	(419) 483-7979
Albanese, Anthony	1231 Park Ave E, Box 6	Mansfield, OH 44905	(419) 589-6346
Baker, Anita	P.O. Box 1043	Flatwoods, KY 41139	(606) 836-0991
Brown, Steve & Rhonda	1906 Straightline Pike	Richmond, IN 47374	(765) 935-2123
Eonta, Phil	206 Bilmar Dr	Pittsburgh, PA 15205	(412) 444-4625
Helman, Derek & Fender, Court	6031 St Joseph Rd	Newark, OH 43055	(740) 397-6622
Laming, Kyle	6520 Oley Speaks Way, Ste C &D	Canal Winchester, OH 43110	(614) 548-0490
Lazar, Terry & Kelly	30030 Lakeland Blvd	Wickliffe, OH 44092	(440) 585-9333
Merlene, Jeffrey T. & Rachael	734 Harbor St	Conneaut, OH 44030	(440) 593-6771
Pucci, Craig	76 Hanna Pkwy	Akron, OH 44319	(330) 785-5005
Sevitts, Kim and Sevitts, John	1250 Peters Rd	Troy, OH 45373	(937) 339-1212
Smelser, Jeff	1211 Brittany Dr	Celina, OH 45822	(419) 586-4070
Stites, Scott & Trishia	2020 Research Dr	Fort Wayne, IN 46808	(260) 482-3543

**Oklahoma**

Newton, Robert	5279 W Clinton Ave	Fresno, CA 93722	(559) 435-4555
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**Oregon**

Dodge, John	1328 Manzana St	Eugene, OR 97402	(541) 914-1758
Vandendriesche, Erik	2710 N Felts Ln	Spokane, WA 99206	(541) 779-0828

**Pennsylvania**

Crouse, Mike & Jennifer	509 S Carlisle St	Allentown, PA 18109	(484) 223-3939
Eonta, Phil	206 Bilmar Dr	Pittsburgh, PA 15205	(412) 444-4625
Heisey, Brien & Jeff	1600 Swamp Pike	Gilbertsville, PA 19525	(610) 323-1207
Merlene, Jeffrey T. & Rachael	734 Harbor St	Conneaut, OH 44030	(440) 593-6771
Pucci, Robert	2325 Owego Rd	Vestal, NY 13850	(607) 722-0022
Shirley, John & Dierdre	9408 Peach St	Waterford, PA 16441	(814) 868-1887
Traxler, Tim	1960 E College Ave	Bellefonte, PA 16823	(814) 383-2850

**South Carolina**

Carson, Rick & Sharon	2013 Franke Ct	Augusta, GA 30909	(706) 860-3774
D'Andrea, Allen & Sarah	1140 Whitehorse Rd	Greenville, SC 29605	(864) 232-7746
Rohletter, Steve	1519 Cross Beam Dr	Charlotte, NC 28217	(704) 357-1700

**South Dakota**

Johnson, Garcia	5006 Sergeant Rd., #366	Sioux City, IA 51106	(909) 641-1492
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**Tennessee**

Bartnick, Chris	2311 N Green River Rd	Evansville, IN 47715	(812) 473-5558
Burns, Kevin	1361 W Laurel Rd	London, KY 40741	(606) 878-1238
Gellner, Mark	P.O. Box 608128	Orlando, FL 32860	(407) 291-4717
Gellner, Mark	PO BOX 608128	Orlando, FL 32860	(888) 783-3637
Mount, David	4742 Washington St	Charleston, WV 25313	(304) 766-6201
Perdue, Clarence	PO Box 1644	Elizabethtown, KY 42702	(270) 769-0257

**Texas**

Bartnick, Chris	2311 N Green River Rd	Evansville, IN 47715	(812) 473-5558
Fox, Donald R. Jr.	P.O. Box 5054	Victoria, TX 77903	(361) 578-6367
Gellner, Mark	P.O. Box 608128	Orlando, FL 32860	(407) 291-4717
Newton, Robert	5279 W Clinton Ave	Fresno, CA 93722	(559) 435-4555
Pucci, Greg	8225 Pfeiffer Farms Dr, # 500	Byron Center, MI 49315	(616) 878-7575
Quatela Group	3730 Honeysuckle Ln	Atlanta, GA 30340	(770) 451-3035

**Utah**

Burk, James	2586 W 150 S	Hurricane, UT 84737	(435) 652-1703
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**Vermont**

Pucci, Robert	2325 Owego Rd	Vestal, NY 13850	(607) 722-0022
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**Virginia**

Baker, Michael & Joyce	106 Homestead Dr	Forest, VA 24551	(434) 385-8080
Beck, Steve	2617 Production Rd	Virginia Beach, VA 23454	(757) 340-8128
Farrell, Brian, Jerry & Lisa	P.O. Box 1892	Salisbury, MD 21802	(410) 548-1178
Mount, David	4742 Washington St	Charleston, WV 25313	(304) 766-6201

**Washington**

Monlux, Randall & Eva	P.O. Box 185	Kingston, WA 98346	(360) 626-9012
Vandendriesche, Erik	2710 N Felts Ln	Spokane, WA 99206	(541) 779-0828

**West Virginia**

Baker, Anita	P.O. Box 1043	Flatwoods, KY 41139	(606) 836-0991
Eonta, Phil	206 Bilmar Dr	Pittsburgh, PA 15205	(412) 444-4625
Helman, Derek & Fender, Court	6031 St Joseph Rd	Newark, OH 43055	(740) 397-6622
Mount, David	4742 Washington St	Charleston, WV 25313	(304) 766-6201

**Wisconsin**

Kelley, Colleen	3835 40th St S	Saint Cloud, MN 56301	(320) 253-1723
McCann, Paul & Paula	9958 N Alpine Rd, Ste 100	Machesney Park, IL 61115	(815) 654-1098
Ward, Scott	998 Glory Rd, Ste A	Green Bay, WI 54304	(920) 759-9862

**(EXHIBIT B Cont'd)**

The following list includes the names, cities and states, and the current business telephone numbers Stanley Steemer Business during our prior fiscal year to another individual or business entity (other than Stanley Steemer), as well as the names, addresses, cities and states, and current business telephone numbers of the individual or business entity that acquired the franchised Stanley Steemer Business.

<b>Seller/Transferor</b>	<b>Phone Number</b>	<b>Buyer/Transferee Name</b>	<b>Phone Number</b>
Eric & Heather Butterbaugh 6125 U.S. Hwy. 45 South, Paducah, KY 42001	(270) 554-3325	Studzinski Stanley Steemer, Inc. 6125 U.S. Hwy. 45 South, Paducah, KY 42001	(270) 554-3325
Eric & Heather Butterbaugh 1800 Clark Street, Carterville, IL 62918	(618) 997-4600	Studzinski Stanley Steemer, Inc. 1800 Clark Street, Carterville, IL 62918	(618) 997-4600
Eric & Heather Butterbaugh 3240 Nash Road, Scott City, MO 63780	(573) 334-7975	Studzinski Stanley Steemer, Inc. 3240 Nash Road, Scott City, MO 63780	(573) 334-7975
SS Clean Northern California, Inc. 737 Center Drive, Palo Alto, CA 94301	(480) 280-0575	Fakih Bros., LLC 1150 Mason Circle, Suites A-D Concord, CA 94520	(800) 783-3637
SS Clean Northern California, Inc. 737 Center Drive, Palo Alto, CA 94301	(480) 280-0575	Fakih Bros., LLC 711 Charcot Ave., Suite B, San Jose, CA 95131	(800) 783-3637
SS Clean Northern California, Inc. 737 Center Drive, Palo Alto, CA 94301	(480) 280-0575	Fakih Bros., LLC 711 Charcot Ave., Suite B, San Jose, CA 95131	(800) 783-3637
Scott McKelvy 1074 Lynn Garden Dr., Suite A, Kingsport, TN 37665	(423) 246-9475	GLH Services, LLC 82 Great Oak Way, Johnson City, TN 37615	(423) 246-9475

The Estate of Carmen Bottiglieri 625 Martin Avenue, Rohnert Park, CA 94928	(707) 795-1001	Majack Services, Inc. 3600 Standish Ave., Suite A, Santa Rosa, CA 95407	(707) 585-6125
AFC, Inc. 3823 Lee Street, Ayden, NC 28513	(252) 756-0033	MT Emerald Isle, LLC 3823 Lee Street, Ayden, NC 28513	(315) 455-2080
SJ Services, Inc. 1330 U.S. Hwy. 82, Leesburg, GA 31763	(229) 439-2817	Blue Field Services, Inc. 1330 U.S. Hwy. 82, Leesburg, GA 31763	(229) 439-2817
<b>Seller/Transferor</b>	<b>Phone Number</b>	<b>Buyer/Transferee Name</b>	<b>Phone Number</b>
John and Susan Peters 3920 Anchuca Drive, Lakeland, FL 33811	(863) 709-9400	Mark Gellner 1757 Benbow Court, Apopka, FL 32703	(407) 291-4717

The following list includes the names, cities and states, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who transferred its Stanley Steemer Business from the date of our most recently completed fiscal year end until the original issuance date of this disclosure document (March 25, 2024) (other than Stanley Steemer), as well as the names, addresses, cities and states, and current business telephone numbers of the individual or business entity that acquired the franchised Stanley Steemer Business.

<b>Seller/Transferor</b>	<b>Phone Number</b>	<b>Buyer/Transferee Name</b>	<b>Phone Number</b>
OMLF, Inc. 899 S. 4th Street, Grover Beach, CA 93433	(805) 473-4634	Fakih Bros., LLC 899 S. 4th Street, Grover Beach, CA 93433	(800) 783-3637

The following list includes the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks before the original issuance date of this disclosure document (March 25, 2024).

<b>Franchisee Contact</b>	<b>Phone Number</b>
Hildern, Zach 1060 Black Blvd., Lander, WY 82520	(307) 349-2760



The following list includes the names, cities and states and current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had a Franchise Agreement terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement from the date of our most recently completed fiscal year end until the original issuance date of this disclosure document (March 25, 2024).

<b>Franchisee Contact</b>	<b>Phone Number</b>
SS Clean of West Texas, LLC 9213 Gaston Ave., Amarillo, TX 79119	(800) 783-3637

The following list includes the names, cities and states, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had its Stanley Steemer Business reacquired by Stanley Steemer during its prior fiscal year.

<b>Franchisee Contact</b>	<b>Phone Number</b>
Pucci, Susan 710-B Buckner Road, Columbia, SC 29203	(803) 754-2219

The following list includes the names, cities and states, and the current business telephone numbers (or, if unknown, the last known home telephone numbers) of every franchisee who had their Stanley Steemer Businesses reacquired by Stanley Steemer from the date of our most recently completed fiscal year end until the original issuance date of this disclosure document (March 25, 2024): None.

If you buy this franchise, your information may be disclosed to other buyers when you leave the franchise system.

# STANLEY STEEMER INTERNATIONAL, INC.

## BRANCH LOCATIONS

**ARIZONA – North Phoenix**

23620 N. 20<sup>th</sup> Drive, Suite 22  
Phoenix, AZ 85085  
Phone: 623-869-9900  
Fax: 623-869-9901

**ARIZONA – Phoenix**

1440 W. Drivers Way  
Tempe, AZ 85284  
Phone: 480-821-3410  
Fax: 480-917-2337

**CALIFORNIA - Anaheim**

4530 E. Eisenhower Circle  
Anaheim, CA 92807  
Phone: 714-693-0785  
Fax: 714-693-0736

**COLORADO – Denver Main**

15700 Parkerhouse Rd., Suite 100  
Parker, CO 80134  
Phone: 303-925-1928  
Fax: 303-925-1212

**COLORADO - Fort Collins**

4555 Highland Meadows Pkwy.,  
Unit C  
Windsor, CO 80550  
Phone: 970-484-1220  
Fax: 970-484-0356

**COLORADO - West**

741 Corporate Circle, Suite O-S  
Golden, CO 80401  
Phone: 303-384-9900  
Fax: 303-384-9901

**CONNECTICUT - Hartford**

230 Murphy Rd.  
Hartford, CT 06114  
Phone: 860-547-1076  
Fax: 860-547-0861

**CONNECTICUT – Stratford**

1480 Stratford Avenue  
Stratford, CT 06615  
Phone: 203-375-0353  
Fax: 203-375-0355

**DELAWARE – Wilmington**

31 Southgate Blvd.  
New Castle, DE 19720  
Phone: 267-324-4362

**FLORIDA – Ft. Lauderdale**

241 Bryan Road  
Dania, FL 33004  
Phone: 954-927-8525  
Fax: 954-927-5302

**FLORIDA - Miami**

2180 NW 94<sup>th</sup> Avenue  
Miami, FL 33172  
Phone: 305-477-6765  
Fax: 305-591-1717

**FLORIDA - Tampa**

3705 Crescent Park Drive  
Riverview, FL 33578  
Phone: 813-635-7680  
Fax: 813-620-1293

**ILLINOIS – Chicago Main**

401 South Vermont Street  
Palatine, IL 60067  
Phone: 847-991-1310  
Fax: 847-991-1004

**ILLINOIS – Chicago City**

920 West Pershing Rd., Unit 2  
Chicago, IL 60609  
Phone: 773-285-1240  
Fax: 773-285-1255

**ILLINOIS – Chicago North**

1083 Corporate Circle  
Grayslake, IL 60030  
Phone: 847-566-2077  
Fax: 847-566-2078

**ILLINOIS – Chicago South East**

4 Territorial Ct., Suite B  
Bolingbrook, IL 60440  
Phone: 630-679-1465  
Fax: 630-679-1468

**INDIANA - Indianapolis**

4145 W. 99<sup>th</sup> Street  
Carmel, IN 46032  
Phone: 317-871-8126  
Fax: 317-875-5974

**KANSAS – Kansas City**

14751 W. 101<sup>st</sup> Ter.  
Lenexa, KS 66215  
Phone: 913-338-0663  
Fax: 913-338-0652

**KENTUCKY - Lexington**

2456 Fortune Drive, Suite 140  
Lexington, KY 40509  
Phone: 859-294-7220  
Fax: 859-294-5829

**MARYLAND - Baltimore**

7024 Golden Ring Road  
Baltimore, MD 21237  
Phone: 410-391-5519  
Fax: 410-391-5322

**MARYLAND – DC North**

425 E. Gude Drive  
Rockville, MD 20850  
Phone: 301-340-1041  
Fax: 301-340-1042

**MASSACHUSETTS – Boston**

620 South Street  
Holbrook, MA 02343  
Phone: 781-356-9117  
Fax: 781-356-9110

**MICHIGAN – Detroit Main**

39200 Schoolcraft Road  
Livonia, MI 48150  
Phone: 248-347-2641  
Fax: 248-347-2651

**MICHIGAN –Detroit East**

46370 Erb Drive  
Macomb, MI 48042  
Phone: 612-212-5072  
Fax: 586-778-0050

**MINNESOTA – Minneapolis**

15900 W. 79<sup>th</sup> Street  
Eden Prairie, MN 55344  
Phone: 952-888-7500  
Fax: 952-884-3943

**NEVADA - Las Vegas**

425 West Gowan Road  
North Las Vegas, NV 89032  
Phone: 702-616-4230  
Fax: 702-361-4760

**NEW JERSEY – Edison**

40 Brunswick Ave., Suite 101 B  
Edison, NJ 08817  
Phone: 800-783-3637  
Fax: 614-761-3775

**NEW JERSEY – North Jersey**

10 Clifton Blvd., Suite B3  
Clifton, NJ 07011  
Phone: 973-574-1640  
Fax: 973-574-1641

**NEW JERSEY – Philadelphia S.**

7860 Airport Highway  
Pennsauken, NJ 08109  
Phone: 856-768-1007  
Fax: 856-768-1169

**NEW YORK – Brooklyn**

439 20<sup>th</sup> Street  
Brooklyn, NY 11215  
Phone: 718-404-0068  
Fax: 718-404-0069

**NEW YORK – New York**

320 Boston Post Road  
Port Chester, NY 10573  
Phone: 866-937-0379  
Fax: 914-937-1652

**NORTH CAROLINA – Raleigh-Durham**

200 Bricksteel Lane  
Garner, NC 27529  
Phone: 800-783-3637  
Fax: 614-761-3775

**OHIO - Cincinnati**

637 Redna Terrace  
Cincinnati, OH 45215  
Phone: 513-771-0213  
Fax: 513-771-0349

**OHIO – Cleveland**

4621 Hinckley Industrial Pkwy.  
Cleveland, OH 44109  
Phone: 440-801-4009  
Fax: 440-801-4005

**OHIO - Columbus**

5800 Innovation Drive  
Dublin, OH 43016  
Phone: 614-652-2241  
Fax: 614-761-3176

**OHIO - Dayton**

824 Space Drive  
Beavercreek, OH 45434  
Phone: 937-431-3205  
Fax: 937-431-3210

**OHIO - Toledo**

1057 Hamilton Drive  
Holland, OH 43528  
Phone: 419-868-7127  
Fax: 419-868-7211

**OKLAHOMA – Oklahoma City**

3800 S. MacArthur, Suite D  
Oklahoma City, OK 73179  
Phone: 405-745-6792  
Fax: 405-745-2437

**OKLAHOMA - Tulsa**

2341 W. Albany Street, Suite D  
Broken Arrow, OK 74012  
Phone: 918-258-7681  
Fax: 918-258-7682

**OREGON – Portland Main**

10655 SW Greenburg Road  
Tigard, OR 97223  
Phone: 503-614-8094  
Fax: 503-614-8096

**PENNSYLVANIA – Philadelphia Main**

761 5th Avenue  
King of Prussia, PA 19406  
Phone: 610-768-1737  
Fax: 610-768-9705

**RHODE ISLAND – Providence**

57 Vermont Avenue  
Warwick, RI 02888  
Phone: 401-732-3092  
Fax: 401-732-3907

**SOUTH CAROLINA - Charleston**

7890 Dorchester Road  
Charleston, SC 29418  
Phone: 682-249-1065

**SOUTH CAROLINA – Columbia**

710 Buckner Rd., Suite B  
Columbia, SC 29203  
Phone: 682-249-1065

**TEXAS - Austin**

8023 Exchange Drive  
Austin, TX 78754  
Phone: 512-933-0723  
Fax: 512-927-7228

**TEXAS - Dallas**

13859 Diplomat Drive, Suite 100  
Farmer's Branch, TX 75234  
Phone: 972-247-1233  
Fax: 972-247-1154

**TEXAS - Fort Worth**

4924 Sun Valley Drive  
Fort Worth, TX 76119  
Phone: 817-293-1716  
Fax: 817-293-2764

**TEXAS - San Antonio**

4985 Eisenhower Rd., Suite 102  
Windcrest, TX 78218  
Phone: 210-646-0063  
Fax: 210-646-0050

**UTAH - Salt Lake City**

190 West Cottage Avenue  
Sandy, UT 84070  
Phone: 801-561-9505  
Fax: 801-561-0368

**VIRGINIA – DC South**

5705 General Washington Dr.  
Suites A-C  
Alexandria, VA 22312  
Phone: 703-642-7204  
Fax: 703-642-7203

**VIRGINIA – DC Main**

5611 Wellington Rd., Suite 107  
Gainesville, VA 20155  
Phone: 571-248-6160  
Fax: 571-261-2692

**VIRGINIA – Fredericksburg**

10 Commerce Pkwy., Suite 105  
Fredericksburg, VA 22406  
Phone: 571-261-0255

**VIRGINIA - Hampton**

8 Lockwood Drive, Suite A  
Hampton, VA 23661  
Phone: 804-744-1177  
Fax: 804-744-1559

**VIRGINIA - Richmond**

1754 Oak Lake Blvd.  
Midlothian, VA 23112  
Phone: 804-744-1177  
Fax: 804-744-1559

**WASHINGTON – Seattle Main**

18027 Hwy. 99, Suite G  
Lynnwood, WA 98037  
Phone: 425-697-3075  
Fax: 425-697-3076

**WASHINGTON – Seattle South**

1513 14<sup>th</sup> Street, NW, Suite 102  
Auburn, WA 98001  
Phone: 253-333-3444  
Fax: 253-333-0979

**WISCONSIN - Milwaukee**

11240 W. Lincoln Ave.  
West Allis, WI 53227  
Phone: 262-784-4322  
Fax: 262-784-4327

## EXHIBIT C

### STANLEY STEEMER INTERNATIONAL, INC. FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (this "Agreement") is made this \_\_\_ day of \_\_\_\_\_ 20\_\_ (the "Effective Date"), by and between **STANLEY STEEMER INTERNATIONAL, INC.**, an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as "SSI"), and {FRANCHISE OWNER NAME} (hereinafter referred to as "Franchise Owner").

#### RECITALS

**WHEREAS**, SSI owns the entire right, title and interest, together with all the goodwill connected therewith, in various trade secrets, trademarks and service marks, including the name and symbol of Stanley Steemer®, which are used by SSI in identifying, advertising, promoting and marketing certain cleaning and related services for various types of flooring and upholstery and water damage mitigation and restoration services (hereinafter referred to as the "Stanley Steemer Trademarks"); and

**WHEREAS**, SSI has developed a unique business format and operating system for a business to offer certain cleaning, restoration and related services for various types of systems and surfaces found in indoor environments, including uniform standards, specifications and procedures of operation, management, and quality and uniformity of products used and services offered (hereinafter referred to as the "Stanley Steemer System"); and

**WHEREAS**, SSI is the owner of certain proprietary designs and technology for the manufacture and design of the Stanley Steemer Carpet Cleaning Machine and Stanley Steemer Steemervac™ Air Duct Cleaning Machine (hereinafter referred to as the "Stanley Steemer Cleaning Platforms") as well as trademarks used in connection with such equipment; and

**WHEREAS**, SSI is engaged in the business of designing and manufacturing certain proprietary equipment, including the Cleaning Platforms, and granting franchises to own and operate Stanley Steemer cleaning and restoration businesses, and to use the aforementioned trade secrets, trademarks, service marks, names, logos and symbols, and the Stanley Steemer System in such businesses; and

**WHEREAS**, Franchise Owner desires to obtain the exclusive license to operate a Stanley Steemer cleaning and restoration business (hereinafter referred to as the "Stanley Steemer Business") in the area described in Exhibit A to this Agreement (hereinafter referred to as "Franchise Owner's Area").

#### AGREEMENT

**NOW, THEREFORE, IN CONSIDERATION OF THE FOLLOWING AND THE PREMISES HEREINAFTER SET FORTH, THE PARTIES HEREBY AGREE AS FOLLOWS:**

#### ARTICLE I: GRANT AND TERM

SSI hereby grants to Franchise Owner the exclusive license, subject to SSI's reservation of rights set forth in Article V, Section E of this Agreement, to own and operate the Stanley Steemer Business for a term of ten (10) years from the date of this Agreement in Franchise Owner's Area and to use the Stanley Steemer Trademarks, the Stanley Steemer System and the rights enumerated herein solely in a Stanley Steemer Business in that area and in no other manner. Operation of Franchise Owner's Stanley Steemer Business shall have begun within three (3) months after the date of this Agreement and shall thereafter be operated continuously in accordance with the terms of this Agreement.

Franchise Owner acknowledges that the Stanley Steemer System is designed to operate on the basis that each Franchise Owner or SSI where appropriate is assigned a specific exclusive geographical area within which each must utilize its best efforts to develop and service in accordance with the standards established by SSI and as set forth in the Stanley Steemer Manuals (as defined in Article III, Section C.2), and that such exclusive territories are reasonable and necessary to maximize the ability of each Stanley Steemer franchise owner to effectively compete with its competitors in the floor cleaning and water mitigation and restoration business. Therefore, the license granted herein is specifically limited to the right to operate the Stanley Steemer Business within Franchise Owner's Area. Franchise Owner shall operate the Stanley Steemer Business from an office located within Franchise Owner's Area and shall not service customer locations outside of Franchise Owner's Area without the express written consent of SSI that may be withheld or conditioned for any reason and if given may subsequently be revoked at any time for any reason. Franchise Owner shall refer requests to service customer locations outside of Franchise Owner's Area to other Stanley Steemer franchise owners or to SSI in accordance with procedures established by SSI from time to time.

**ARTICLE II:**  
**LICENSE FEE AND ROYALTY PAYMENTS**

In consideration for the license granted in Article I herein, Franchise Owner agrees to pay to Stanley Steemer the following:

- A. **License Fee.** Franchise Owner shall pay SSI upon execution of this Agreement the initial license fee set forth in Exhibit A attached hereto which shall be payable in the manner set forth in Exhibit A. The initial license fee is not refundable.
- B. **Monthly Royalty Payments.** Franchise Owner agrees to pay SSI (1) a monthly royalty payment equal to seven percent (7%) of the Gross Sales from Franchise Owner's Stanley Steemer Business derived from its Core Business, and (2) a monthly royalty payment equal to three percent (3%) of the Gross Sales from Franchise Owner's Stanley Steemer Business derived from its Related Business.
- C. **Gross Sales.** For the purposes of this Agreement and the calculation of the royalty to be paid hereunder, the term "Gross Sales" shall mean (1) the amount of all sums charged (regardless of collection) (a) for all products sold or services provided by Franchise Owner in connection with or related to Franchise Owner's Stanley Steemer Business—directly or indirectly—whether for cash or on a charge, credit or time basis, without reserve or deduction for inability or failure to collect; (b) from all other activities of every type and description done by Franchise Owner or any person employed by them, under the name Stanley Steemer, or in connection with or related to any of the Stanley Steemer Trademarks; and (c) from any cleaning, water mitigation or restoration services of all types and descriptions performed by Franchise Owner or any person employed by them whether or not the Stanley Steemer name and/or the Stanley Steemer Trademarks are used; and (2) the fair market value of all goods and services received in exchange for products or services provided by Franchise Owner in connection with or related to Franchise Owner's Stanley Steemer Business. Provided, however, Gross Sales shall not include (i) the amount of overcharges, refunds, allowances or discounts to customers (including discounts attributable to coupon sales); (ii) the amount of any excise or sales tax levied upon retail sales of goods and services and collected on behalf of, and payable over to, the appropriate governmental authorities; and (iii) isolated sales of non-inventory items or the bulk sale of the business itself.
1. **Core Business Defined.** For the purposes of this Agreement and the calculation of the royalty to be paid hereunder, the term "Core Business" shall mean all cleaning, enhancement, installation, maintenance, mitigation, remediation, repair and restoration services of any type or description not specifically defined or designated as "Related Business" herein including, but not limited to, services related to floors, walls, ceilings, counters, furniture, soft goods, textiles, fabrics, rugs, upholstery, ductwork, HVAC and other mechanical systems. Core Business shall expressly include the application of protective coatings, deodorizers, sanitizers and disinfectants; janitorial and housekeeping services; pressure washing services; the cleaning, maintenance, repair and restoration hard surfaces, including exterior concrete and natural stone; the sale, installation, repair, maintenance and cleaning of air ducts, HVAC systems and related items—including clean air enhancement and ventilation services; any extraction, mitigation, remediation and restoration services associated with fire, smoke, mold, flood or water damage—including services paid for by insurance; the sale of any item for the care, cleaning or maintenance of any type of floors, walls, ceilings, counters, furniture, soft goods, textiles, fabrics, rugs, upholstery, ductwork, HVAC and other mechanical systems including, but not limited to, Stanley Steemer Professional Carpet Spot Remover, Stanley Steemer Odor Out, UV lighting systems, interior/exterior matting systems and carpet rakes.
  2. **Related Business Defined.** For the purposes of this Agreement and the calculation of the royalty to be paid hereunder, the term "Related Business" shall mean certain services designated by SSI which include: the sale, installation and repair of all types of flooring; subcontracted services outside of the Core Business as defined herein; Reconstruction Services (as defined below); and such other services as SSI may designate in the Stanley Steemer Manuals during the term of this Agreement.
    - a. **Reconstruction Services Defined.** For purposes of this Agreement, "Reconstruction Services" means any construction services rendered in connection with, incidental to or as the result of fire, smoke, mold, flood or water damage and shall expressly include electrical services; plumbing services; carpentry services; roofing services; drywall and plaster; painting; wallpapering; cosmetic restoration; and structural repairs. This definition does not and is not intended to include demolition, tear-out or any post-construction cleaning services in the nature of Core Business.
- D. **Payment Due.** The monthly royalty payments shall be due and payable without invoice or other notice from SSI on the 15th day of the month following the month for which payment is due.

- E. **Minimum Annual Royalty.** The Minimum Annual Royalty Schedule is set forth in Exhibit A. For purposes of this Agreement, each Minimum Annual Royalty Year shall be defined by the time period covered as indicated in the table included in Exhibit A. During each Minimum Annual Royalty Year, Franchise Owner must pay to SSI a total amount of monthly royalty payments (payable by Franchise Owner pursuant to Article II, Section B) equal to or greater than the applicable amount of Minimum Annual Royalty for such Minimum Annual Royalty Year as set forth in the table below. In the event that the total amount of monthly royalty payments paid to SSI by Franchise Owner during a Minimum Annual Royalty Year is equal to or greater than the applicable Minimum Annual Royalty set forth in the table below for such Minimum Annual Royalty Year, then Franchise Owner shall not be required to make an additional payment attributable to such Minimum Annual Royalty Year. However, in the event that the total amount of monthly royalty payments paid to SSI by Franchise Owner during a Minimum Annual Royalty Year is less than the applicable Minimum Annual Royalty set forth in the table below for such Minimum Annual Royalty Year, then, within thirty (30) days following the end of such Minimum Annual Royalty Year, Franchise Owner shall be required to pay to SSI an amount of money equal to the difference between the total amount of monthly royalty payments paid during that Minimum Annual Royalty Year and the applicable Minimum Annual Royalty.
- F. **Late Payment.** Any payment that is not received by SSI on the date such payment is due shall bear interest at the lesser of eighteen percent (18%) per annum or the maximum amount allowed under applicable law (the "Default Rate") from the date that payment is due until the date that payment in finally collectable funds is received by SSI.
- G. **Costs of Collection.** In addition, Franchise Owner agrees to reimburse SSI for all costs of collection, including attorney's fees, of any amounts due and not timely paid under this Agreement.
- H. **Application of Payments.** Notwithstanding any designation by Franchise Owner to the contrary, SSI shall have the sole discretion to apply any payments by Franchise Owner to any past due indebtedness for royalty and national advertising fees, purchases from SSI, interest or any other indebtedness of Franchise Owner.
- I. **Funds Transfers.** SSI hereby reserves its right to establish at any time a requirement that Franchise Owner make all payments to SSI by electronic funds transfer, including, if applicable, the right of SSI to itself initiate such transfers, and Franchise Owner hereby agrees promptly to comply with any request by SSI related to the establishment of payments by electronic funds transfers.
- J. **Best Efforts.** Franchise Owner and its owners, officers and managers shall devote their full-time energy and best efforts to the management and operation of Franchise Owner's Stanley Steemer Business. Franchise Owner shall at all times utilize its best efforts to promote, maintain and increase its sales within Franchise Owner's Area. In this regard, Franchise Owner shall be deemed to be in violation of its obligations to use such best efforts if (1) Franchise Owner fails for any period of two (2) successive Minimum Annual Royalty Years to generate an amount of Gross Sales during the full calendar year that requires payment by Franchise Owner of a total amount of monthly royalty payments that are equal to or greater than the applicable Minimum Annual Royalty for the Minimum Annual Royalty Year; or (2) Franchise Owner fails to fully comply, on an ongoing basis, with Franchise Owner's obligations related to advertising as provided by Article VI, Section A and Article VI, Section B.

### **ARTICLE III: FRANCHISE OWNER'S DUTIES**

- A. **Maintain the Stanley Steemer Image.** Franchise Owner understands that it is essential to the success of its Stanley Steemer Business and to the protection of the Stanley Steemer System, the Stanley Steemer Trademarks, and the goodwill associated therewith that the unique qualities of SSI's the Stanley Steemer image and services be maintained. Franchise Owner further recognizes the substantial value of the goodwill resulting from those unique qualities. Franchise Owner further understands that those unique qualities can only be maintained by adhering strictly to the Stanley Steemer System, SSI's approved methods of cleaning, including use of the Stanley Steemer Cleaning Platforms; and by conforming to the Stanley Steemer System and SSI's specifications as to services provided, products, methods, machinery, equipment, supplies, vehicles, signs, uniforms, customer relations and conduct of business operations. Franchise Owner further understands that the foregoing has created expectations upon which customers of SSI, Franchise Owner and other franchise owners rely.
- B. **Change.** Franchise Owner further understands that it is essential to the success of Franchise Owner's Stanley Steemer Business and to the Stanley Steemer System that uniform changes be made from time to time with the cleaning machines, cleaning products, cleaning methods, vehicles, signs, uniforms, services provided and all other elements of the Stanley Steemer System in order to assure that both SSI and its franchise owners can effectively compete with other businesses.

C. In order to maintain and achieve the unique qualities of the Stanley Steemer System and to otherwise preserve the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks, Franchise Owner agrees as follows:

1. **Stanley Steemer Cleaning Platforms.**

- a. **Purchase.** Prior to beginning the Stanley Steemer Business, Franchise Owner shall purchase at least one (1) of the most recent models of the proprietary Stanley Steemer Cleaning Platforms and Service Vehicle in which it is mounted for use in the Stanley Steemer Business.
- b. **Use.** In the Stanley Steemer Business, Franchise Owner shall provide services exclusively with the proprietary Stanley Steemer Cleaning Platforms (or such other equipment as may specified by SSI) and only in accordance with provisions prescribed from time to time in the Stanley Steemer Manuals, or otherwise communicated to Franchise Owner in writing or in training sessions.
- c. **Repairs and Maintenance.** Franchise Owner shall maintain all Stanley Steemer Cleaning Platforms in good operating condition. Such Stanley Steemer Cleaning Platforms shall not be (i) altered or modified in any manner whatsoever, or (ii) transferred or reinstalled into new or different Service Vehicles, without the prior written approval of SSI.
- d. **Spare Parts.** Franchise Owner shall install or have installed in Stanley Steemer Cleaning Platforms only such spare parts which are approved by SSI as conforming to its specifications for quality, performance, safety, durability, appearance and other characteristics incident to maintaining the Stanley Steemer image and standard of cleanliness.
- e. **Sale or Disposal.** Franchise Owner acknowledges that the Stanley Steemer Cleaning Platforms are unique equipment which if used by any other individual, trustee, firm, partnership, association, corporation, limited liability company, joint venturer or any other entity (individually, and collectively, a "Person" or "Persons") would give such other Persons a competitive advantage which is presently enjoyed by SSI and its franchise owners and could have an adverse impact upon the Stanley Steemer System. Therefore, Franchise Owner agrees not to sell or otherwise dispose of any Stanley Steemer Cleaning Platforms and/or vehicles in which such Stanley Steemer Cleaning Platforms are mounted without first offering such Stanley Steemer Cleaning Platform and/or vehicle in which such Stanley Steemer Cleaning Platforms are mounted to SSI at the fair market wholesale value of same. Franchise Owner shall deliver to SSI in writing notice of its intent to sell any such equipment together with a statement of its estimated fair market wholesale value. SSI shall thereafter have thirty (30) days after the receipt of such notice to purchase all or any part of such equipment by payment of the purchase price to Franchise Owner in exchange for possession of such equipment at Franchise Owner's principal place of business; provided that SSI may during such period inspect the equipment, inspect Franchise Owner's books and records to verify the book value of the equipment and/or retain at its expense an independent appraiser of its choice in the state in which Franchise Owner's principal place of business is located to appraise the fair market wholesale value of the equipment, which appraisal shall be controlling. SSI may purchase either or both of the Stanley Steemer Cleaning Platform and the vehicle in which it is mounted. If SSI does not elect to purchase any such equipment within such thirty (30) day period, Franchise Owner may thereafter sell or dispose of the same, provided that Franchise Owner shall—prior to selling or disposing of any vehicle—de-identify the Stanley Steemer Cleaning Platform and/or the vehicle in which such machine is mounted so as to remove any indicia of an association with the Stanley Steemer System or the Stanley Steemer Trademarks. For purposes of this Article III, Section C.1.e, the term "de-identify" shall mean re-painting of the vehicles to a substantially different color and the complete removal of any and all items (i.e., names, signs, decals, insignias, logos, etc.) associated with, identifying or suggesting a former affiliation with SSI, the Stanley Steemer System or the Stanley Steemer Trademarks.

2. **Manuals.** Franchise Owner agrees to fully observe any standards or specifications expressly designated as mandatory requirements set forth in any manuals, electronic bulletins or other written communications from SSI. (All of the manuals, electronic bulletins and written communications are hereinafter collectively referred to as the "Stanley Steemer Manuals"). Franchise Owner acknowledges that its compliance with any mandatory requirements prescribed in the Stanley Steemer Manuals is intended to maintain the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, Stanley Steemer System and the Stanley Steemer Trademarks. Franchise Owner further acknowledges that nothing contained in the Stanley Steemer

Manuals is intended to govern or otherwise control the day-to-day operation of the Stanley Steemer Business or—to the extent applicable—Franchise Owner’s employees.

3. **Cleaning Products.** Franchise Owner shall use in the Stanley Steemer Business only such cleaning products, including detergents and other cleaning solutions, as are prescribed and changed from time to time in the Stanley Steemer Manuals. All such products shall conform to SSI’s specifications for cleanliness of result, efficacy, safety, equipment protection, quality, performance and other characteristics incident to maintaining the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks. Franchise Owner shall use only products and sources approved by SSI.
4. **Cleaning Methods.** Franchise Owner shall clean carpets and upholstery only in accordance with the methods and procedures prescribed and changed from time to time in the Stanley Steemer Manuals. All such methods and procedures shall conform to SSI’s specifications for cleanliness of result, efficacy, safety, equipment protection, quality, performance and other characteristics incident to maintaining the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks.
5. **Service Vehicle.** Franchise Owner shall transport Stanley Steemer Cleaning Platforms, equipment and supplies to customers only in a van-type vehicle which meets SSI’s specifications as prescribed and changed from time to time in the Stanley Steemer Manuals. Such vehicle(s) shall conform to SSI’s specifications for size, color, appearance and other characteristics incident to maintaining the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks. Franchise Owner shall—prior to acquisition—submit to SSI a written description of each Service Vehicle that Franchise Owner intends to acquire for approval by SSI, and SSI shall have ten (10) days in which to approve the Service Vehicle. At least one (1) Service Vehicle must be acquired prior to Franchise Owner’s commencement of the Stanley Steemer Business. Franchise Owner shall not attach or otherwise use any item or device on a Service Vehicle used in the Stanley Steemer Business which was not provided for in SSI’s mandatory specifications, standards or operating procedures without the prior written approval of SSI. Franchise Owner agrees to maintain the Service Vehicles used in the Stanley Steemer Business in proper mechanical operating condition at all times and to obtain customary periodic preventive maintenance for such Service Vehicles. Franchise Owner also agrees to maintain said Service Vehicles in good appearance free from dust, dents, or other marks and to periodically wash and paint Service Vehicles as required including, but not limited to, the painting and replacement of logos, signs and decals as may be reasonably required. Further, Franchise Owner shall not use any Service Vehicles in the Stanley Steemer Business that are more than ten (10) years of age without the prior written approval of SSI. Franchise Owner shall use the Service Vehicles for only those purposes for which such use is designed by SSI. For the purposes of Article III, Section C of this Agreement, the term “Service Vehicle” shall mean and include any vehicle equipped with a Stanley Steemer Cleaning Platform or bearing the Stanley Steemer Trademarks, cargo vans, box trucks, pick-up trucks used for equipment delivery, and any vehicle used by Franchise Owner to make sales calls to customers and prospective customers of the Stanley Steemer Business.
6. **Signs.** Franchise Owner shall install, change and maintain in satisfactory condition on all Service Vehicles such signs and no others as shall be prescribed and changed from time to time in the Stanley Steemer Manuals. They shall conform in all essential characteristics to SSI’s specifications for size, color, appearance, durability, trademark and other requirements incident to maintaining the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks. Franchise Owner shall replace all signs that SSI determines are no longer compatible with the Stanley Steemer System.
7. **Uniforms and Appearance.** Franchise Owner shall require all persons who provide services on behalf of Franchise Owner’s Stanley Steemer Business to wear only such uniforms as may be approved from time to time by SSI in the Stanley Steemer Manuals. The uniforms shall conform to SSI’s specifications for design, color, fabric, durability, cleanliness and other characteristics incident to maintaining the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks. Franchise Owner shall additionally require all persons who provide services on behalf of Franchise Owner’s Stanley Steemer Business to present a neat and clean appearance while on duty and to provide proficient and courteous service to the customers of the Stanley Steemer Business.
8. **Additional Machinery, Equipment and Supplies.** Franchise Owner shall use in the Stanley Steemer Business only such additional machinery, equipment and supplies, and no others, as are prescribed and changed from time



to time in the Stanley Steemer Manuals. Such additional machinery, equipment and supplies shall conform to SSI's specifications for quality, performance, safety, durability, appearance and other characteristics incident to maintaining the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks.

9. **Full Line of Services and Products.** Franchise Owner shall offer customers the full line of services and products that SSI shall prescribe and change from time to time in the Stanley Steemer Manuals. Franchise Owner acknowledges that compliance with such requirements is necessary and essential to maintain the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks.
10. **New Services and Products.** Franchise Owner shall offer and promote the sale of all new services and products that SSI shall develop for use in a Stanley Steemer Business. Franchise Owner acknowledges that compliance with such requirements is necessary and essential to maintain the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks. SSI may in its sole discretion from time to time give its consent to one or more of its franchise owners to provide certain products or services not designated for general use as a part of the Stanley Steemer System based upon such factors as SSI determines appropriate including, but not limited to, the individual qualifications of the franchise owner, local or regional demographics, and test marketing. The consent of SSI with respect to any other franchise owner providing such products or services shall not create any rights in Franchise Owner to provide the same products or services. Franchise Owner shall discontinue selling or offering any product or service SSI may, in its discretion, disapprove in writing at any time.
11. **Discontinued Services and Products.** Franchise Owner shall cease, as soon as supplies and products on hand are depleted, all services and the sale of all products that SSI determines are no longer to be a part of the Stanley Steemer System. Franchise Owner acknowledges that compliance with such requirements is necessary and essential to maintain the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer Trademarks and the Stanley Steemer System.
12. **Suppliers.** Franchise Owner shall purchase all spare parts, cleaning products, Service Vehicles, signs, uniforms, machinery, equipment and supplies, and shall obtain repairs required for the operation of the Stanley Steemer Business, solely from suppliers who demonstrate, to the continuing satisfaction of Stanley Steemer, the ability to meet SSI's standards and specifications for such items; who possess adequate quality controls and the capacity to supply Franchise Owner's needs promptly and reliably; and who have been approved in writing by SSI and not thereafter disapproved. Franchise Owner acknowledges that compliance with such requirements is necessary and essential to maintain the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks.
13. **Payments to SSI.** Franchise Owner shall pay all sums due to SSI for products or services purchased or leased from SSI in the manner required for payment of royalty fees as set forth in Article II, Section D. or in the respective lease, as well as late payment fees and costs of collection in the amounts required by Article II, Sections F. and G. or the respective lease.
14. **Payment to Others.** Franchise Owner shall pay all sums when due to any Person including, but not limited to, amounts due in connection the purchase or leasing of a Stanley Steemer Cleaning Platform or other equipment used in Franchise Owner's Stanley Steemer Business; any amounts due in connection with the purchase or leasing of any Service Vehicle; any amounts due in connection with the advertising or marketing of Franchise Owner's Stanley Steemer Business and any Service Vehicle; and any amounts due for the maintenance of the telephone listings and classified advertisements required pursuant to Article VI, Section B.4 hereof; provided, however, that if Franchise Owner is contesting its obligation to pay any such sum in good faith, payment may be postponed during the period of such contest.
15. **National Accounts Programs.** Certain potential and existing commercial customers of SSI and Franchise Owner may have locations requiring the services offered by Stanley Steemer Businesses within Franchise Owner's Area as well as areas outside Franchise Owner's Area within the exclusive licensed areas of other Stanley Steemer franchise owners and/or in areas serviced by SSI's company-owned operations. Such potential and existing customers, regardless of the number of geographic locations they occupy, are referred to herein as "Multi-Territory Customers." Franchise Owner acknowledges and agrees that in order to efficiently service such Multi-Territory Customers and to effectively compete for the business of such Multi-Territory Customers

against competitive businesses, some of which are not franchised, it is necessary to have a program coordinated by SSI for providing services to Multi-Territory Customers both within and outside Franchise Owner's Area.

Therefore, Franchise Owner agrees that SSI may implement a program for providing any services offered by Stanley Steemer Businesses to Multi-Territory Customers upon such terms and conditions as it negotiates and otherwise agrees with such Multi-Territory Customers in its discretion (referred to herein as the "National Accounts Programs"), and Franchise Owner agrees to participate in such National Accounts Programs in every respect in accordance with the terms and conditions negotiated by SSI. Such National Accounts Programs may include, but shall not be limited to, the following:

- a. SSI can designate certain Multi-Territory Customers as National Account Customers.
  - b. SSI may enter into contracts with National Account Customers, which contracts may encompass any or all of the National Account Customer's facilities, including without limitation those facilities located in Franchise Owner's Area. In the event that such contracts establish prices to be charged to the National Account Customers for the services provided, such prices are referred to herein as the "National Account Price(s)."
  - c. Franchise Owner shall service all National Account Customer locations in Franchise Owner's Area in accordance with the terms and conditions negotiated by SSI; the service level requirements established or prescribed by each National Account Customer; and the Stanley Steemer System, including, without limitation, the requirements of Article III, Section C.16 below.
  - d. Franchise Owner shall not charge a National Account Customer for any product or service an amount in excess of the National Account Price for that customer established by SSI, subject to such regional or territorial variations as may be agreed to by SSI in writing. This shall not preclude Franchise Owner from charging a National Account Customer a price less than the National Account Price, and Franchise Owner shall be free in all respects to charge less than the National Account Price to any National Account Customer.
  - e. In the event Franchise Owner is unable to provide services to a National Account Customer in accordance with the terms of the applicable National Accounts Program, SSI reserves the right, in its sole discretion, to assign any such work within Franchise Owner's Area to another Stanley Steemer franchise owner or to complete the work directly through one of its company-owned locations.
  - f. Franchise Owner shall cooperate and coordinate with SSI and other Stanley Steemer franchise owners in identifying and servicing National Account Customers.
  - g. Franchise Owner shall provide SSI with such reports regarding Franchise Owner's provision of services to and revenues received from National Account Customers as are requested from time to time by Stanley Steemer.
16. **Customer Service and Operating Standards.** Franchise Owner agrees to comply with all of the mandatory specifications, standards and operating procedures set forth and described in the Stanley Steemer Manuals. Franchise Owner acknowledges that its compliance with such mandatory requirements prescribed in the Stanley Steemer Manuals is necessary to maintain the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks. Franchise Owner shall actively promote good customer relations and shall attempt to resolve any disputes with its customers to the satisfaction of Stanley Steemer. When conducting the Stanley Steemer Business, Franchise Owner shall not engage in behavior damaging to the name and business reputation of Stanley Steemer. Franchise Owner, if Franchise Owner is an individual, and each of Franchise Owner's officers and managers, if Franchise Owner is a business entity, must conduct their personal life in a manner that does not adversely affect SSI or reflect negatively upon the Stanley Steemer image, the Stanley Steemer System or the Stanley Steemer Trademarks.
17. **No Subcontracting Core Business Services.** Franchise Owner shall not engage or utilize subcontractors in connection with the Core Business services provided by Franchise Owner's Stanley Steemer Business without the prior written consent of SSI which may be withheld or conditioned for any reason and if given may subsequently be revoked at any time for any reason.

D. **Integrated Technology Systems; Centralized E-Mail.**

1. **Integrated Technology Systems.** SSI has developed certain Integrated Technology Systems for use in the operation of a Stanley Steemer Business. Franchise Owner acknowledges and agrees that Franchise Owner is obligated to acquire, implement and fully utilize the Integrated Technology Systems in Franchise Owner's Stanley Steemer Business, and further acknowledges and agrees that in order to do so, Franchise Owner must execute a separate agreement between SSI and Franchise Owner setting forth the terms and conditions governing Franchise Owner's acquisition, implementation, access and utilization of the Integrated Technology Systems (the "Access Agreement"). References to "Integrated Technology Systems" herein shall have the meaning ascribed to such term in the Access Agreement.
2. **Centralized Email.** If specified by SSI, Franchise Owner shall utilize such email systems and addresses as required by SSI from time to time and shall bear all costs associated therewith. Franchise Owner shall not utilize separate email addresses in connection with Franchise Owner's Stanley Steemer Business without the prior written consent of SSI, which SSI may revoke at any time in its sole discretion.

E. **Technology Fees.** SSI may require Franchise Owner to pay a monthly fee for various technology-related products and services including, but not limited to, the Integrated Technology Services, and the Local Market Directory and Social Media Listings described Article VI, Section B.4 of this Agreement (the "Technology Fees"). SSI will specify the Technology Fees and the related products and services in the Stanley Steemer Manuals. SSI may increase the Technology Fees and change technology-related products and services from time to time in its sole discretion.

F. **SSI Approval.** Approval required under this Article III for spare parts, technology services, system components, cleaning products, Stanley Steemer Cleaning Platforms, Service Vehicles, signs, uniforms, machinery, equipment and supplies (hereinafter collectively referred to in this paragraph as "Items"), shall be obtained in the following manner:

1. Franchise Owner shall submit to SSI a written request for such approval or shall request the manufacturer or supplier itself to do so. SSI shall have the right to require, as a condition of its approval that its representatives be permitted to inspect the manufacturer's or supplier's facilities, and that samples from the supplier be delivered at SSI's option, to SSI for testing prior to granting approval. A charge not to exceed the reasonable cost of the inspection and the actual cost of the test shall be paid by manufacturer or supplier. SSI reserves the right, at its option, to re-inspect the facilities and products of any such approved manufacturer or supplier and to revoke its approval upon the manufacturer's or supplier's failure to continue to meet any of the foregoing criteria.
2. SSI shall notify Franchise Owner in writing whether such Items meet SSI's specifications and are, therefore, approved.
3. If any Item submitted is not approved, SSI shall, upon request, inform the person submitting such Item of the reason the Item does not meet SSI's specifications. In addition, SSI may notify Franchise Owner from time to time in the Stanley Steemer Manuals or otherwise in writing of Items that meet SSI's specifications and are, therefore, approved.

G. **Inspection and Conformance.**

1. **Products.** Franchise Owner shall permit SSI or its agents at any reasonable time to remove from Franchise Owner's place of business samples of products, supplies, and other items used in Franchise Owner's Stanley Steemer Business, without payment therefor, in amounts reasonably necessary for testing by SSI to determine whether the samples meet the then current standards and specifications of Stanley Steemer. Franchise Owner shall bear the cost of the testing if the Franchise Owner's supplier of the items has not been approved by SSI or if the item fails to conform to SSI's specifications.
2. **Premises.** Franchise Owner shall permit SSI to inspect Franchise Owner's place of business (the "Premises") and the Stanley Steemer Cleaning Platforms, equipment and products used and sold therein, and the methods of cleaning employed in the business in order to insure the maintenance of uniform quality, standards and compliance with this agreement. In addition, at SSI's option, SSI may remove, replace, repair or remodel, at Franchise Owner's expense, any items that do not conform with the then current standards and specifications of Stanley Steemer; provided that SSI may take such action only after Franchise Owner's delay or refusal upon request to take conforming action promptly. SSI shall bill Franchise Owner for all costs and expenses reasonably incurred in so doing, and Franchise Owner shall pay the sums due no later than the date the next royalty payments are due in

accordance with Article II hereof. Franchise shall not, without the prior written consent of Stanley Steemer, operate another business from the same premises from which it operates its Stanley Steemer Business.

#### **ARTICLE IV: SALE OF CLEANING PLATFORMS AND OTHER ITEMS BY STANLEY STEEMER**

- A. Franchise Owner understands that certain equipment, products and supplies are proprietary to Stanley Steemer, including but not limited to, the Stanley Steemer Carpet Cleaning Machine, and as such are available only from Stanley Steemer.
- B. Franchise Owner further understands that Stanley Steemer does sell the Stanley Steemer Carpet Cleaning Machine, spare parts, cleaning products, uniforms, signs and other machinery, equipment and supplies for use in Stanley Steemer Businesses, and that it is SSI's policy to mark up the price for all such items so as to return to Stanley Steemer such profit as Stanley Steemer deems reasonable.
- C. **Additional Stanley Steemer Cleaning Platforms**. Franchise Owner understands that it is necessary to the full development potential of the Stanley Steemer Business in Franchise Owner's area, that Franchise Owner has sufficient Stanley Steemer Cleaning Platforms available to service promptly and adequately all persons seeking cleaning services in Franchise Owner's Area.

#### **ARTICLE V: STANLEY STEEMER SYSTEM AND STANLEY STEEMER TRADEMARKS**

- A. **Limitation on Use**. The license granted to Franchise Owner to use the Stanley Steemer System and Stanley Steemer Trademarks applies only to their use in connection with the operation of the Stanley Steemer Business operated pursuant to this Agreement at or from the location specified in Exhibit A. This license includes only the right to use the Stanley Steemer System and Stanley Steemer Trademarks described and represented in Exhibit B attached hereto and made a part of (and which may hereafter be designated by SSI in writing as part of) the Stanley Steemer System, and no other trademarks, service marks or trade names of Stanley Steemer now existing or to be developed or acquired by SSI.
- B. **SSI's Rights Exclusive**. Franchise Owner expressly acknowledges SSI's exclusive right to use the federally registered mark "Stanley Steemer" for carpet cleaning and other related services and other Stanley Steemer Trademarks and the Stanley Steemer System and agrees not to represent in any manner that Franchise Owner has any ownership in the Stanley Steemer System or the Stanley Steemer Trademarks. Franchise Owner further agrees that use of the Stanley Steemer System and Stanley Steemer Trademarks shall not create in their favor any right, title or interest in, or to, the Stanley Steemer System and the Stanley Steemer Trademarks but that all of the use shall inure to the exclusive benefit of SSI. Franchise Owner shall have no right to franchise or subfranchise any interest granted by this Agreement and, upon any attempt by Franchise Owner to do so, SSI may thereupon terminate this Agreement as provided in Article XIII hereof.
- C. **Infringement**. Franchise Owner acknowledges that the use of the Stanley Steemer System or any of the Stanley Steemer Trademarks outside the scope of this Agreement without SSI's prior written consent is an infringement of SSI's exclusive right to use the Stanley Steemer System and the Stanley Steemer Trademarks. Franchise Owner expressly covenants that, during the term of this Agreement and after the expiration hereof, Franchise Owner shall not, directly or indirectly, commit an act of infringement or contest or aid in contesting the validity or ownership of the Stanley Steemer System or Stanley Steemer Trademarks, or take any other action in derogation thereof.
- D. **Notice of Infringement**. Franchise Owner shall promptly notify SSI of any claim, demand, or cause of action based upon or arising from any attempt by any other Person to use the Stanley Steemer System or the Stanley Steemer Trademarks licensed hereunder, or any colorable variation thereof, in which SSI has or claims a proprietary interest. Franchise Owner also agrees to notify SSI promptly of any litigation instituted by any Person or governmental agency against SSI or Franchise Owner involving the Stanley Steemer System or the Stanley Steemer Trademarks. Franchise Owner acknowledges that SSI has the right to control any administrative proceeding or litigation involving the Stanley Steemer System or Stanley Steemer Trademarks. Franchise Owner agrees to execute any and all documents and to do such acts and things as may, in the opinion of counsel for SSI, be necessary to carry out such defense or prosecution.
- E. **Nonexclusive License**. Franchise Owner understands and agrees that the license in this Agreement to use the Stanley Steemer System and the Stanley Steemer Trademarks is nonexclusive to the extent that SSI has and retains the rights under this Agreement, among others, to:
  - 1. grant other licenses for the use of the Stanley Steemer System and the Stanley Steemer Trademarks, in addition to those licenses already granted to existing franchise owners and to Franchise Owner;

2. develop and establish other franchise systems for different products or services utilizing trademarks, service marks and trade names not now or hereafter designated as part of the Stanley Steemer System and the Stanley Steemer Trademarks, and to grant licenses thereto, without providing Franchise Owner any rights therein; and
  3. develop and establish other systems and programs for the sale at wholesale or retail, of similar or different products utilizing the same or similar marks or any other proprietary marks without providing Franchise Owner any rights therein.
- F. **Goodwill.** Franchise Owner acknowledges and expressly agrees that any and all goodwill associated with the Stanley Steemer System and identified by the Stanley Steemer Trademarks shall inure directly and exclusively to the benefit of SSI and is the property of SSI, and that upon the expiration or termination for whatever reason of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with any of Franchise Owner's activities in the operation of the license granted herein, or Franchise Owner's use of the Stanley Steemer System or the Stanley Steemer Trademarks.
- G. **Limit on Use of Stanley Steemer Trademarks.** For the protection of the Stanley Steemer Trademarks, Franchise Owner further agrees:
1. to operate and advertise solely under the name Stanley Steemer; provided, however, that if Franchise Owner is or becomes a partnership, corporation or other business entity, Franchise Owner shall not utilize the Stanley Steemer Trademarks, or any colorable variation thereof, as part of Franchise Owner's partnership, corporate or other business entity name. To this end, Franchise Owner shall amend its current entity name to remove the name SSI within thirty (30) days of the effective date hereof;
  2. to adopt and use the Stanley Steemer Trademarks licensed hereunder solely in the manner prescribed by SSI;
  3. to observe such reasonable requirements with respect to trademark registration notices as SSI may from time to time direct in writing;
  4. to use, promote and offer for sale only those products and services designated by SSI as being part of the Stanley Steemer System and which meet all standards and specifications set forth by SSI from time to time in the Stanley Steemer Manuals;
  5. not to register any internet domain names that include any of the Stanley Steemer Trademarks or any abbreviation, acronym or variations thereof, including any name similar to or suggesting any association with SSI or the Stanley Steemer Trademarks;
  6. not to create, develop, maintain, modify or otherwise operate any websites, social media website, application or platform or any other existing or future form of electronic communication using the Stanley Steemer Trademarks (or any derivation thereof) without the prior written approval of SSI.
- H. **Inspection.** In order to preserve the validity, integrity, character and uniform quality of the Stanley Steemer System and the Stanley Steemer Trademarks licensed herein and to assure that Franchise Owner is properly employing the system and marks in the operation of Franchise Owner's Stanley Steemer Business, SSI or its agents shall at all times have the right to inspect Franchise Owner's operations and Premises and make periodic evaluations of the services provided and the equipment and products used therein. Franchise Owner shall cooperate with SSI's representatives in such inspections and render such assistance as may be reasonably requested.

#### **ARTICLE VI: FRANCHISE OWNER'S DUTIES - ADVERTISING**

- A. **Understanding.** Franchise Owner understands that it is essential to the success of Franchise Owner's Stanley Steemer Business and to the protection of the Stanley Steemer System, the Stanley Steemer Trademarks and the goodwill associated therewith that the advertising efforts of all franchise owners and SSI be coordinated and standardized. Franchise Owner further recognizes that such coordination and standardization will result in an increase in the effectiveness of the advertising and a further increase in the already substantial goodwill associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks. Franchise Owner acknowledges that a failure to participate in any cooperative or other advertising program organized by SSI or other Stanley Steemer franchise owners and pay any costs or fees associated therewith when due will damage SSI and other franchise owners and will make Franchise Owner liable to SSI and those franchise owners for any loss of income resulting from that failure. Franchise Owner further recognizes that the exclusive nature of the license granted in Article I of this Agreement is expressly contingent upon Franchise Owner's commitment to

utilize its best efforts and to spend sufficient funds on advertising to increase the revenue received by Franchise Owner's Stanley Steemer Business and otherwise comply with the terms of this Article VI.

B. **Requirements.** In order to achieve such coordination, standardization and maximization of income, and to avoid damaging SSI, the Stanley Steemer Trademarks and other franchise owners, Franchise Owner agrees as follows:

1. **Advertising Expenditures.** Franchise Owner agrees annually to make Advertising Expenditures including cooperative and national advertising, but excluding classified advertising, a sum equal to not less than ten percent (10%) of their annual Gross Sales. For purposes of this Article VI, "Advertising Expenditures" shall mean money spent on the placement of advertisements promoting and publicizing the goods and services available from SSI in various forms of mass media and as otherwise set forth and described in the Stanley Steemer Manuals. For the avoidance of any doubt, "Advertising Expenditures" shall not include the placement of advertisements received in trade; any costs associated with the development or production of advertisements; costs related to sales staff/personnel—including both employees and outside contractors; sales commissions; referral and/or lead generation fees; charitable donations; team and/or event sponsorships; public relations expenses—including gifts, promotional items or credits for earned media; and any costs related to telemarketing—including the use of either internal and external resources.
2. **Cooperative Advertising.** Franchise Owner, upon receipt of notice from SSI, shall participate in any media area cooperative advertising program in Franchise Owner's media area, whenever requested to do so either by SSI or by the owners of a majority of Stanley Steemer businesses in Franchise Owner's media area. Such businesses may include Stanley Steemer businesses operated by SSI or by other franchise owners. Once such a program is established, Franchise Owner agrees to pay their pro rata share of the cost thereof, which for television advertising is determined by taking the Nielsen statistics (or statistics from another comparable source) as to the number of total television households and the station's share of county viewing in Franchise Owner's Area as a percentage of the total number of total television households and the station's share of county viewing in the total media area for which the program has been established. For printed media, Franchise Owner agrees to pay their pro rata share of the cost thereof, which is determined by computing Franchise Owner's household circulation or distribution in Franchise Owner's Area as a percentage of the total household circulation or distribution in the total printed media area. Franchise Owner agrees to abide by all rules, regulations and by-laws, if any, adopted by the members of the cooperative advertising program and failure to abide by those rules or by-laws shall be grounds for termination of this agreement in the manner provided in Article XIII hereof.
3. **National Advertising.**
  - a. **Fee.** Franchise Owner shall pay as a monthly national advertising fee to SSI or to an entity designated by SSI that has been formed for the purpose of operating a national advertising program such amount of its monthly Gross Sales as may be prescribed by SSI up to four percent (4%) of Franchise Owner's total monthly Gross Sales including Gross Sales derived from both Franchise Owner's Core Business and Related Business.
  - b. **When Due.** The national advertising fee shall be due and payable without invoice or other notice from SSI on the 15th day of the month following the month for which the payment is due.
  - c. **Late Charge.** If the national advertising fee is not fully paid on or before the date when due, Franchise Owner agrees to pay to SSI, or to the entity referenced in Article VI, Section B.3 above, a late charge equal to one and one-half percent (1 1/2%) per month on all amounts due and unpaid.
  - d. **Costs of Collection.** In addition, Franchise Owner agrees to reimburse SSI for all costs, including attorney's fees, of collection of any amounts due under this Agreement.
4. **Local Market Directory and Social Media Listings.** SSI reserves the right to control all advertising and listings related to Franchise Owner's Stanley Steemer Business in such online directories and Social Media websites, applications, platforms and other independent websites. The content of all such listings and advertisements in such directories and on such Social Media websites, applications, platforms and independent websites shall be considered to be the sole property of SSI. SSI may grant Franchise Owner limited editable rights in the content of such listings upon written request by Franchise Owner that may be withheld or conditioned for any reason and if given may subsequently be revoked at any time for any reason. SSI may (but need not) establish guidelines pursuant to which Franchise Owner may establish profiles or otherwise establish a presence, and pay its pro rata share of the cost to participate, on such Social Media websites and platforms. Upon termination of this Agreement for whatever reason, Franchise Owner agrees

that its shall immediately cease all use of such listings, advertisements, presence on social media and on independent websites and that same shall become the sole property of SSI, at its option, subject to SSI's obligation to pay any applicable fees due therefor or becoming due and payable after the date of cessation of use.

5. **Advance Approval Required.**

- a. **Prior Approval.** No advertising materials of any kind whatsoever may be used by Franchise Owner unless all such materials have been developed or approved in advance in writing by SSI.
  - b. **Reimbursement.** Franchise Owner shall reimburse SSI for all costs, including attorney's fees and damages, resulting from a violation of these requirements and restrictions.
6. **Obsolete Materials.** Franchise Owner shall cease using any advertising materials previously developed or approved by SSI, upon receipt of notice in writing from SSI that such materials are obsolete and no longer approved for use.
7. **Monthly Report.** Franchise Owner shall submit to SSI monthly through a method and in a form prescribed by SSI a report of advertising expenditures for the previous month.

**ARTICLE VII: ADDITIONAL FRANCHISE OWNER DUTIES**

Franchise Owner agrees as follows:

- A. **Telephone.** Franchise Owner shall use the national toll-free vanity number 1-800-STEEMER® in the operation of Franchise Owner's Stanley Steemer Business and such other telephone numbers as may be prescribed from time to time in the Stanley Steemer Manuals, or otherwise communicated to Franchise Owner in writing. Franchise Owner shall pay SSI for the costs associated with Franchise Owner's usage upon invoice from SSI. Franchise Owner shall answer, or cause to be answered, the telephone at Franchise Owner's Stanley Steemer Business at all times – twenty-four (24) hours a day; seven (7) days a week; and three hundred sixty-five (365) days per year.
- B. **Training.** Franchise Owner shall attend and complete, to SSI's satisfaction, the initial training program prescribed by SSI. In addition, any other person who holds the position of manager of Franchise Owner's Stanley Steemer Business from time to time may also attend SSI's initial training program. Franchise Owner, its manager and other employees, as SSI may designate, shall attend and complete such other training programs as SSI may reasonably require from time to time. In connection with SSI's initial training program, SSI shall provide and pay for the instructors, training facilities (except where such training is presented by SSI on-location at Franchise Owner's principal place of business), and training materials utilized in connection with the initial training program. Franchise Owner shall pay such tuition fees as SSI may establish from time to time for any other person to attend the initial training program or any subsequent training programs. Franchise Owner shall be responsible for all other expenses incurred by Franchise Owner, its manager, or other employees, including, without limitation, any applicable costs of travel, room, board, and wages. If Franchise Owner fails to complete the initial training program to the satisfaction of SSI, then SSI shall have the right to terminate this Agreement without further notice. For any product or service identified by SSI for addition to the approved items which may be offered by Stanley Steemer franchise owners, if SSI determines that training and certification is required on the proper procedures of selling and providing the new products and services, Franchise Owner shall, before beginning to sell and provide the products and services, designate at least one representative from Franchise Owner's Stanley Steemer Business staff has been properly trained and certified by SSI.
- C. **Confidentiality.** Franchise Owner shall not, during the term of this Agreement or thereafter, use, except in the Stanley Steemer Business licensed hereunder, or communicate, divulge, or use for the benefit of any other Person, any Confidential Information (as defined below), knowledge, or know-how concerning the Stanley Steemer System or the methods of operation hereunder which may be communicated to Franchise Owner, or of which Franchise Owner may be apprised, by virtue of Franchise Owner's business operations under the terms of this Agreement. Franchise Owner shall divulge such confidential information only to such of its employees as must have access to it in order to operate the Stanley Steemer Business as described herein. In connection therewith, Franchise Owner shall be fully responsible for ensuring that its employees comply with this Article VII. Section C.

“Confidential Information” means any information related to the Stanley Steemer System that SSI discloses to Franchise Owner and that SSI designates as confidential when disclosed, or that, which by its nature would be deemed Confidential Information, or which Franchise Owner knew, or should have known, would be deemed Confidential Information. Without limiting the definition of “Confidential Information,” all of the following will be conclusively presumed to be

Confidential Information whether or not SSI designates them as such: (i) the Stanley Steemer Manuals; (ii) pricing information; (iii) materials describing the Stanley Steemer franchise network, the Stanley Steemer Cleaning Platforms and the Stanley Steemer System; (iv) the sources (or prospective sources) of supply and all information related to or concerning the same, including the identity and pricing structures with suppliers; (v) all training and marketing materials; (vi) SSI's marketing plans and development strategies; (vii) all customer information and data; (viii) standards and specifications issued by SSI; (ix) all information and data, generated by maintained in or processed through the Integrated Technology Systems; and (x) all other information SSI provides to Franchise Owner in confidence.

Notwithstanding anything contained herein, Confidential Information shall not include any information:

1. which, at the date of disclosure to either party or its authorized person, is in the public domain or which, after such disclosure, comes within the public domain through no fault of the party to which it is disclosed or its authorized person;
2. which was known to the party to which it was disclosed hereunder or its authorized person prior to such disclosure;
3. the disclosure of which is required by law or by any competent regulatory authority; or
4. which at any time comes independently and lawfully into the possession of the recipient, either from its own resources or from any third party.

This Article VII, Section C shall survive the termination or expiration of this Agreement. All references to Franchise Owner in this Article VII, Section C shall mean Franchise Owner and the undersigned individual.

- D. **Trademarks.** Franchise Owner will not use, sell or give away anything bearing any Stanley Steemer Trademarks unless Franchise Owner obtains the prior written permission of SSI and observes all trademark and service mark requirements and restrictions pertaining thereto.
- E. **No Competition.** During the term of this Agreement, Franchise Owner will not become a franchisee of, nor engage, directly or indirectly, in the ownership or operation of another cleaning or water damage mitigation or restoration business or franchise or any business involved in flooring sales or installation, fire and smoke restoration, mold remediation, construction, janitorial services and/or air duct cleaning, or any other services generally provided by SSI, and/or its franchise owners or licensee(s).
- F. **Books and Records.** Franchise Owner shall maintain complete and accurate books and records of its operations in accordance with generally accepted accounting principles and shall permit SSI, or its agents, at SSI's expense to examine or audit such books and records and Franchise Owner's tax returns at any reasonable time. If an inspection should reveal that Gross Sales have been understated in any report to SSI, then Franchise Owner shall immediately pay to SSI the applicable royalty payments on the amount understated upon demand, in addition to interest at the Default Rate from the date such amount was due until paid. If such examinations or audit disclose(s) an understatement in any report of two percent (2%) or more in the computation of the Gross Sales for the period examined, Franchise Owner shall pay SSI the royalty payment for the amounts understated, and any and all costs of such examination or audit (including, without limitation, reasonable accounting and attorneys' fees and disbursements) and interest at the Default Rate from the date(s) such amount(s) were due until paid.
- G. **Monthly Report.** Franchise Owner shall submit to SSI, together with the monthly royalty payment, a complete and accurate statement of the monthly Gross Sales and profit and loss of Franchise Owner's Stanley Steemer Business. Such report shall be submitted through a method and in a form prescribed by SSI and shall be prepared in accordance with generally accepted accounting principles. Franchise Owner understands that submission of such reports is necessary to SSI if it is to obtain new franchise owners in other areas.
- H. **Annual Reports.** Franchise Owner shall submit to SSI within sixty (60) days after the close of Franchise Owner's fiscal year, complete and accurate financial statements of Franchise Owner's SSI Business, including a statement of profit and loss and a balance sheet. Such reports shall be submitted through a method and in a form prescribed by SSI and shall be prepared in accordance with generally accepted accounting principles.
- I. **Additional Reports.** Upon notice from SSI, Franchise Owner will supply to SSI reports on any information which SSI may be required to provide about all or any of its franchise owners to any government entity. SSI shall have the right to request



Franchise Owner's financial statements and tax returns, for the individual and business entity, and Franchise Owner shall promptly provide the required documents.

- J. **Compliance with Applicable Laws.** Franchise Owner will, at its sole cost and expense, comply with all applicable federal, state, city, local and municipal laws, ordinances, rules and regulations pertaining to the operation of a Stanley Steemer Business, including all laws relating to employees and all applicable state and federal environmental laws. Franchise Owner will also comply with all applicable payment card industry standards. Franchise Owner will, at its sole cost and expense, be solely responsible for determining the licenses, permits and certifications applicable to Franchise Owner's Stanley Steemer Business and for obtaining and qualifying for all such licenses, permits and certifications.

#### **ARTICLE VIII: SSI'S DUTIES**

SSI agrees as follows:

- A. **Advertising Materials.** SSI will provide to Franchise Owner all such advertising materials, including newspaper copy or matrices, television film or video tapes, radio tapes and other advertising materials as are developed from time to time by SSI for use in Stanley Steemer Businesses. Such materials will be provided to Franchise Owner upon payment to SSI of a sum equal to Franchise Owner's pro rata share of SSI's actual cost of such materials as determined from time to time by SSI.
- B. **National Advertising.** SSI (and/or any entity designated by SSI that has been formed for the purpose of operating a national advertising program) shall use all funds collected for national advertising to advertise SSI by such means as it shall determine will be most effective in increasing the goodwill associated with the Stanley Steemer Trademarks and the Stanley Steemer System. If SSI shall determine at any time that national advertising cannot be effectively implemented with the funds available, then SSI shall return to Franchise Owner its pro rata share of funds not yet expended.
- C. **Cooperative Advertising.** SSI shall participate in any media area cooperative advertising program now or hereafter established by the owners of Stanley Steemer Businesses in any media area in which SSI owns and operates a Stanley Steemer Business. SSI shall pay into such cooperative advertising program a sum equal to its pro rata share of the cost thereof, which for television advertising is determined by taking the Nielsen statistics (or statistics from another comparable source) as to the total television households and the station's share of county viewing in SSI's area as a percentage of the total number of total television households and the station's share of county viewing in the total media area. For printed media, SSI agrees to pay its pro rata share of the cost thereof, which is determined by computing SSI's household circulation in its area as a percentage of the total household circulation in the total printed media area.
- D. **Use of Trademarks.** SSI will permit Franchise Owner to use the Stanley Steemer Trademarks described in Article V provided that the trademarks are used solely in accordance with the terms of this Agreement.
- E. **Use of Stanley Steemer System.** SSI will permit Franchise Owner to use the Stanley Steemer System provided that the System is used solely in accordance with the terms of this Agreement.
- F. **Protection of Stanley Steemer Trademarks and Stanley Steemer System.** SSI will use such efforts as it deems reasonable, considering the cost and other risks involved, to protect the Stanley Steemer Trademarks and Stanley Steemer System from infringement by any Person.
- G. **Spare Parts.** SSI will make available to Franchise Owner at the same price as it charges from time to time to other franchise owners the Stanley Steemer Cleaning Platforms, all spare parts necessary to operate and maintain the Stanley Steemer Cleaning Platforms, Stanley Steemer Carpet Spot Remover and Stanley Steemer Odor Out.
- H. **Item Approval.** SSI will approve all spare parts, cleaning products, Service Vehicles, signs, uniforms, machinery, equipment and supplies which are submitted in accordance with the procedures set forth in Article III, Section D hereof and which meet SSI's specifications.
- I. **Product/Service Recommendations.** SSI will, upon request by Franchise Owner, recommend to Franchise Owner brands and manufacturers of products meeting SSI's specifications and persons to repair the Stanley Steemer Cleaning Platforms.
- J. **Training.** SSI will provide Franchise Owner , initial training in accordance with Article II, Section B of this Agreement prior to the opening of Franchise Owner's Stanley Steemer Business on the operation and maintenance of the Stanley Steemer Cleaning Platforms and the operation of a Stanley Steemer Business and will provide Franchise Owner subsequent training in accordance with Article II, Section B of this Agreement to the extent SSI deems necessary for the proper operation of a Stanley Steemer Business . As determined by SSI in its sole discretion, initial training and subsequent training may be

provided on-line or via electronic communications or platforms or provided in-person at a location or locations determined by SSI.

- K. **Manuals.** SSI will provide Franchise Owner with access to the Stanley Steemer Manuals and/or bulletins containing information, specifications and procedures for use in operating a Stanley Steemer Business and will inform Franchise Owner from time to time in writing about changes in such specifications and procedures. Such Stanley Steemer Manuals, as modified and revised from time to time, may consist of several topic-specific manuals and/or a collection of materials in hard and electronic form, including materials available through the Integrated Technology Systems, shall remain the sole property of SSI; shall be maintained by Franchise Owner as confidential; shall be (to the extent applicable) retained at all times at Franchise Owner's principal office; shall be kept current and up-to-date; may not be duplicated in whole or in part in any manner; and shall be (to the extent applicable) immediately returned to SSI upon the termination or expiration of this Agreement for any reason. In the event of any dispute as to the contents of any Manual, the master copies maintained by SSI at its principal place of business shall be controlling.
- L. **Advice and Counseling.** SSI will furnish such additional advice and counseling as Franchise Owner shall reasonably request.
- M. **Limitation.** In the event SSI provides any additional products or services to Franchise Owner which SSI is not expressly required by this Agreement to provide, SSI may discontinue providing such products or services at any time without any obligation to Franchise Owner.

#### **ARTICLE IX: INSURANCE AND INDEMNIFICATION**

- A. **Types and Amounts Required.** Franchise Owner will, prior to beginning his, her or its Stanley Steemer Business, and thereafter at all times during the entire term of this Agreement, maintain at Franchise Owner's expense, in a form, and with an insurer, satisfactory to SSI, an insurance policy or policies insuring Franchise Owner and SSI, and each of its respective parents, partners, affiliates, subsidiaries, successors and assigns against any loss, liability, personal injury, death, or property damage or expense whatsoever arising out of or in connection with Franchise Owner's Stanley Steemer Business. Such insurance policy or policies shall be written in a form satisfactory to SSI and in accordance with standards and specifications set forth in the Stanley Steemer Manuals or otherwise in writing, and shall include—at a minimum—the following coverages:
1. **Commercial General Liability Insurance:** including Products Liability, Completed Operations, Personal Injury, and Advertising Injury Coverages, with combined single limits of not less than \$1,000,000 per occurrence with a deductible or self-insured retention on any such policy of not greater than Twenty Five Thousand Dollars (\$25,000), or such other amounts of coverage and self-insurance as SSI may specify from time to time, insuring Franchise Owner against any liability that may accrue by reason of the operation by Franchise Owner of the Stanley Steemer Business.
  2. **Commercial Automobile Liability Insurance:** covering all vehicles used or operated by Franchise Owner in connection with the Stanley Steemer Business, including coverage for owned, hired and non-owned vehicles, with a combined single limit of not less than \$1,000,000 per occurrence.
  3. **Excess Liability or Umbrella Insurance:** providing additional coverage for the liabilities insured under Franchise Owner's Commercial General Liability and Commercial Automobile Liability policies in an amount not less than \$2,000,000 per occurrence.
  4. **Contractors Pollution Liability Insurance:** including mold, asbestos, silica and biohazards coverage, with a combined single limit of not less than \$1,000,000 per occurrence.
  5. Construction Services Liability with limits of \$3,000,000 per occurrence and \$4,000,000 in the aggregate is required only if you provide Reconstruction Services.
  6. **Employment Practices Liability Insurance:** Including wage and hour defense expense coverage, with a limit of not less than \$500,000 per occurrence.
  7. **Workers' Compensation Insurance:** Minimum of \$500,000 employer's limit of liability and such other insurance as may be required by statute or rule of the state in which Franchise Owner operates the Stanley Steemer Business.

- B. **SSI Insured.** All policies of insurance to be maintained by Franchise Owner shall contain a separate endorsement naming SSI as an additional insured — (*Stanley Steemer, International, Inc.*), as its interest may appear. All insurance shall be placed with an insurance carrier or carriers with an A.M. Best's rating of "A" and an A.M. Best's Class rating of xiv or be otherwise approved in writing by SSI. All policies of insurance, or certifications for insurance with a copy of the original policy attached, showing full compliance with the requirements of this covenant, shall at all times be kept on deposit with SSI. If Franchise Owner fails to comply with these requirements, SSI may obtain required insurance and keep it in force and effect and Franchise Owner shall pay SSI, upon demand, the premium costs thereof, together with interest at the Default Rate on all sums expended by SSI.
- C. **Cancellation Notice.** Such insurance shall not be subject to cancellation or any material change, except after thirty (30) days written notice to SSI, and the insurance contract shall provide that no failure of Franchise Owner to comply with any term, condition, provision or covenant of the insurance contract or other contract of the Franchise Owner shall void or otherwise affect the protection under such insurance contract afforded to SSI.
- D. **Increased Coverage Required.**
1. **Additional Liabilities.** If at any time SSI shall determine that the insurance coverage provided by Franchise Owner is not adequate to protect SSI from any liabilities which may be imposed on SSI as a result of Franchise Owner's operation of the Stanley Steemer Business, SSI shall inform Franchise Owner of the deficiency resulting from the current coverage and the possible liabilities which could result from the current scope of Franchise Owner's operations. Franchise Owner shall then procure additional insurance sufficient to protect SSI against those liabilities and obtain SSI's approval of the insurance within thirty (30) days after receipt of written notice of the deficiency.
  2. **Additional Amounts.** SSI may increase the amount of insurance required by this Article IX so that it is adequate to protect SSI against any liabilities that might be imposed on SSI and Franchise Owner resulting from any change in circumstances. Franchise Owner shall procure the additional insurance within thirty (30) days after receipt of written notice of the increase requirement.
- E. **Liability Not Relieved.** Maintenance of insurance and the performance by Franchise Owner of the obligations under this Article IX shall not relieve Franchise Owner from liability under the indemnity provision set forth in Article IX, Section F of this Agreement.
- F. **Indemnification.** Franchise Owner shall indemnify and hold harmless, to the fullest extent permitted by law, SSI and its parent, members, directors, officers, employees and agents from all losses and expenses, including without limitation, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, court costs, settlement amounts, judgments and compensation for damages to SSI's reputation and goodwill, incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof, arising out of or otherwise connected with Franchise Owner's ownership, operation, construction or improvement of its Stanley Steemer Business and the Premises, including any breach of this Agreement or any applicable laws. SSI shall promptly notify Franchise Owner of any claims, and Franchise Owner shall be given the opportunity to assume the defense of the matter. If Franchise Owner fails to confirm in writing to SSI that it will assume the defense at least ten (10) business days prior to the date an answer is due, SSI may defend the action in the manner that it deems appropriate, and Franchise Owner shall pay to SSI on demand all costs, including attorneys' fees and disbursements, incurred by SSI in effecting such defense, in addition to any sum which SSI may pay by reason of any settlement made by SSI, in its sole discretion, or any judgment against SSI. SSI's right to indemnification by Franchise Owner under this Agreement shall arise notwithstanding that joint or concurrent liability may be imposed upon SSI and Franchise Owner by statute, ordinance, representation or other law.
- G. **Notice to SSI.** Franchise Owner agrees to give SSI notice of any such action, suit, proceeding, claim, demand, inquiry or investigation. At the expense and risk of Franchise Owner, SSI may elect to assume (but under no circumstance is obligated to undertake), the defense and/or settlement of any such action, suit, proceeding, claims, demand, inquiry or investigation. Such an undertaking by SSI shall, in no manner or form, diminish Franchise Owner's obligation to indemnify SSI and to hold it harmless.

#### **ARTICLE X: INDEPENDENT CONTRACTOR**

- A. **Independent Contractor.** Franchise Owner is an independent contractor and is not an agent, partner, joint venturer or employee of SSI, and no fiduciary relationship between the parties exists. Franchise Owner shall have no right to bind or obligate SSI in any way nor shall any representation be made that Franchise Owner has any right to do so. Except as set

forth in Article XII, Section C.3 of this Agreement, Franchise Owner will have sole authority and control over the day-to-day operation of Franchise Owner's Stanley Steemer Business and its employees. Franchise Owner will be solely responsible for the recruitment, hiring, training, payment of wages, benefits, safety, assignment, scheduling, discipline and termination of all employees employed by Franchise Owner's Stanley Steemer Business and its compliance with all laws and regulations applicable thereto. SSI shall have no control or right to control the terms and conditions of employment of Franchise Owner's employees.

- B. **Independent Ownership.** In all public records and in any relationship with other Persons, on stationery, business forms and checks, Franchise Owner shall indicate that Franchise Owner's business is independently owned and operated and that Franchise Owner is a franchisee of SSI. Franchise Owner shall, at all times, exhibit on the Premises or in such places as may be designated by SSI, a notification that Franchise Owner's Stanley Steemer Business is operated by an independent contractor and not by SSI. Similar language must be included in all employment contracts, offer letters, and employee handbooks used by Franchise Owner. Franchisee must not use SSI's name or the Stanley Steemer Trademarks on any employee-related materials without a clear indication that Franchise Owner's employees are employed by Franchise Owner and not by SSI.

#### **ARTICLE XI: RENEWAL**

- A. **Renewal Right.** This Agreement may be renewed by the Franchise Owner for an additional term of ten (10) years provided that Franchise Owner has met the following conditions prior to the beginning of each such additional term:
1. **Compliance.** Franchise Owner has not been in default under any provision of this Agreement, or any other agreement between SSI and Franchise Owner, and has been in full compliance with all material terms and conditions of such agreements during their terms;
  2. **Notice.** Franchise Owner must notify SSI in writing of its intention to renew this Agreement at least one hundred eighty (180) days prior to the expiration of this Agreement;
  3. **Fee.** Franchise Owner must agree to pay to SSI the sum of Ten Thousand Dollars (\$10,000.00);
  4. **New Agreement.** Franchise Owner must agree to execute a new Franchise Agreement covering the renewal term which shall be in the same form as the Franchise Agreement then being offered to prospective new franchise owners by SSI as of the date of such renewal. Such agreement shall supersede all aspects of this Agreement and may differ substantially in every respect from this Agreement, including without limitation, different royalty fees, national advertising fees, advertising expenditure requirements, and different renewal fees; and
  5. **General Release.** Franchise Owner shall execute a general release, in a form prescribed by SSI, of any and all claims through the date of renewal against SSI, any person acting by, through, under or on behalf of SSI, its past and present shareholders, officers, members, partners, directors, employees, agents, parent, subsidiaries and corporate affiliates, their successors and assigns, in their corporate and individual capacities.
- B. **Expiration.** If Franchise Owner fails to fulfill the foregoing conditions, then this Agreement shall expire in accordance with the terms of Article I hereof.

#### **ARTICLE XII: ASSIGNMENT**

- A. **Assignment Conditions.** Franchise Owner's interest in, and obligations under, this Agreement may be assigned, transferred, pledged, mortgaged, hypothecated, or in any manner encumbered only if:
1. Franchise Owner has owned and operated his, her or its Stanley Steemer Business for at least one (1) year;
  2. Franchise Owner has paid all obligations due to SSI and any other creditor arising from the activities permitted under this Agreement;
  3. Franchise Owner has paid all obligations due to any governmental entity arising from the activities permitted under this Agreement, including in particular, obligations for social security payments and withheld taxes;
  4. Franchise Owner is not in default on this Agreement;
  5. Franchise Owner has fulfilled the conditions of either Sections B, C or D of this Article XII; and

6. Franchise Owner shall execute a general release, in a form prescribed by SSI, of any and all claims through the date of transfer against SSI, any person acting by, through, under or on behalf of SSI, its past and present shareholders, officers, members, partners, directors, employees, agents, parent, subsidiaries and corporate affiliates, their successors and assigns, in their corporate and individual capacities.
- B. **Transfer to a Corporation, Partnership, Limited Liability Company or Other Business Entity.** Franchise Owner may transfer its interest in, and obligations under, this Agreement, provided the provisions of paragraph A hereof are fulfilled, to a corporation, partnership, limited liability company or other business entity, if:
1. **Notice.** Franchise Owner gives SSI ten (10) days prior written notice;
  2. **Remain Liable.** Franchise Owner remains liable on this Agreement;
  3. **Approval for Future Transfer.** No stock of the corporation (or other documentary evidence of ownership of another form of business entity) may be transferred without SSI's prior approval in accordance with this Article XII;
  4. **Legend.** All certificates of stock (or other certificates of ownership interest) in the corporation (or other form of business entity) shall have a conspicuously endorsed upon its face the following legend:  
  
*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*
  5. **Guaranty.** Franchise Owner shall enter into an agreement, in a form satisfactory to SSI, unconditionally guaranteeing the full payment and performance of the transferee corporation's (or other business entity's) obligations to SSI;
  6. **Confidentiality and Noncompetition Agreement.** Franchise Owner's officers, directors, managers and owners of the Stanley Steemer Business shall be required to sign confidentiality and non-competition agreements in form(s) satisfactory to SSI; and
  7. **General Release.** Franchise Owner shall execute a general release, in a form prescribed by SSI, of any and all claims through the date of transfer against SSI, any person acting by, through, under or on behalf of SSI, its past and present shareholders, officers, members, partners, directors, employees, agents, parent, subsidiaries and corporate affiliates, their successors and assigns, in their corporate and individual capacities.
- C. **Transfer Upon Death.** In the event of the death of Franchise Owner or, if this Agreement has been assigned to a corporation or other business entity, the death of a stockholder, SSI shall consent to a transfer of decedent's interest to decedent's heirs subject to the following conditions:
1. **Qualifications.** The heirs must meet SSI's qualifications for new franchise owners with regard to financial strength and managerial capabilities and such other criteria and considerations as SSI shall then be applying in considering applications for new franchise owners;
  2. **Assumption.** The heirs shall agree, in writing, to assume liability for, and to perform, all the terms and conditions of this Agreement; and
  3. **Failure to Qualify.** If the heirs do not meet SSI's qualifications the decedent's estate shall use its best efforts to sell decedent's interest under this Agreement to a transferee who meets SSI's qualifications within twenty-four (24) months from the date of decedent's death. During that period SSI shall have the option, but not the obligation, to operate or manage Franchise Owner's Stanley Steemer Business for the account of Franchise Owner's estate upon payment by Franchise Owner's estate of a reasonable management fee. If the transfer is not accomplished within the twenty-four (24) month period, then this Franchise Agreement shall terminate in the manner provided in Article XIII hereof.

- D. **Method of Transfer and Assignment: Generally.** Except pursuant to Article XII, Sections B and C above, Franchise Owner's interest may be transferred, provided the provisions of Article XII, Section A hereof are fulfilled, only in the following manner:
1. **Bona Fide Offer.** Franchise Owner must receive a bona fide written offer to acquire Franchise Owner's interest from a financially responsible prospective transferee who meets SSI's then current qualifications with regard to financial strength and managerial capabilities and such other criteria and conditions as SSI shall then be applying in considering applicants for new franchises.
  2. **Disclosure.** Franchise Owner must disclose to SSI the name and address of the prospective transferee, and of all Persons having any interest in the prospective transferee, including shareholders, partners or interest owners in the event the offer is received from a corporation, partnership or other business entity, as well as the terms of the offer from the prospective transferee. In addition, the prospective transferee must submit to SSI all information which SSI then requires from applicants for new franchises. SSI must be satisfied with the character, business experience, financial strength, reputation, business ability, experience, and credit rating of the proposed new franchisee (and its principals if the proposed new franchisee is a corporation, limited liability company, partnership, or other legal entity).
  3. **Transferee's Agreement.** The prospective transferee must agree in writing to execute the franchise agreement then being offered by SSI to new franchise owners upon transfer of Franchise Owner's interest and to complete the training required by that franchise agreement. The prospective transferee must further agree to take any action prescribed by SSI to make the Stanley Steemer Business to be acquired comply with SSI's current standards for Stanley Steemer Cleaning Platforms, Service Vehicles, Integrated Technology Systems, equipment, signage, and other requirements for Stanley Steemer businesses within a specified period of time after the transfer (not to exceed 90 days).
  4. **Cash Flow.** The proposed transaction must be on such terms as to permit a cash flow from Franchise Owner's Stanley Steemer Business after payment of debt service sufficient for the reinvestment in, and operation of, Franchise Owner's Stanley Steemer Business required by the terms of the new Franchise Agreement.
  5. **Offer to SSI.** Franchise Owner must then offer the interest to SSI in writing on the same terms as are contained in the offer from the prospective transferee. If the prospective transferee's offer contemplates the acquisition or purchase of any other property or rights from Franchise Owner or any principals or Franchise Owner's affiliates (other than rights under other franchise agreements for Stanley Steemer businesses) as part of the bona fide offer, the proposal for such property or rights must be set forth in a separate, contemporaneous offer that is disclosed to SSI, and the price and terms of purchase offered to Franchise Owner or the principals for the transfer must reflect the bona fide price offered therefor and may not reflect any value for any other property or rights.
  6. **Acceptance by SSI.** Thereafter, SSI shall have thirty (30) days within which to accept the offer, provided that SSI may substitute equivalent cash for any form of payment proposed in such offer. SSI shall also have discretion to accept the offer to purchase solely rights under the franchise agreements for Stanley Steemer businesses and to reject the purchase of other rights and interests, including, notwithstanding related party lease agreements, employment or consulting agreements and terms including pre-payment penalties.
  7. **Transfer.** If SSI should decline or fail to accept the offer and if the prospective transferee meets SSI's qualifications for new franchise owners and the other conditions set forth above have been fulfilled then Franchise Owner shall complete the proposed transfer within thirty (30) days thereafter on the same terms as contained in the offer.
  8. **Payment of Transfer Fee.** Franchise Owner must pay SSI a transfer fee equal to Ten Thousand Dollars (\$10,000.00).
  9. **General Release.** Franchise Owner and the undersigned individual shall execute a general release, in a form prescribed by SSI, of any and all claims through the date of transfer against SSI, any person acting by, through, under or on behalf of SSI, its past and present shareholders, officers, members, partners, directors, employees, agents, parent, subsidiaries and corporate affiliates, their successors and assigns, in their corporate and individual capacities.
- E. **When Void.** Any transfer or assignment without fulfilling the terms of this Article XII shall be absolutely void and a prospective transferee would acquire no right in this Agreement thereby.

- F. **Deemed Transfers.** For purposes of this Agreement, the following events shall be deemed transfers requiring compliance with the terms of this Article XII and the consent of SSI:
1. Any transfer to a corporation, partnership, limited liability company or other business entity;
  2. Any conversion of an entity to a different form of entity;
  3. If Franchise Owner is a corporation or a limited liability company:
    - a. Any conversion, dissolution, merger, consolidation or other reorganization,
    - b. Any issuance, sale or other transfer of any shares or membership interests in an amount sufficient to affect the voting control of the corporation or limited liability company or to a person or entity that is not a current shareholder or member,
    - c. Any sale of assets outside of the ordinary course of business, or
    - d. Any change in the controlling interest, chief executive officer, primary operating officer or manager;
  4. If Franchise Owner is a partnership, any change in or withdrawal of any partner or conversion, merger, consolidation or other reorganization or any dissolution of the partnership; or
  5. If Franchise Owner consists of more than one Person, any transfer of interest from one Person to the other.
- G. **Definitions of Transferee.** For the purposes of this Article XII, "transferee" means any Person acquiring by transfer, assignment, sale, pledging, mortgaging, hypothecation or otherwise encumbering any of Franchise Owner's interest in this Agreement or of any stock or other interest in Franchise Owner, whether or not now authorized and outstanding.
- H. **No Obligation to Find Assignee or Transferee.** Nothing in this Agreement or otherwise shall cause SSI to have any obligation whatsoever to find, or assist in finding, an assignee or transferee for the Franchise Owner's business.
- I. **Transfer by SSI.** SSI shall have the right to transfer or assign all or any part of its rights and/or obligations hereunder to any person, persons, partnership, association, corporation, limited liability company or other entity which assumes the obligations of SSI hereunder. Franchise Owner agrees to execute any documents that SSI may reasonably request to effectuate any transfer or assignment by SSI.

### **ARTICLE XIII. TERMINATION BY SSI**

- A. **SSI's Option.** If Franchise Owner fails to pay any sum due to SSI or any affiliate of SSI within the time for paying the same without penalty or if Franchise Owner fails to comply with any of the substantive provisions of this Agreement, then SSI may elect either:
1. to terminate this Agreement; or
  2. to terminate only the provisions of Article I hereof which provide that Franchise Owner's license is exclusive. As a result, SSI could, at its option, grant other persons the right to own and operate a Stanley Steemer business in Franchise Owner's Area or operate a Stanley Steemer business in Franchise Owner's Area itself. In the event SSI elects to terminate the exclusivity of Franchise Owner's license, SSI may also suspend, permanently or for such duration of time as determined by SSI in its sole discretion, Franchise Owner's access to and utilization of the Integrated Technology Services, 1-800-STEEMER, and Local Market Directory and Social Media Listings and discontinue Franchise Owner's participation in any National Account Programs in SSI's sole discretion.
- B. **Events of Default:** The occurrence of any of the following events shall constitute a default under this Agreement:
1. The failure to open the Stanley Steemer Business and commence business operations at the Premises within six (6) months after the Effective Date of this Agreement;
  2. The failure of Franchise Owner to satisfactorily complete the initial training program to the satisfaction of SSI as set forth in Article VII, Section B hereof;

3. If Franchise Owner shall misuse the Stanley Steemer System, or the Stanley Steemer Trademarks or otherwise materially impair the goodwill associated therewith or SSI's rights therein, or if Franchise Owner shall use, in connection with its Stanley Steemer Business, any name, marks, systems, insignia or symbols not authorized by SSI;
4. If Franchise Owner fails to promptly pay any sum due by virtue of this Agreement;
5. If Franchise Owner fails to furnish to SSI any report or information required in this Agreement;
6. If Franchise Owner fails to operate the Stanley Steemer Business in compliance with the terms of this Agreement, the Operations Manual and any quality or operations standards and guidelines issued in writing by SSI, or Franchise Owner fails to comply with a material term of this Agreement;
7. If Franchise Owner fails to perform and observe any provision of any lease or sublease covering the Premises and/or the equipment utilized in the operation of the Stanley Steemer Business;
8. The termination or expiration of the lease or sublease covering the Premises;
9. Franchise Owner's failure to perform any provision of this Agreement or any other agreement to which SSI or SSI's affiliates and Franchise Owner are parties;
10. Any assignment for the benefit of creditors of Franchise Owner, if not dismissed within fifteen (15) days;
11. If Franchise Owner abandons the Stanley Steemer Business by failing to operate the Stanley Steemer Business for five (5) consecutive days during which Franchise Owner is required to operate the business under the terms hereof, or any shorter period in which SSI reasonably concludes that Franchise Owner does not intend to continue to operate the Stanley Steemer Business, unless such failure to operate is due to fire, flood, earthquake or other similar causes beyond Franchise Owner's control;
12. If Franchise Owner fails, for a period of ten (10) days after receipt of notification of noncompliance, to comply with any federal, state or local law or regulation applicable to the operation of the Stanley Steemer Business;
13. Any attempted transfer in violation of Article XII hereof;
14. Any material misrepresentation by Franchise Owner relating to his, her or its acquisition of the franchise granted hereunder or conduct by Franchise Owner that reflects materially and unfavorably upon the operation and reputation of the Stanley Steemer Business or the Stanley Steemer System;
15. If the Stanley Steemer Business or the Premises are seized, taken over or foreclosed by a government official in the exercise of his duties, or seized, taken over or foreclosed by a creditor, lienholder or lessor, and not dismissed within thirty (30) days; or if Franchise Owner admits its inability to pay its obligations as they come due; or if a receiver is appointed over all or any part of the assets of Franchise Owner; or a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Stanley Steemer Business and it is not discharged within five (5) days of such levy, or if Franchise Owner shall file a petition in bankruptcy, reorganization or similar proceeding or be named a debtor in any such proceeding under the bankruptcy laws of the United States;
16. If Franchise Owner, or any of Franchise Owner's owners or principal officers, is convicted of a felony or any other crime involving moral turpitude, fraud or financial dishonesty;
17. If SSI makes a reasonable determination that the continued operation of the Stanley Steemer Business by Franchise Owner will result in immediate danger to public health or safety and such default is not cured within three (3) days after notice from SSI to Franchise Owner;
18. If SSI gives Franchise Owner a notice of default under this Article XIII after two (2) previous defaults that have been cured after notice of default within the preceding twelve (12) month period;
19. If Franchise Owner, or any of Franchise Owner's employees, breaches Article VII, Section C of this Agreement resulting in the disclosure of the Operations Manual to any third party;



20. The death of Franchise Owner, or if Franchise Owner is a business entity, the death of an owner of the business entity, without the election to sell and transfer the Stanley Steemer Business as set forth in Article XII, Section B hereof;
21. The failure of the representative of a deceased Franchise Owner or disabled Franchise Owner to comply with the provisions of Article XII, Section B hereof; and
22. If Franchise Owner is unable to obtain the Service Vehicles within the timeframe required herein.
23. If Franchise Owner fails for any period of two (2) successive Minimum Annual Royalty Years to generate an amount of Gross Sales during the full calendar year that requires payment by Franchise Owner of a total amount of monthly royalty payments that are equal to or greater than the applicable Minimum Annual Royalty for the Minimum Annual Royalty Year as set forth in Article II, Section E.
24. If Franchise Owner fails to procure and maintain any insurance policy or policies in such types, coverage and amounts described in Article IX.
25. If Franchise Owner fails to fully comply, on an ongoing basis, with its obligations related to advertising as provided by Article VI, Section A and Article VI, Section B.

Notwithstanding anything in this Article XIII, Section B to the contrary, in the event of default pursuant to paragraph (11) above, SSI shall have the right, with or without termination of this Agreement, to operate the Stanley Steemer Business from and after the date of abandonment of the Stanley Steemer Business by the Franchise Owner for the benefit of Franchise Owner, using Franchise Owner's employees or employees or independent contractors of SSI or any parent, affiliate or subsidiary of SSI. Any such assistance shall be provided for a reasonable fee to Franchise Owner and for a reasonable amount of time, as determined by SSI in its commercially reasonable discretion. In connection therewith, Franchise Owner shall at all times be responsible for salary and incidental expenses of Franchise Owner, its owners, officers, manager(s) and other employee(s) during such operation of the Stanley Steemer Business by SSI.

- C. **Termination.** Upon the occurrence of any of the events set forth in Article XIII, Section B, SSI may, without prejudice to any other rights or remedies continued in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by SSI to Franchise Owner of any of the events set forth in paragraphs (3), (4), (5), (6), (7), (9), (11), (21), (24) or (25) of Article XIII, Section B if such defaults are not cured within such period. Such termination shall be effective immediately upon written notice upon the occurrence of the events set forth in paragraphs (1), (2), (10), (12), (15), (16), (18), (19), (22), and (23) of Section B. Such termination shall be effective immediately without notice upon the occurrence of the events set forth in paragraph (8), (13), (14), (17) or (20) of Article XIII, Section B.
- D. **No Waiver.** The failure of SSI to terminate this Agreement after any default hereunder or the election of SSI to terminate only the exclusivity portion of Article I of this Agreement without terminating the entire Agreement shall not waive SSI's right to terminate the Agreement in the event of the continuation of such default or the occurrence of any new event of default.

#### **ARTICLE XIV: TERMINATION BY FRANCHISE OWNER**

In the event SSI fails to comply with any of the substantial terms of this Agreement, then Franchise Owner may elect to terminate this Agreement in the manner set forth in Article XIII, Section B hereof.

#### **ARTICLE XV: EFFECT OF TERMINATION AND EXPIRATION**

- A. **Obligations of Franchise Owner.** Upon the termination or expiration of this Agreement, whenever and however such termination or expiration may occur, Franchise Owner agrees that:
  1. **Sums Due.** Franchise Owner shall pay to SSI all sums which Franchise Owner owes to SSI or any affiliate of SSI, whether or not the sums are then due. In the event of termination for any default by Franchise Owner, such sums shall include all damages, costs and expenses, including reasonable attorney fees, incurred by SSI as a result of the default, which obligation shall give rise to and remain until paid in full, a lien in favor of SSI or its affiliate as the

case may be against any and all of the personal property, vehicles, machinery, equipment and supplies owned by Franchise Owner and used in Franchise Owner's Stanley Steemer Business at the time of default.

2. **Stanley Steemer Trademarks.** Franchise Owner shall cease using the name SSI, or any variation thereof, and all Stanley Steemer Trademarks owned by SSI and shall not thereafter, directly or indirectly, represent to the public that the business is a Stanley Steemer business or hold themselves out as a present or former franchise owner of SSI.
3. **Stanley Steemer System.** Franchise Owner shall immediately cease using, by advertising or in any manner whatsoever, any methods, procedure and techniques associated with the Stanley Steemer System in which SSI has a proprietary right, title or interest, and, in particular, Franchise Owner shall cease using, without limitation, any equipment or products proprietary to SSI, including, but not limited to the Stanley Steemer Cleaning Platforms, all signs, machines, vehicles, equipment, advertising materials, stationery, forms, distinctive color schemes and any other articles which display in any form the Stanley Steemer Trademarks or other indicia associated with the Stanley Steemer System.
4. **Stanley Steemer Manuals.** Franchise Owner shall deliver to SSI all Stanley Steemer Manuals and other bulletins and written materials supplied or loaned to Franchise Owner by SSI, including in particular, any materials describing any information about the Stanley Steemer System, equipment, products and cleaning methods, whether or not such information is proprietary to SSI or constitutes a trade secret.
5. **Advertising Materials.** Franchise Owner shall deliver to SSI all advertising materials provided to Franchise Owner in accordance with the terms of this Agreement.
6. **Telephone Lines.** Franchise Owner shall cease using all telephone number(s) and classified listings and advertisements and, if such is necessary, transfer to SSI all rights to such telephone lines and classified listings and other advertisements used by Franchise Owner in the Stanley Steemer Business as required by Article VI, Section B.4 of this Agreement. Franchise Owner shall pay to the telephone company all obligations owed to that company by Franchise Owner, including the cost of transferring any telephone lines to SSI.
7. **Confidential Information and Customer Records.** Franchise Owner shall immediately cease using all Confidential Information, including but not limited to, customer records and data and shall promptly deliver to SSI (in all forms and media) all such Confidential Information in Franchise Owner's possession.
8. **Sale or Disposal of Equipment.** Franchise Owner shall comply with SSI's right of first refusal to purchase any Stanley Steemer Cleaning Platform(s) and/or Service Vehicle(s) in which same is mounted as required by Article III, Section C.1.e of this Agreement.
9. **Loss of Access to Integrated Technology Systems.** Franchise Owner shall immediately lose any rights granted to it by SSI permitting Franchise Owner to access the Integrated Technology Systems provided by SSI.
10. **No Imitations.** Franchise Owner agrees, in the event Franchise Owner operates any business, not to use any reproduction, copy or colorable imitation of the Stanley Steemer Trademarks or Stanley Steemer System in conjunction with such other business which is likely to cause confusion or mistake or to deceive, and further agrees not to utilize any trade dress or designation of origin or description or representation which falsely suggests or represents an association or connection with SSI, the Stanley Steemer System or the Stanley Steemer Trademarks. Further, Franchise Owner shall make such modifications or alterations to the Premises, Service Vehicles and Stanley Steemer Cleaning Platforms immediately upon termination as may be necessary to prevent the operation of any business by themselves or others in derogation of this Article XV and shall make such specific additional changes thereto as SSI may reasonably request for that purpose including, but not limited to, removing or painting over any and all names, marks and insignia identifying SSI in any way so that the same are in no way visible.
11. **Cost of Enforcement.** Franchise Owner shall pay SSI all damages, costs and expenses, including reasonable attorney's fees, incurred by SSI subsequent to the termination or expiration of this Agreement in obtaining damages, or injunctive or any other relief for the enforcement of any portion of this Article XV.
12. **Competition After Termination.** Upon termination or expiration of this Agreement, whenever and however such termination may occur and for two (2) years thereafter, Franchise Owner will not, within Franchise Owner's Area as specified by this Agreement or within 25 miles of the boundary of Franchise Owner's Area,

work or enter into an Agreement or accept employment with any Person or organization where their duties would be to engage in activities similar to Franchise Owner's Stanley Steemer Business.

13. **Survival of Provisions After Termination or Expiration.** The obligations of Franchise Owner set forth in, and the other provisions of, Articles V, VII, Section C, X, XI, XV, Section A, XVI, XVII, and XVIII shall survive the termination or expiration of this Agreement.

#### **ARTICLE XVI: DISPUTE RESOLUTION**

- A. **Resolution of Disputes.** Except with respect to the enforcement of the parties' rights and remedies under (i) any promissory note executed by Franchise Owner in SSI's favor and/or under any security agreement between the parties, or (ii) any promissory note executed by Franchise Owner in favor of a third party and/or under any security agreement between Franchise Owner and a third party, either of which promissory note and/or security agreement is assigned to SSI by such third party, as to which the procedures specified in this Article XVI, Section A shall not apply, the procedures specified in this Article XVI, Section A are the only procedures for the resolution of any and all controversies, disputes or claims of any nature whatsoever arising out of or related to this Agreement or any other agreement between Franchise Owner and SSI, including the breach, termination or validity of any such agreement, or the relationship between Franchise Owner and SSI and/or the operation of the Stanley Steemer Business and including any and all controversies, disputes or claims of any nature against SSI by anyone claiming through Franchise Owner. However, before or during the time that Franchise Owner and SSI follow these procedures, either Franchise Owner or SSI can go to the appropriate court to get a preliminary injunction or other preliminary judicial relief if Franchise Owner or SSI reasonably believes that such a step is necessary to avoid irreparable damage or harm. Even if either Franchise Owner or SSI takes such action, Franchise Owner and SSI will continue to participate in good faith in the procedures specified in this Article XVI, Section A. Notwithstanding anything in Article XVI, Section A to the contrary, without obligation to pursue the negotiation, mediation or arbitration described herein, SSI shall at all times have the right to seek from an appropriate court replevin or similar orders, as SSI reasonably believes such order(s) are necessary.
  1. **Negotiations.** Franchise Owner and SSI will both attempt in good faith to resolve promptly any controversy or claim arising out of or relating to this Agreement and any other agreement between Franchise Owner and SSI, the relationship between Franchise Owner and SSI or the operation of Franchise Owner's Stanley Steemer Business or any claims of any nature against SSI by anyone claiming through Franchise Owner, by negotiations between representatives of the parties who have authority to settle the controversy (and, where applicable, who do not have direct responsibility for administration of this Agreement or any other agreement between Franchise Owner and SSI).
  2. **Notice and Response.** The disputing party will give the other party written notice of the dispute. Within thirty (30) business days after receipt of this notice, the receiving party shall submit to the other a written response. The notice and response shall include (a) a statement of each party's position and a summary of the facts and arguments supporting its position, and (b) the name and title of the person who will represent that party. The persons shall meet and/or otherwise communicate at a mutually acceptable time and place within thirty (30) business days of the date of the responding party's written response and thereafter as often as they reasonably deem necessary to exchange relevant information and to attempt to resolve the dispute.
  3. **Mediation.** If the matter has not been resolved within sixty (60) business days of the disputing party's notice, or if the responding party will not meet and/or otherwise communicate within thirty (30) business days of the written response, either party may initiate mediation of the controversy or claim with JAMS, The Resolution Experts, which is a private alternative dispute resolution provider having its Chicago, Illinois office located at 71 South Wacker Drive, Suite 3090, Chicago, Illinois 60606 (telephone (312) 655-0555), or its successor. Unless the parties agree otherwise in writing, the location of the mediation shall be at the JAMS Resolution Center in Chicago, Illinois. Any mediator shall be mutually selected by Franchise Owner and SSI or, if Franchise Owner and SSI cannot agree, by JAMS, The Resolution Experts in accordance with its then-effective rules and procedures applicable to selection of mediators.
  4. **Arbitration.** If the matter has not been resolved pursuant to mediation within sixty (60) business days of the initiation of such procedure, or if either party will not participate in a mediation, the controversy shall be settled by arbitration by a sole arbitrator in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures. Any arbitrator shall be mutually selected by Franchise Owner and SSI or, if Franchise Owner and SSI cannot agree, by JAMS, The Resolution Experts in accordance with the then-effective JAMS Comprehensive Arbitration Rules and Procedures. The arbitrator is not empowered to and shall not, award punitive, exemplary, indirect, special, consequential or incidental damages or any other damages in excess of

actual direct damages or in excess of any limit on direct damages set forth in this Agreement, whichever is lower. Unless the parties agree otherwise in writing, the place of arbitration shall be at the JAMS Resolution Center in Chicago, Illinois. Jurisdiction and arbitrability disputes, including disputes over the formation, validity, interpretation or scope of this Agreement shall be submitted to and ruled on by the arbitrator. The arbitrator has the authority to determine jurisdiction and arbitrability issues as a preliminary matter. The arbitration shall be governed by the Federal Arbitration Act, 9 U.S.C. §§ 1-16. Courts of the State of Ohio or the United States District Court for the Southern District of Ohio will have sole jurisdiction over enforcement of arbitration and/or enforcement of the Agreement. Judgment upon the award rendered by the arbitrator may be entered by any state or federal court in Ohio having jurisdiction thereof. If either party is required to compel arbitration, that party shall be reimbursed for the costs and expenses incurred in connection therewith.

- B. **LIMITATIONS OF CLAIMS.** FRANCHISE OWNER HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT OR CLAIM FOR ANY PUNITIVE, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES AGAINST SSI AND AGREE THAT IF THERE IS A DISPUTE WITH SSI THAT FRANCHISE OWNER WILL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT. FRANCHISE OWNER ALSO AGREES THAT ANY CLAIM OR ACTION BROUGHT BY FRANCHISE OWNER RELATING TO THIS AGREEMENT MUST BE BROUGHT WITHIN 1 YEAR OF THE OCCURRENCE OF THE CIRCUMSTANCES GIVING RISE TO SUCH CLAIM OR ACTION, WHETHER KNOWN OR UNKNOWN, OR SUCH CLAIM OR ACTION WILL BE BARRED.
- C. **WAIVER OF JURY TRIAL.** THE PARTIES HERETO IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM IN CONNECTION WITH ANY MATTER OR DISPUTE OF ANY KIND ARISING UNDER OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR ANY RIGHT OR REMEDY HEREUNDER, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF SSI OR FRANCHISE OWNER.
- D. **CLASS ARBITRATION WAIVER.** ANY ARBITRATION WILL BE CONDUCTED AND RESOLVED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE, MULTIPLE PLAINTIFF, OR SIMILAR BASIS. ANY ARBITRATION WILL NOT BE CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING INVOLVING ANY OTHER PERSON, EXCEPT CONTROVERSIES, DISPUTES OR CLAIMS OF ANY NATURE AGAINST SSI BY ANYONE CLAIMING THROUGH FRANCHISE OWNER, AS PROVIDED IN ARTICLE XVI ABOVE.
- E. **EXPENSES IN LEGAL PROCEEDINGS.** IN THE EVENT A DISPUTE ARISES UNDER THIS AGREEMENT, THE PREVAILING PARTY SHALL BE ENTITLED TO RECOVER ITS EXPENSES, INCLUDING WITHOUT LIMITATION ATTORNEYS' FEES AND DISBURSEMENTS, ACCOUNTING FEES AND DISBURSEMENTS, COURT COSTS AND COSTS OF COLLECTION, IN ADDITION TO ANY OTHER RELIEF TO WHICH IT IS FOUND ENTITLED.

#### **ARTICLE XVII: REPRESENTATIONS BY FRANCHISE OWNER**

- A. **INDEPENDENT INVESTIGATION.** FRANCHISE OWNER ACKNOWLEDGES THAT THEY HAVE CONDUCTED AN INDEPENDENT INVESTIGATION OF THE BUSINESS BEING LICENSED HEREIN AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND WILL BE GREATLY DEPENDENT UPON THE ABILITY OF THE FRANCHISE OWNER AS AN INDEPENDENT BUSINESS PERSON.
- B. **FRANCHISE DISCLOSURE DOCUMENT.** FRANCHISE OWNER ACKNOWLEDGES THAT THEY HAVE RECEIVED, AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION BY FRANCHISE OWNER OF THIS AGREEMENT OR PAYMENT OF ANY CONSIDERATION TO SSI, A COPY OF THE CURRENT STANLEY STEEMER FRANCHISE DISCLOSURE DOCUMENT FOR THE STATE IN WHICH FRANCHISE OWNER'S AREA IS LOCATED.
- C. **CONSULTATION.** FRANCHISE OWNER STATES THAT THEY HAVE RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, AND HAS BEEN ACCORDED AN AMPLE OPPORTUNITY AND A PERIOD OF NOT LESS THAN FIVE (5) BUSINESS DAYS AFTER RECEIPT OF A FINAL COPY OF THIS AGREEMENT TO CONSULT WITH ADVISORS OF THEIR OWN CHOOSING CONCERNING THE POTENTIAL BENEFITS AND RISKS THAT MAY BE INVOLVED IN ENTERING INTO THIS AGREEMENT AND BECOMING A STANLEY STEEMER FRANCHISE OWNER.

- D. **DISCLAIMER.** FRANCHISE OWNER ACKNOWLEDGES THAT SSI HAS MADE NO WARRANTY OR GUARANTEE, EXPRESS OR IMPLIED, AS TO THE POTENTIAL INCOME, PROFIT OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.
- E. **FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED SSI WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.
- F. **BUSINESS ENTITY.** FRANCHISE OWNER, IF IT IS A BUSINESS ENTITY, ACKNOWLEDGES THAT NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT SSI'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

All references to Franchise Owner in this Article XVII shall mean Franchise Owner and the undersigned individual, and each representation, acknowledgement and statement by Franchise Owner in this Article XVII shall be deemed to have been made by Franchise Owner and the undersigned individual.

#### **ARTICLE XVIII: MISCELLANEOUS**

- A. **Severability.** If any provision of this Agreement shall be construed to be illegal or invalid, it shall not affect the legality or validity of any other provisions hereof. The illegal or invalid provision shall be deemed deleted as if never incorporated herein, but all other provisions hereof shall continue.
- B. **Amendment.** No change or modification in this Agreement shall be valid unless the same be in writing signed by the parties.
- C. **Interpretation.** Except to the extent governed by the U.S. Trademark Act of 1946, as amended, and unless otherwise provided by applicable state law, this Agreement shall be deemed to have been made and entered into in the State of Ohio, and all rights and obligations of the parties hereto shall be governed by and construed in accordance with the local laws of the State of Ohio without application of its conflicts of laws principles.
- D. **Venue.** Except to the extent prohibited by applicable state law to the contrary, SSI and Franchise Owner agree that any litigation or legal action to enforce or relating to this Agreement and the relationship of the parties hereunder shall be filed in the federal district court for the Southern District of Ohio in Columbus, Ohio, or the Common Pleas Court of Franklin County, Ohio, and SSI and Franchise Owner hereby consent to the jurisdiction of such courts.
- E. **Entire Agreement.** This Agreement contains the entire agreement of the parties and no representation, inducements, promises, or agreement, oral or written (other than the most recent version of SSI's franchise disclosure document provided to Franchise Owner), not included in this Agreement shall be of any force and effect.
- F. **Waiver.** No failure by SSI or Franchise Owner to exercise any power given to it or to insist upon any strict compliance by the other party of any obligation hereunder, shall affect either party's right concerning such default of any subsequent default. Waiver by SSI or Franchise Owner of any particular default by the other party shall not affect or impair its rights in respect to any subsequent default of the same or a different nature.
- G. **Counterparts & Electronic Execution.** This Agreement may be executed in any number of counterparts each of which shall be as an original and together shall be construed as a fully executed agreement. Further, the parties hereto agree that counterparts executed and transmitted electronically or via facsimile shall also constitute originals.
- H. **Notices.** All Notices required or permitted under this Agreement will be deemed given: (a) when delivered by hand; (b) two days after electronically confirmed transmission by facsimile or electronically confirmed delivery receipt by electronic mail; (c) three days after confirmed delivery if by certified or registered mail, postage prepaid; or (d) upon delivery by a nationally recognized courier or delivery service. The notice address for each Party shall be the principal place of business set forth in the preamble of this Agreement. Either Party may specify a different address by notifying the other Party in writing of the different address.
- I. **E-Signature and E-Records.** The person or persons signing below are referred to as "you" and "your." If the party signing this Agreement is a corporation, limited liability company, or other business entity, "you" and "your" shall refer

to such entity and shall also refer to the natural person signing below on behalf of such entity, provided that no natural person (other than the undersigned individual (as defined below)) shall be entitled to any of the rights and benefits under this Agreement. (The natural person signing below is called the “undersigned individual.”) “SSI” refers to Stanley Steemer International, Inc., an Ohio corporation, and its successors and assigns.

J. **Electronic Images; Signature Pages by PDF or Electronic Means; Electronic Signatures.**

1. **Franchise Documents and Franchise Documents Parties.** As used in this Article XVIII, Section J:
  - a. the term “Franchise Document” or “Franchise Documents” shall mean, individually and collectively, this Agreement; any document or agreement related to, or arising from, this Agreement or your Stanley Steemer Business; and any other document required to be delivered pursuant to any of the foregoing documents or agreements.
  - b. the term “Franchise Document Party” or “Franchise Document Parties” shall mean, individually and collectively, you, any party or signatory to a Franchise Document, any natural person signing on behalf of any legal or business entity which is a party to a Franchise Document, any owner of an interest in any legal or business entity franchisee (if franchisee is a legal or business entity).
2. **Electronic Signature Pages.** If SSI agrees, in its sole discretion, to accept delivery in any electronic form (including deliveries by emailed portable document format (“PDF”) or any other electronic means) of an executed signature page or counterpart of a signature page of a Franchise Document, then such delivery will be, for all purposes, as valid and effective as the delivery of an original, manually executed signature page or counterpart of a signature page of such Franchise Document.
3. **Electronic Signatures Generally.** If SSI agrees, in its sole discretion, to accept and/or provide any electronic signatures (i.e., an electronic sound, symbol, or process attached to, or associated with, an agreement, contract, or other record and adopted by a person with the intent to sign, authenticate, or accept such agreement, contract, or other record) as a manner of execution of any Franchise Document, then such electronic signatures shall have the same legal force and effect, admissibility, validity, and enforceability as manually executed signatures, to the extent and as provided for in any applicable law, including, the Uniform Electronic Transactions Act as then enacted in the State of Ohio (or, if necessary and as may be applicable, as then enacted in such other state), the Federal Electronic Signatures in Global and National Commerce Act, and any other applicable state laws based on, or similar in effect to, such acts or laws.
4. **Reliance and Confirmation of Electronic Signatures.** SSI may rely on any and each such electronic signature described in this Article XVIII without further inquiry. SSI may require that a Franchise Document Party send an email or other written communication to SSI, in such form and content as instructed by SSI, confirming the execution of such Franchise Document by electronic signature. SSI may also require that any such Franchise Documents and signatures thereto be confirmed by a separate manually signed original thereof delivered to SSI as instructed by SSI; provided, however, that the failure to request or deliver the same shall not limit the effectiveness of any PDF or other electronically delivered signature page or image thereof.
5. **Agreement Regarding Electronic Signatures.** SSI AND YOU AGREE THAT THIS AGREEMENT AND ANY AND ALL OTHER FRANCHISE DOCUMENTS THAT SSI OR ITS REPRESENTATIVES OR AGENTS PROVIDE TO YOU FOR THE PURPOSE OF ELECTRONIC SIGNATURE MAY BE ELECTRONICALLY SIGNED BY ANY AND ALL PARTIES THERETO. Notwithstanding the foregoing, if requested by SSI, the Franchise Document Parties shall re-execute, using a manual signature, any Franchise Documents previously executed by the Franchise Document Parties by or through the use of electronic signatures.
6. **Waiver Regarding Electronic Signatures and Electronic Records.** Without limiting the foregoing provisions of this Article XVIII, by providing an electronic signature or by providing the confirmation or documentation described in Section J.4 above), you and any owner, officer, director or manager of any legal or business entity of Franchise Owner (if Franchise Owner is a legal or business entity) waive (i) any argument, defense, or right to contest the legal effect, admissibility, validity, or enforceability of this Agreement or any other Franchise Document based on the lack of paper originals or paper copies of this Agreement or such other Franchise Document, respectively, including with respect to any signature pages or counterpart signature pages thereto, and (ii) any claim against SSI or its affiliates (and their respective successors and assigns), and/or the respective officers, directors, shareholders, employees, representatives, agents, affiliates, and successors and

assigns of SSI and its affiliates, for any losses, claims, damages, penalties, incremental taxes, liabilities, and related expenses arising from SSI's reliance on or use of electronic signatures, electronic images, electronic records, emailed PDF, or any other electronic means that reproduces an image of an executed signature page or counterpart signature page, and/or use of any electronic signature service provider that facilitates electronic signatures (e.g., DocuSign), including any losses, claims, damages, penalties, incremental taxes, liabilities, and related expenses arising as a result of the failure of a Franchise Document Party to use any available security procedures and measures in connection with the execution, delivery, or transmission of any electronic signature or electronic record.

- J. **Exhibits and Recitals.** Each exhibit to this Agreement is hereby incorporated herein by reference, and each Recital in this Agreement is hereby incorporated herein by reference as if fully restated herein.

[remainder of page intentionally blank; signature page follows]

**THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AGREEMENT AND AGREE THERETO.**

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Vice President Legal Affairs and  
Chief Administrative Officer

**FRANCHISE OWNER:**

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



**EXHIBIT A TO FRANCHISE AGREEMENT**

1. **Franchise Owner's Area:** {TERRITORY DESCRIPTION}

2. **Franchise Owner's Initial Fee and Terms of Payment:**

- a. Total Fee: \_\_\_\_\_
- b. Down Payment: \_\_\_\_\_
- c. Interest Rate: \_\_\_\_\_
- d. Payable How Often: \_\_\_\_\_
- e. Final Payment Due: \_\_\_\_\_
- f. Security: \_\_\_\_\_
- g. Default in any payment causes the entire unpaid balance to be due and payable immediately.

3. **Franchise Owner's Minimum Annual Royalty Schedule:**

<b>Minimum Annual Royalty Year</b>	<b>Time Period Covered</b>	<b>Minimum Annual Royalty</b>
Minimum Annual Royalty Year 1	Between Effective Date of the Franchise Agreement to which this Exhibit A is attached and first anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 2	Between first anniversary of the Effective and the second anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 3	Between second anniversary of the Effective and the third anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 4	Between third anniversary of the Effective and the fourth anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 5	Between fourth anniversary of the Effective and the fifth anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 6	Between fifth anniversary of the Effective and the sixth anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 7	Between sixth anniversary of the Effective and the seventh anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 8	Between seventh anniversary of the Effective and the eighth anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 9	Between eighth anniversary of the Effective and the ninth anniversary of the Effective Date	TBD
Minimum Annual Royalty Year 10	Between ninth anniversary of the Effective and the tenth anniversary of the Effective Date	TBD

**EXHIBIT B TO FRANCHISE AGREEMENT**

**Stanley Steemer Trademarks**  
**Registered with United States Patent and Trademark Office**

Mark: “**STANLEY STEEMER**”

Carpet Cleaning Machines

Reg. Date: October 22, 1974

Reg. No.: 996,362

Renewal Date: August 16, 1994

Second Renewal Date: September 22, 2004

Third Renewal Date: September 18, 2014

Mark: “**STANLEY STEEMER**”

Carpet Cleaning Services

Reg. Date: March 11, 1975

Reg. No.: 1,006,675

Renewal Date: November 23, 1994

Second Renewal Date: September 22, 2004

Third Renewal Date: January 23, 2015

Mark: “**STANLEY STEEMER**”

Cleaner and spot remover for carpets and upholstery sold in connection with carpet cleaning services

Reg. Date: August 26, 1986

Reg. No.: 1,406,382

Renewal Date: November 3, 2006

Second Renewal Date: October 13, 2016

Mark: “**STANLEY STEEMER**”

Upholstery Cleaning Services

Reg. Date: June 16, 1992

Reg. No.: 1,694,865

Renewal Date: March 13, 2002

Second Renewal Date: December 3, 2011

Third Renewal Date: October 5, 2022

Mark: “**STANLEY STEEMER**”

Duct Cleaning Services

Reg. Date: August 31, 1999

Reg. No.: 2,274,323

Renewal Date: September 30, 2009

Second Renewal Date: September 19, 2019

Mark: “**STANLEY STEEMER**”

Installation of carpet; Retail store services and retail door to door services, namely for carpet.

Reg. Date: April 10, 2001

Reg. No.: 2,442,125

Renewal Date: April 11, 2011

Second Renewal Date: June 22, 2021

Mark: “**STANLEY STEEMER**”

Installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems.

Reg. Date: August 10, 2004

Reg. No.: 2,871,734

Renewal Date: August 7, 2014

Mark: **“STANLEY STEEMER”** (stylized font)

Carpet cleaning services; renting of carpet cleaning machines; installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems; hardwood floor refinishing; tile and grout cleaning; water damage restoration in the nature of cleaning services; upholstery cleaning services; installation of carpet; and duct cleaning services; cleaner and spot removers; carpet cleaning machines; rugs and carpet; retail store and retail door to door services, namely for carpet.

Reg. Date: November 9, 2010

Reg. No.: 3,872,588

Renewal Date: January 24, 2021

Mark: **Depiction of Stanley Steemer Vehicle**

Carpet and upholstery cleaning; installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems; hardwood floor refinishing; tile and grout cleaning; water damage restoration in the nature of cleaning services.

Reg. Date: December 12, 2006

Reg. No.: 3,182,239

Renewal Date: February 10, 2017

Mark: **Stanley Steemer Yellow**

Carpet and upholstery cleaning; installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems; hardwood floor refinishing; tile and grout cleaning; water damage restoration in the nature of cleaning services.

Reg. Date: December 12, 2006

Reg. No.: 3,182,240

Renewal Date: February 10, 2017

Mark: **“TOUGH ON DIRT. GENTLE ON CARPET”**

Carpet and upholstery cleaning services

Reg. Date: February 15, 2000

Reg. No.: 2,319,147

Renewal Date: March 23, 2010

Second Renewal Date: April 3, 2020

Mark: **“1-800-STEEMER”**

Carpet and upholstery cleaning; installation, repair, maintenance and cleaning of heating, ventilating and air conditioning systems; hardwood floor refinishing; tile and grout cleaning; water damage restoration in the nature of cleaning services.

Reg. Date: July 15, 2008

Reg. No.: 3,464,933

Renewal Date: May 9, 2018

Mark: **“LIVING BRINGS IT IN. WE TAKE IT OUT.”**

Carpet cleaning services; cleaning of heating, ventilating, and air conditioning systems; upholstery cleaning services.

Reg. Date: October 20, 2020

Reg. No.: 6,179,648

Mark: **“EXPERT CARE FOR YOUR AIR”**

Carpet cleaning services; cleaning of heating, ventilating, and air conditioning systems; upholstery cleaning services

Reg. Date: October 20, 2020

Reg. No.: 6,180,147

## EXHIBIT D

### Optional Franchise Agreement Language

The following provisions will be inserted as Section K of Article II of the Franchise Agreement if the franchisee elects to pay the initial franchise fee under the plan described as “Option B” in Item 5 of this disclosure document:

“K. **Added Royalty**. In addition to the royalty payments referred to in paragraph B. of this Article II., Franchise Owner shall pay **Stanley Steemer** an additional royalty (the “Added Royalty”) equal to an additional three percent (3%) of gross sales from Franchise Owner’s **Stanley Steemer** business derived from its Core Business and Related Business which payments shall commence on \_\_\_\_\_, 20\_\_ and shall be due and payable each and every month thereafter until such time as Franchise Owner has paid **Stanley Steemer** Added Royalty equal to \_\_\_\_\_ Dollars (\$\_\_\_\_,000.00). Notwithstanding any other provision of this Agreement to the contrary, such Added Royalty shall be subject to the following provisions:

1. Upon the failure of Franchise Owner to make any payment of Added Royalty or other payments hereunder when due, for any reason, and if such failure is not cured as set forth in Article XIII.A.2. hereof, **Stanley Steemer** shall have the right without further notice to terminate this Agreement as set forth in Article XIII. hereof.

2. Upon the termination of this Agreement by **Stanley Steemer**, the obligation of Franchise Owner to pay the Added Royalty, including any accrued but as yet unpaid Added Royalty, shall cease.”

**EXHIBIT E**

**COGNOVIT PROMISSORY NOTE**

\$ \_\_\_\_\_

Dublin, Ohio  
\_\_\_\_\_, 20\_\_

**MAKERS:** \_\_\_\_\_

**GUARANTORS** (if applicable): \_\_\_\_\_

**FOR VALUE RECEIVED**, the undersigned, jointly and severally if more than one, promise to pay to the order of **STANLEY STEEMER INTERNATIONAL, INC.** at 5800 Innovation Drive, Dublin, Ohio 43016, or at such other address as the holder hereof may from time to time designate in writing, the sum of \_\_\_\_\_ (\$ \_\_\_\_ .\_\_ ) (hereinafter referred to as the "principal sum") with interest thereon at the rate of \_\_\_\_\_ percent ( %) per annum. Principal sum and interest shall be due and payable as follows:

The undersigned, jointly and severally if more than one, promise to pay the principal sum and interest in \_\_\_\_\_ ( ) consecutive equal monthly installments of \_\_\_\_\_ Dollars (\$\_\_\_\_) which sum includes principal and interest. The first installment due shall be due and payable on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_, and the final installment shall be due and payable on the \_\_\_\_ day of \_\_\_\_\_, 20\_\_. All or any part of the principal sum and accrued interest may be paid at any time without penalty.

This Note is secured by a Franchise Agreement executed by Makers on the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Upon default in payment of any installment when due and payable hereunder, this Note shall, at the option of the holder hereof, bear interest at the rate of \_\_\_\_\_ percent ( %) per annum, and the entire principal sum hereof remaining unpaid, together with all accrued interest, shall, at said holder's option, become immediately due and payable without any notice or demand.

All persons now or hereafter liable for the payment of the principal or interest due on this Note, or any part thereof, do hereby expressly waive presentment for payment, notice of dishonor, protest and notice of protest, and agree that the time for the payment or payments of any part of this Note may be extended with-out releasing or otherwise affecting their liability on this Note.

The undersigned, and each of them if more than one, hereby authorize any attorney at law to appear in any court of record in any county in the State of Ohio, or in any state or territory of the United States, after the above indebtedness becomes due, either by acceleration or otherwise, to waive the issuing and service of process, and to confess judgment against any one or more of the undersigned in favor of **STANLEY STEEMER INTERNATIONAL, INC.** for the amount then appearing due together with costs of suit, and thereupon to waive all errors and all rights of appeal and stay of execution. No such judgment against less than all of the under-signed shall be a bar to a subsequent judgment or judgments against any one or more of the undersigned against whom judgment has been obtained hereon; this being a joint and several warrant of attorney to confess judgment.

This Note may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the undersigned.

This Note was executed on the day and year first above written in Dublin, Franklin County, Ohio.

**WARNING - BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU OR YOUR EMPLOYER REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE. (Section 2323.13, ORC).**

\_\_\_\_\_  
Maker

\_\_\_\_\_  
Maker

\_\_\_\_\_  
Guarantor (if applicable)

\_\_\_\_\_  
Guarantor (if applicable)

**EXHIBIT F**

**OPTION TO PURCHASE AGREEMENT**

**THIS OPTION TO PURCHASE AGREEMENT** (this "Agreement") is made and entered into this \_\_\_ day of \_\_\_\_\_, 20\_\_\_, by and between **STANLEY STEEMER INTERNATIONAL, INC.**, an Ohio corporation (hereinafter referred to as "Stanley Steemer") and \_\_\_\_\_, (hereinafter referred to as "Prospective Franchise Owner").

**WITNESSETH:**

WHEREAS, Prospective Franchise Owner desires to purchase the license to own and operate a Stanley Steemer carpet and upholstery cleaning business in the area comprised of \_\_\_\_\_; and

WHEREAS, Stanley Steemer desires to grant to Prospective Franchise Owner said option to purchase upon the terms and conditions set forth herein.

**NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING, AND THE PREMISES HEREINAFTER SET FORTH, THE PARTIES HERETO HEREBY AGREE AS FOLLOWS:**

1. **Grant and Term.** Stanley Steemer grants to Prospective Franchise Owner the option to purchase the exclusive license to operate a Stanley Steemer carpet and upholstery cleaning business in the area comprised of \_\_\_\_\_ for the sum of \_\_\_\_\_ (\$\_\_\_\_,\_\_\_\_.\_\_\_\_) for a period of one year from the date hereof.

2. **Purchase Price.** In consideration of the grant of the option set forth in Paragraph One above, Prospective Franchise Owner hereby agrees to pay Stanley Steemer the nonrefundable sum of Two Thousand Five Hundred Dollars (\$2,500.00) upon execution hereof. Although nonrefundable, this sum may be transferred and applied to the purchase of the license for another area.

3. **Entire Agreement.** This Agreement contains the entire agreement of the parties and supersedes all prior and contemporaneous, oral, written, agreements or understandings of the parties. No representation, inducements, promises, or agreement, oral or written, not included in this Agreement shall be of any force and effect. Nothing in this Agreement or in any related agreement, however, is intended to disclaim the representations made in the Franchise Disclosure Document furnished to Prospective Franchise Owner.

4. **Electronic Signature.** This Agreement may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

**THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AGREEMENT AND AGREE THERETO.**

[signature page follows]

**STANLEY STEEMER:**

**STANLEY STEEMER INTERNATIONAL, INC.**

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

D. Ryan Jankowski, Esq., its Vice President of  
Legal Affairs and CAO

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

**PROSPECTIVE FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**[INSERT NAME OF SOLE PROPRIETOR]**

\_\_\_\_\_

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

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



## EXHIBIT G

### STANLEY STEEMER INTERNATIONAL, INC. INTEGRATED TECHNOLOGY SYSTEMS ACCESS AGREEMENT

This **INTEGRATED TECHNOLOGY SYSTEMS ACCESS AGREEMENT** (the “Access Agreement”), is made effective the {DATE} by and between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business located at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as “SSI”) and {FRANCHISE OWNER}, a(n) {STATE} {ENTITY TYPE} with its principal place of business located at {FRANCHISE ADDRESS} (hereinafter referred to as “Franchise Owner”).

#### RECITALS

**WHEREAS**, SSI has granted Franchise Owner the franchise and exclusive license to operate a Stanley Steemer Business in the area comprised of {TERRITORY DESCRIPTION} pursuant to the terms of a certain Franchise Agreement dated {FRANCHISE AGREEMENT DATE} (the “Franchise Agreement”); and

**WHEREAS**, SSI has developed certain integrated technology systems and proprietary software for use in the operation of a Stanley Steemer Business (the “Integrated Technology Systems”); and

**WHEREAS**, Franchise Owner desires to access the Integrated Technology Systems described herein, and SSI desires to provide Franchise Owner access to such offerings, subject to the terms and conditions set forth in this Access Agreement.

**NOW, THEREFORE**, in consideration of the foregoing, the mutual covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

#### AGREEMENT

- Grant and Term.** SSI hereby grants Franchise Owner a temporary, limited, personal, non-exclusive, non-assignable, and non-transferable license to use the Integrated Technology Services in accordance with the terms of this Access Agreement, the Franchise Agreement and the Stanley Steemer Manuals (as defined in the Franchise Agreement). The term of this license shall run for the term of the Franchise Agreement unless terminated by SSI in accordance with the terms hereof. This Access Agreement will automatically terminate upon any termination or expiration of the Franchise Agreement. Certain components of the Integrated Technology Services may require Franchise Owner to enter into a separate software license agreement with an approved or designated third-party service provider.
- Integrated Technology Systems.** SSI has developed certain integrated technology and computer systems for use in the operation of a Stanley Steemer Business (the “Integrated Technology Systems”). Franchise Owner shall acquire, implement and fully utilize any Integrated Technology Systems required by SSI and as otherwise set forth in the Stanley Steemer Manuals. The Integrated Technology Systems may include SSI’s specified or designated (a) computer systems, hardware, tablets, mobile devices, printers, software, apps, websites, network connections, and firewall services; (b) customer scheduling and/or operating system; (c) accounting applications, (d) e-mail and communications systems; (e) extranet; (f) customer satisfaction/referral survey apps; (g) credit card systems; (h) global positioning systems (GPS); (i) learning management system (LMS); (j) marketing automation system; (k) mobile technology solutions; (l) customer portal; (m) telephony and contact center systems; (n) business intelligence and reporting platforms; and (o) other or different components or systems that may be designated by SSI from time to time.
- Use of Integrated Technology Systems.** As a condition to using the Integrated Technology Systems, Franchise Owner must comply the terms of this Access Agreement, any applicable terms of use set forth in the Stanley Steemer Manuals and, to the extent applicable, any third-party software license agreements. Franchise Owner acknowledges that the full and proper use of the Integrated Technology Systems is an integral part of the Stanley Steemer System and critical for maintaining the integrity, character and uniform quality of the goods and services associated with the Stanley Steemer image, the Stanley Steemer System and the Stanley Steemer Trademarks. In order to help SSI achieve these goals, Franchise Owner agrees to use the Integrated Technology Systems in the manner specified by SSI and in accordance with all policies and procedures set forth in the Stanley Steemer Manuals, which may include, but are not limited to, requirements related to full use of the Integrated Technology Systems, using approved or designated vendors for components of the Integrated Technology Systems, full integration of the Integrated Technology Systems in the Stanley

Steemer Business, and responsibilities for providing accurate and complete data specified by SSI at the times and in the manner specified by SSI.

4. **Integrated Technology Systems Components.** Franchise Owner must acquire and use the computer systems, software, hardware, tablets, mobile devices, printers, software, apps, websites, network connections, and firewall services (collectively, "System Components") SSI specifies for the operation of the Stanley Steemer Business and the Integrated Technology Systems. Certain System Components are proprietary software programs owned and developed by SSI for use in conjunction with the Integrated Technology Systems and the operation of Franchise Owner's Stanley Steemer Business (the "Proprietary Software"). For purposes of this Access Agreement, the Proprietary Software shall include Powermagic®, Fusion™, Nimbus™ and Nimbus X™ along with the object code (but not the source code) for such products and the related user manuals published by SSI, together with all updates and maintenance thereto which may be furnished to Franchise Owner by SSI during the term of this Access Agreement. In addition, SSI may develop new or modified System Components or new or modified specifications for the Integrated Technology Systems in the future. SSI may require Franchise Owner to obtain, update, and use specified System Components including, without limitation, a license to use software developed by SSI or others. Modification of the specifications for the Integrated Technology Systems may require Franchise Owner to incur costs to purchase, lease, and/or license new or modified System Components and to obtain service and support for the System Components during the term of this Access Agreement. All computer systems within the Integrated Technology Systems must be compatible with SSI's computer systems as modified from time to time; must be connected to SSI's facilities by high-speed Internet with minimum requirements specified by SSI; and must be updated, maintained, and used in compliance with SSI's specifications. In connection with Franchise Owner's use of the Integrated Technology Systems, SSI may require Franchise Owner to electronically upload or transmit information on a periodic basis as determined by SSI.
5. **Changes to Integrated Technology Systems.** SSI may modify, update, upgrade, add, or delete certain System Components of the Integrated Technology Systems from time to time in its sole discretion. Franchise Owner must comply with those changes promptly upon written notice from Stanley Steemer.
6. **Approval of Integrated Technology Systems.** If SSI has not yet specified a particular system and/or designated or approved a particular supplier of a system as part of the required Integrated Technology Systems, Franchise Owner must obtain written approval from SSI prior to obtaining or deploying a new system. If SSI specifies systems as part of the Integrated Technology Systems in the future, Franchise Owner must use the systems and/or approved or designated suppliers specified by SSI.
7. **Fees and Payment.** During the term of this Access Agreement, Franchise Owner shall pay SSI, without offset or deduction, a monthly Technology Fee as described in the Franchise Agreement, or if the amount is not explicitly stated in the Franchise Agreement, in an amount described in the Stanley Steemer Manuals or otherwise communicated to the Franchise Owner in writing. Failure to make any payments due under this Access Agreement will constitute a material breach of this Access Agreement shall entitle SSI to the rights and remedies described in Section 11 of this Access Agreement. If such failure continues for more ten (10) days following written notice thereof, SSI may terminate Franchise Owner's access to the Integrated Technology Systems until all past due amounts have been paid without any additional notice to Franchise Owner.
8. **Franchise Owner Data; Authorized Users; and Acceptable Use.**
  - A. **Franchise Owner Data.** "Franchise Owner Data" means information, data, and other content, in any form or medium, that is collected, downloaded, or otherwise received, directly or indirectly, from Franchise Owner or an Authorized User (as defined below) by or through the Integrated Technology Systems. Franchise Owner's use of the Integrated Technology Services grants SSI a nonexclusive, fully paid, worldwide, perpetual, irrevocable, royalty-free, transferable license (with the right to sublicense through unlimited levels of sublicensees) to use, copy, modify, distribute, publicly display and perform, publish, transmit, remove, retain repurpose, and commercialize Franchise Owner Data, without the need to obtain additional consent, without restriction, notification, or attribution, and without compensation in any way, and to authorize others to do the same.
  - B. **Authorized Users.** Franchise Owner may permit its employees to access and use the Integrated Technology Systems in connection with the operation of Franchise Owner's Stanley Steemer Business ("Authorized User"). Franchise Owner shall register all Authorized Users with SSI and require such Authorized Users to comply with

the terms of this Access Agreement. Without limiting any other responsibilities Franchise Owner has under this Access Agreement, Franchise Owner shall be fully responsible for the actions of its Authorized Users; of anybody accessing the Integrated Technology Systems using the access credentials of an Authorized User; and any other individuals who Franchise Owner has permitted access to the Integrated Technology Systems.

C. **Acceptable Use.** Franchise Owner shall not use the Integrated Technology Services or the Proprietary Software for any purposes beyond the scope of the license granted in this Access Agreement. Franchise Owner's use of the Integrated Technology Systems shall be expressly limited to uses directly related to the operation of Franchise Owner's Stanley Steemer Business and for no other purposes. Without limiting the foregoing and except as otherwise expressly set forth in this License Agreement, Franchise Owner shall not at any time, directly or indirectly:

- i. copy, modify, or create derivative works of the Integrated Technology Services or the Proprietary Software, in whole or in part;
- ii. rent, lease, lend, sell, sublicense, assign, distribute, publish, transfer, or otherwise make available the Integrated Technology Services or the Proprietary Software;
- iii. reverse engineer, disassemble, decompile, decode, adapt, or otherwise attempt to derive or gain access to the source code, in whole or part, of the Integrated Technology Services or the Proprietary Software;
- iv. remove any proprietary notices from the Integrated Technology Services or the Proprietary Software;
- v. use the Integrated Technology Services or the Proprietary Software in any manner or for any purpose that infringes, misappropriates, or otherwise violates any intellectual property right or other right of any person, or that violates any applicable law;
- vi. use the Integrated Technology Systems to disseminate e-mail, text, SMS and other electronic communications in violation of the CAN-SPAM Act of 2003, the Telephone Consumer Protection Act of 1991 and other legislation of a similar nature; and
- vii. use the Integrated Technology Systems for the storage of:
  - a. government issued identification information, including but not limited to, passport number, social security number, driver's license number, or state-issued identification number;
  - b. financial account information, including but not limited to, financial account number, credit card number, debit card number, or credit report information, with or without any required security code, access code, personal identification number, or password that would permit access to an individual's financial account;
  - c. biometric, genetic, health, medical, or medical insurance data;
  - d. information regarding any individual's racial or ethnic origin, religious beliefs, sex life or sexual orientation, union membership, citizenship or immigration status.

D. **Reservation of Rights.** SSI reserves all rights not expressly granted to Franchise Owner in this Access Agreement. Except for the limited rights and licenses expressly granted under this Access Agreement, nothing in this herein grants, by implication, waiver, estoppel, or otherwise, to Franchise Owner or any third party any intellectual property rights or other right, title, or interest in or to the Integrated Technology Systems or the Proprietary Software.

9. **Franchise Owner Security.**

A. **Franchise Owner Control and Responsibility.** Franchise Owner shall have sole responsibility for:

- i. all Franchise Owner Data, including its content and use;
  - ii. all information, instructions, and materials provided by or on behalf of Franchise Owner or any Authorized User in connection with the Integrated Technology Services;
  - iii. Franchise Owner's local technology infrastructure, including computers, software, databases, electronic systems, and networks, whether operated directly by Franchise Owner or through the use of third-party services ("Franchise Owner Systems");
  - iv. the security and use of Franchise Owner's and its Authorized Users' access credentials; and
  - v. all access to and use of the Integrated Technology Systems directly or indirectly by or through the Franchise Owner Systems or its or its Authorized Users' access credentials, with or without Franchise Owner's knowledge or consent, including all results obtained from, and all conclusions, decisions, and actions based on, such access or use.
- B. **Access and Security.** Franchise Owner shall employ all physical, administrative, and technical controls, screening, and security procedures and other safeguards necessary to:
- i. securely administer the distribution and use of all access credentials and protect against any unauthorized access to or use of the Integrated Technology Systems; and
  - ii. control the content and use of Franchise Owner Data, including the uploading or other provision of Franchise Owner Data into the Integrated Technology Services.

10. **Data Protection; Processing and Access.**

- A. **Personal Information.** For the purposes of this Access Agreement, "Personal Information" shall mean any information in any media or format that:
- i. that can be used alone, or in combination with other information within Franchise Owner's control, to identify, locate or contact an identified or identifiable natural person;
  - ii. that relates to or is linked, or reasonably can be linked, in any way to an identified or identifiable natural person; or
  - iii. otherwise meets the definition of "personal data" or "personal information" or any similarly defined term under applicable Data Protection Laws (defined below).
- B. **Franchise Owner as Data Controller.** Franchise Owner and SSI acknowledge that Franchise Owner is a data controller of Personal Information that Franchise Owner collects from, or is shared with Franchise Owner by, any customer or party other than SSI and not on SSI's behalf, including but not limited to, Personal Information collected directly from customers of Franchise Owner's Stanley Steemer Business or from employees of Franchise Owner's Stanley Steemer Business.
- C. **Franchise Owner as Data Processor.** For any Personal Information that Franchise Owner receives or collects from SSI or processes on SSI's behalf, such as when customers place orders at Franchise Owner's Stanley Steemer Business using the SSI's national customer contact center, public website or through SSI's Integrated Technology Systems ("SSI Personal Information"), SSI and Franchise Owner acknowledge and agree that Franchise Owner is a processor of such data, and Franchise Owner represents, warrants, and agrees that it will:
- i. collect, use, process, store, retain and disclose such SSI Personal Information only to the extent, and in such a manner, as is necessary for the purposes of operating Franchise Owner's Stanley Steemer Business;

- ii. Franchise Owner will, at its own cost, implement and comply with a comprehensive information security program that is reasonable and appropriate and complies with Data Protection Laws;
- iii. provide to SSI, at SSI's request, all information in its possession necessary to ensure and/or demonstrate SSI's compliance Data Protection Laws;
- iv. allow, and cooperate with, reasonable assessments by SSI, or SSI's designated assessor (or a qualified and independent assessor arranged for by the Franchise Owner) to conduct an assessment of the Franchise Owner's policies and technical and organizational measures in support of the obligations under this Section 10 and Data Protection Laws, using an appropriate and accepted control standard or framework and assessment procedure for such assessments, and provide the report of such assessment to SSI upon request;
- v. delete or return all SSI Personal Information upon termination or expiration of this Agreement or as otherwise instructed by SSI;
- vi. if Franchise Owner engages any subcontractors to handle SSI Personal Information (each such subcontractor, a "Subprocessor"), Franchise Owner will notify SSI of the engagement and such engagement shall be governed by a written agreement binding the Subprocessor to comply with terms equivalent to those contained in this Article III.E. as it relates to SSI Personal Data;
- vii. promptly notify SSI if it receives a request from an individual regarding SSI Personal Information, including a request to exercise a right under Data Protection Laws, and Franchise Owner shall await instructions from SSI concerning whether, and how, to respond to such a request, and shall assist SSI in fulfilling SSI's obligations to respond to such requests, including at minimum, maintaining the ability to access, modify, remove from processing, or irrevocably delete or destroy the Personal Information of an individual when requested by SSI;
- viii. assist SSI in meeting its obligations in relation to the security of SSI Personal Information;
- ix. assist SSI in meeting its obligations in relation to the notification of any Security Incident;
- x. provide any necessary information to enable SSI to conduct and document any required data protection assessments; and
- xi. limit access to SSI Personal Information to only those employees and consultants of Franchise Owner who need to have access to the SSI Personal Information, and will ensure that each such employee, consultant or other person is bound to a written duty of confidentiality with regard to such SSI Personal Information.

D. **Limitations on Use of Personal Information and SSI Personal Information.** Franchise Owner and SSI acknowledge and agree that Franchise Owner shall process SSI Personal Information solely to operate Franchise Owner's Stanley Steemer Business in accordance with the terms of this Access Agreement, and only for the duration of this Access Agreement. SSI Personal Information may include, but is not limited to, information about SSI and Franchise Owner's customers and prospective customers, including such person's names, contact information, address, internet or app activity, and buying habits and history.

E. **Franchise Owner Compliance with Data Protection Laws.** Franchise Owner represents, warrants, and agrees that it will at all times, whether acting as a data controller or processor:

- i. comply with all applicable federal, state, or local laws, codes or regulations that regulate the processing of Personal Information, including, but not limited to, data protection laws, laws regulating marketing communications and/or electronic communications, laws regulating the collection of Personal Information at the point of sale or online, information security laws, regulations or best practices, Payment Card Industry Data Security Standards, and security breach notification laws, regulations or rules (collectively, "Data Protection Laws");

- ii. comply with all standards, specifications, requirements, criteria, and policies, including but not limited to those set forth in the Stanley Steamer Manuals, that have been and are in the future developed and compiled by SSI that relate to Data Protection Laws and the privacy and security of Personal Information, or the privacy, protection and security of the systems, networks or software of SSI;
  - iii. refrain from any action or inaction that could cause SSI to breach any Data Protection Laws; (iv) do and execute, or arrange to be done and executed, each act, document and thing SSI deems necessary in SSI's sole discretion to keep SSI in compliance with the Data Protection Laws in a timely manner; and Immediately report to SSI the actual, attempted or suspected theft or loss of, or unauthorized access to, Personal Information (a "Security Incident"). For avoidance of doubt, this also includes notification of any such Security Incident containing SSI Personal Information.
- F. **SSI Access to and Use of Franchise Owner Data.** SSI will have the right to independently access sales information and other operational data produced by the Integrated Technology Systems and there are no contractual limitations on SSI's right to access and use that information and data, even where the underlying data is maintained by a third party. Franchise Owner must provide SSI access to the information on the Integrated Technology Systems in the manner specified by SSI and must supply SSI with any and all security codes necessary to obtain such access. Franchise Owner agrees that SSI will not be liable to Franchise Owner for any claims, losses, or damages arising from or related to SSI's access to or use of the information and other data produced by the Integrated Technology Systems, including but not limited to any errors or omissions in the information and other data obtained by SSI or in the information and other data shared by SSI with third parties (including other Stanley Steamer franchise owners or prospective Stanley Steamer franchise owners).

11. **Termination.** In addition to any other express termination right set forth elsewhere in this Access Agreement:

- A. either party may terminate this Access Agreement, effective on written notice to the other party, if the other party materially breaches the terms of this Access Agreement, and such breach:
  - i. is incapable of cure; or
  - ii. being capable of cure, remains uncured thirty (30) days after the non-breaching party provides the breaching party with written notice of such breach.
- B. SSI may terminate this Access Agreement or discontinue Franchise Owner's access to specific System Components at any time, with or without cause, upon sixty (60) days written notice to Franchise Owner.

12. **Suspension.** SSI may suspend Franchise Owner's access to and utilization of the Integrated Technology Systems if Franchise Owner fails to pay any fees due under Section 7 of this Access Agreement, and such failure continues more than ten (10) days after SSI's delivery of written notice thereof. SSI may immediately suspend Franchise Owner's access to and utilization of the Integrated Technology Systems without notice for:

- A. use of the Integrated Technology Systems in a way that violates applicable local, state, federal, or foreign laws or regulations or the terms of this Access Agreement; or
- B. use of the Integrated Technology Services that results in excessive bounces, SPAM complaints via feedback loops, direct spam complaints, or requests for removal from a mailing list by recipients; or
- C. repeated instances of posting or uploading material that infringes or is alleged to infringe on the copyright, trademark, or other intellectual rights of any person or entity; or
- D. use of the Integrated Technology Systems that disrupts or threatens the security or integrity of the Integrated Technology Systems, specific System Components, or other users; or
- E. use of the Integrated Technology Systems in a manner that, in SSI's sole discretion, causes harm to others.

13. **Disclaimer of Warranties.**

FRANCHISE OWNER UNDERSTANDS AND AGREES AS FOLLOWS:

- A. FRANCHISE OWNER'S USE OF THE INTEGRATED TECHNOLOGY SYSTEMS IS AT ITS SOLE RISK. THE INTEGRATED TECHNOLOGY SYSTEMS ARE PROVIDED ON AN "AS IS" AND "AS AVAILABLE" BASIS. SSI EXPRESSLY DISCLAIMS ALL WARRANTIES OF ANY KIND, WHETHER EXPRESS OR IMPLIED, INCLUDING, BUT NOT LIMITED TO THE IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT.
- B. SSI MAKES NO WARRANTY THAT: (i) THE INTEGRATED TECHNOLOGY SYSTEMS WILL BE UNINTERRUPTED, TIMELY, SECURE, OR ERROR-FREE; (ii) THE RESULTS THAT MAY BE OBTAINED FROM THE USE OF THE INTEGRATED TECHNOLOGY SYSTEMS WILL BE ACCURATE OR RELIABLE; (iii) THE QUALITY OF ANY PRODUCTS, SERVICES, INFORMATION, OR OTHER MATERIAL PURCHASED OR OBTAINED THROUGH THE INTEGRATED TECHNOLOGY SYSTEMS WILL MEET YOUR EXPECTATIONS; AND (iv) ANY ERRORS IN THE UNDERLYING SYSTEMS WILL BE CORRECTED.
- C. SSI DISCLAIMS ANY REPRESENTATIONS OR WARRANTIES THAT USE OF THE INTEGRATED TECHNOLOGY SYSTEMS WILL SATISFY OR ENSURE COMPLIANCE WITH ANY LEGAL OBLIGATIONS OR LAWS OR REGULATIONS. THIS DISCLAIMER APPLIES TO BUT IS NOT LIMITED TO FEDERAL, STATE, AND LOCAL INCOME, PAYROLL, SALES TAX AND OTHER TAX LAWS, THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA"), THE GRAMM-LEACH-BLILEY ACT OF 1999, THE SARBANES- OXLEY ACT OF 2002, OR OTHER FEDERAL OR STATE STATUTES OR REGULATIONS. FRANCHISE OWNER IS SOLELY RESPONSIBLE FOR ENSURING THAT ITS USE OF THE INTEGRATED TECHNOLOGY SYSTEMS IS IN ACCORDANCE WITH APPLICABLE LAW. FRANCHISE OWNER HAS BEEN ADVISED TO CONSULT WITH TAX, ACCOUNTING, AND/OR LEGAL REPRESENTATIVES OF ITS CHOOSING TO ENSURE THAT ITS USE OF THE INTEGRATED TECHNOLOGY SYSTEMS AND THE CALCULATIONS, RETURNS, REPORTS, AND OTHER RESULTS PRODUCED OR COMPILED BY THE INTEGRATED TECHNOLOGY SYSTEMS COMPLY WITH APPLICABLE LAWS. FRANCHISE OWNER ACKNOWLEDGES AND UNDERSTANDS THAT IT IS RESPONSIBLE FOR AND IS NOT RELYING UPON SSI OR THE INTEGRATED TECHNOLOGY SYSTEMS FOR COMPLIANCE WITH LAWS APPLICABLE TO THE OPERATION OF FRANCHISE OWNER'S STANLEY STEEMER BUSINESS.

14. **Limitation of Liability.** FRANCHISE OWNER EXPRESSLY UNDERSTANDS AND AGREES THAT NEITHER SSI NOR ITS AFFILIATES, CONTRACTORS OR LICENSORS SHALL BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES, INCLUDING DAMAGES FOR LOSS OF PROFITS, GOODWILL, USE, DATA, OR OTHER INTANGIBLE LOSSES (EVEN IF SSI HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES), RESULTING FROM: (a) FRANCHISE OWNER'S USE OF OR INABILITY TO USE THE INTEGRATED TECHNOLOGY SYSTEMS; (b) THE COST OF PROCUREMENT OF SUBSTITUTE GOODS AND SERVICES RESULTING FROM ANY GOODS, DATA, INFORMATION OR SERVICES PURCHASED OR OBTAINED OR MESSAGES RECEIVED OR TRANSACTIONS ENTERED INTO THROUGH OR FROM THE INTEGRATED TECHNOLOGY SYSTEMS; (c) UNAUTHORIZED ACCESS TO OR ALTERATION OF FRANCHISE OWNER'S TRANSMISSIONS, DATA OR OTHER USER CONTENT; (d) STATEMENTS OR CONDUCT OF ANY THIRD-PARTY ON THE INTEGRATED TECHNOLOGY SYSTEMS; OR (e) ANY OTHER MATTER RELATING TO THE INTEGRATED TECHNOLOGY SYSTEMS.

15. **Franchise Owner Indemnity.** In addition to the Franchise Owner's indemnification obligations under the Franchise Agreement, Franchise Owner shall indemnify and hold harmless the SSI and its officers, directors, members and shareholders, from and against any and all third party claims, suits, losses, liabilities, damages, settlements, costs and expenses, including reasonable attorneys' fees, which are based on, relate to or arise from breach of this Agreement or use of the Integrated Technology Services by Franchise Owner or its employees, officers, contractors, representatives and agents, including without limitation, Franchise Owner's violation of any licenses or sublicenses granted hereunder or any

license agreement otherwise applicable to the any element of the Integrated Technology Systems, violation of any Data Protection Laws, or any unauthorized access or compromise of Franchise Owner's Systems.

16. **General.**

- A. **Severability.** If any provision of this Agreement shall be construed to be illegal or invalid, it shall not affect the legality or validity of any other provisions hereof. The illegal or invalid provision shall be deemed deleted as if never incorporated herein, but all other provisions hereof shall continue.
- B. **Amendment.** No change or modification in this Agreement shall be valid unless the same be in writing signed by the parties.
- C. **Interpretation.** Except to the extent governed by the U.S. Trademark Act of 1946, as amended, and unless otherwise provided by applicable state law, this Agreement shall be deemed to have been made and entered into in the State of Ohio, and all rights and obligations of the parties hereto shall be governed by and construed in accordance with the local laws of the State of Ohio without application of its conflicts of laws principles.
- D. **Venue.** Except to the extent prohibited by applicable state law to the contrary, SSI and Franchise Owner agree that any litigation or legal action to enforce or relating to this Agreement and the relationship of the parties hereunder shall be filed in the federal district court for the Southern District of Ohio in Columbus, Ohio, or the Common Pleas Court of Franklin County, Ohio, and SSI and Franchise Owner hereby consent to the jurisdiction of such courts.
- E. **Entire Agreement.** This Agreement contains the entire agreement of the parties and no representation, inducements, promises, or agreement, oral or written (other than the most recent version of SSI's franchise disclosure document provided to Franchise Owner), not included in this Agreement shall be of any force and effect.
- F. **Waiver.** No failure by SSI or Franchise Owner to exercise any power given to it or to insist upon any strict compliance by the other party of any obligation hereunder, shall affect either party's right concerning such default of any subsequent default. Waiver by SSI or Franchise Owner of any particular default by the other party shall not affect or impair its rights in respect to any subsequent default of the same or a different nature.
- G. **Counterparts & Electronic Execution.** This Agreement may be executed in any number of counterparts each of which shall be as an original and together shall be construed as a fully executed agreement. Further, the parties hereto agree that counterparts executed and transmitted electronically or via facsimile shall also constitute originals.
- H. **Notices.** All Notices required or permitted under this Agreement will be deemed given: (a) when delivered by hand; (b) two days after electronically confirmed transmission by facsimile or electronically confirmed delivery receipt by electronic mail; (c) three days after confirmed delivery if by certified or registered mail, postage prepaid; or (d) upon delivery by a nationally recognized courier or delivery service. Either Party may specify a different address by notifying the other Party in writing of the different address. The notice address for each Party is set forth on the execution page. Franchise Owner shall have an email account within the Stanley Steemer domain.

[remainder of page intentionally blank]



**THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AGREEMENT AND AGREE THERETO.**

STANLEY STEEMER INTERNATIONAL, INC.

By: \_\_\_\_\_  
D. Ryan Jankowski, Vice President Legal Affairs and CAO

**FRANCHISE OWNER:**

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

## EXHIBIT H

### LIST OF STATE ADMINISTRATORS

#### **California:**

Commissioner of Financial Protection and  
Innovation  
Department of Financial Protection and  
Innovation  
320 West 4th Street, Suite 750  
Los Angeles, California 90013-2344  
(866) 275-2677  
ask.dfpi@dfpi.ca.gov

#### **Connecticut:**

Assistant Director  
Securities and Business Investment Division  
Connecticut Department of Banking  
260 Constitution Plaza  
Hartford, Connecticut 06103-1800  
(860) 240-8230

#### **Florida:**

Regulatory Consultant  
Department of Agriculture and Consumer  
Services  
Division of Consumer Services  
P.O. Box 6700  
Tallahassee, Florida 32314-6700  
(850) 410-3800

#### **Hawaii:**

Commissioner of Securities  
Business Registration Division  
Department of Commerce and Consumer Affairs  
P.O. Box 40  
Honolulu, Hawaii 96810  
(808) 586-2744

#### **Illinois:**

State of Illinois Attorney General  
Franchise Bureau  
500 South Second Street  
Springfield, Illinois 62701-1705  
(217) 782-1090

#### **Indiana:**

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

#### **Iowa:**

Iowa Secretary of State  
Business Services  
First Floor, Lucas Building  
321 East 12<sup>th</sup> Street  
Des Moines, Iowa 50319  
(515) 281-5204

#### **Kentucky:**

State of Kentucky Attorney General  
Office of Consumer Protection  
1024 Capital Center Drive, Suite 200  
Frankfort, Kentucky 40601  
(502) 696-5389

#### **Maryland:**

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

#### **Michigan:**

Michigan Assistant Attorney General  
Consumer Protection Division, Franchise  
Section  
G. Mennen Williams Building, First Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
(517) 373-7117

#### **Minnesota:**

Minnesota Department of Commerce  
Securities Unit  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1638

#### **Nebraska:**

Nebraska Department of Banking and Finance  
Bureau of Securities  
1526 "K" Street, Suite 300  
Lincoln, Nebraska 68508-2732  
(402) 471-3445

**New York:**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty St. 21<sup>st</sup> Fl.  
New York, New York 10005  
(212) 416-8222

**North Dakota:**

North Dakota Securities Department  
Franchise Registration  
600 East Boulevard Avenue  
State Capitol, Fifth Floor  
Bismarck, North Dakota 58505-0510  
(701) 328-4712

**Oregon:**

Department of Consumer and Business Services  
Division of Financial Regulation  
350 Winter Street NE, Room 410  
Salem, Oregon 97301-3883  
(503) 378-4140

**Rhode Island:**

Rhode Island Dept. of Business Regulation  
Securities Division  
1511 Pontiac Avenue, Building 68-2  
Cranston, Rhode Island 02920  
(401) 462-9500

**South Dakota:**

Division of Insurance  
Securities Regulation  
124 S. Euclid, 2nd Floor  
Pierre, South Dakota 57501  
(605) 773-3563

**Texas:**

Secretary of State  
Registrations Unit  
James E. Rudder Office Building  
1019 Brazos Street  
Austin, Texas 78701  
(512) 475-0775

**Utah:**

Director  
State of Utah Department of Commerce  
Division of Consumer Protection  
160 East 300 South, 2<sup>nd</sup> Floor  
P.O. Box 146704  
Salt Lake City, Utah 84114-6704  
(801) 530-6601

**Virginia:**

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

**Washington:**

Washington Department of Financial Institutions  
Securities Division  
P.O. Box 41200  
Olympia, Washington 98504  
(360) 902-8760

**Wisconsin:**

Franchise Registration  
Division of Securities, Suite 300  
Department of Financial Institutions  
P.O. Box 1768  
Madison, Wisconsin 53701-1768  
(608) 266-0448

**EXHIBIT I**  
**LIST OF AGENTS FOR SERVICE OF PROCESS**

**Arizona:**

CT Corporation System  
3800 North Central Ave., Suite 460  
Phoenix, Arizona 85012

**California:**

Department of Financial  
Protection and Innovation  
2101 Arena Boulevard  
Sacramento, California 95834

CT Corporation System  
330 North Brand Blvd., Suite 700  
Glendale, California 91203

**Colorado:**

CT Corporation System  
7700 East Arapahoe Rd., Suite 220  
Centennial, Colorado 80112

**Connecticut:**

CT Corporation System  
67 Burnside Avenue  
East Hartford, Connecticut 06108

**Florida:**

CT Corporation System  
1200 South Pine Island Road  
Plantation, Florida 33324

**Hawaii:**

Commissioner of Securities  
Business Registration Division  
Department of Commerce and Consumer Affairs  
King Kalakaua Building  
335 Merchant Street  
Honolulu, Hawaii 96813

CT Corporation System  
900 Fort Street Mall, Suite 1680  
Honolulu, Hawaii 96813

**Idaho:**

CT Corporation System  
1555 W. Shoreline Dr., Suite 100  
Boise, Idaho 83702

**Illinois:**

Illinois Secretary of State  
213 State Capitol Building  
Springfield, Illinois 62756

CT Corporation System  
208 S. LaSalle Street, Suite 814  
Chicago, Illinois 60604

**Indiana:**

Indiana Secretary of State  
200 W. Washington Street, Room 201  
Indianapolis, Indiana 46204

CT Corporation System  
334 North Senate Ave.  
Indianapolis, Indiana 46204-1708

**Kansas:**

CT Corporation System  
112 SW 7<sup>th</sup> Street, Suite 3C  
Topeka, Kansas 66603

**Kentucky:**

CT Corporation System  
306 W. Main Street, Suite 512  
Frankfort, Kentucky 40601

**Maryland:**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

The Corporation Trust Incorporated  
2405 York Road, Suite 201  
Lutherville Timonium, Maryland 21093

**Massachusetts:**

CT Corporation System  
155 Federal Street, Suite 700  
Boston, Massachusetts 02110

**Michigan:**

Corporations, Securities, & Commercial  
Licensing Bureau  
Securities & Audit Division  
PO Box 30018  
Lansing, Michigan 48909

CT Corporation System  
40600 Ann Arbor Rd. East, Suite 201  
Plymouth, Michigan 48170

**Minnesota:**

Minnesota Department of Commerce  
Securities Unit  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

CT Corporation System  
1010 Dale Street North  
Saint Paul, Minnesota 55117

**Nebraska:**

Nebraska Department of Banking & Finance  
Bureau of Securities  
Commerce Court  
1526 "K" Street, Suite 300  
Lincoln, Nebraska 68508

CT Corporation System  
5601 South 59<sup>th</sup> St., Suite C  
Lincoln, Nebraska 68516

**Nevada:**

CT Corporation System  
701 South Carson St., Suite 200  
Carson City, Nevada 89701

**New Jersey:**

CT Corporation System  
820 Bear Tavern Road  
West Trenton, New Jersey 08628

**New York:**

Secretary of State  
99 Washington Avenue  
Albany, New York 12231

CT Corporation System  
28 Liberty Street  
New York, New York, 10005

**North Dakota:**

North Dakota Securities Commissioner  
State Capitol – 5<sup>th</sup> Floor  
600 East Boulevard Avenue  
Bismarck, North Dakota 58505-0510

CT Corporation System  
120 West Sweet Avenue  
Bismarck, North Dakota 58504

**Ohio:**

CT Corporation System  
4400 Easton Commons Way, Suite 125  
Columbus, Ohio 43219

**Oklahoma:**

CT Corporation System  
1833 South Morgan Road  
Oklahoma City, Oklahoma 73128

**Oregon:**

Director of Oregon Department of Consumer  
and Business Services  
Division of Financial Regulation  
350 Winter Street, NE, Room 410  
Salem, Oregon 97301

CT Corporation System  
780 Commercial Street SE, Suite 100  
Salem, Oregon 97301

**Pennsylvania:**

CT Corporation System  
600 North 2<sup>nd</sup> Street, Suite 401  
Harrisburg, Pennsylvania 17101

**Rhode Island:**

Director of Rhode Island Department of  
Business Regulation  
Department of Business Regulation  
Securities Division  
Bldg. 68-2  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920-4407

CT Corporation System  
450 Veterans Memorial Pkwy., Suite 7A  
East Providence, Rhode Island 02914

**South Dakota:**

Division of Insurance  
Securities Regulation  
124 S. Euclid, Suite 104  
Pierre, South Dakota 57501  
(605) 773-3563

CT Corporation System  
319 South Coteau Street  
Pierre, South Dakota 57501

**Texas:**

CT Corporation System  
1999 Bryan Street, Suite 900  
Dallas, Texas 75201

**Utah:**

CT Corporation System  
1108 East South Union Avenue  
Midvale, Utah 84047

**Virginia:**

Clerk of the State Corporation Commission  
Commonwealth of Virginia  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219

CT Corporation  
4701 Cox Road, Suite 285  
Glen Allen, Virginia 23060

**Washington:**

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

CT Corporation System  
711 Capitol Way South, Suite 204  
Olympia, Washington 98501

**West Virginia:**

CT Corporation Systems  
5098 Washington St. W, Suite 407  
Charleston, West Virginia 25313-1561

**Wisconsin:**

Wisconsin Department of Financial Institutions  
Division of Securities  
4822 Madison Yards Way  
4th Floor North Tower  
Madison, Wisconsin 53705

CT Corporation System  
301 South Bedford Street, Suite 1  
Madison, Wisconsin 53703

## EXHIBIT J

### ADDENDUM TO DISCLOSURE DOCUMENT (CALIFORNIA)

1. California Corporations Code, Section 31125, requires Stanley Steemer to give you a disclosure document, approved by the Commissioner of Financial Protection and Innovation, before solicitation of a proposed material modification of an existing franchise.
2. 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.

3. Item 3 of the disclosure document is hereby modified by adding the following paragraph to the end thereof:

“Except as may be disclosed in this Item 3, neither Stanley Steemer nor any person listed in Item 2 of this Franchise 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.”

4. Item 17 of the disclosure document is hereby modified by adding the following paragraphs to the end thereof:

“California Business and Professions Code Sections 20000 through 20043 (the “California Franchise Relations Act”) and California Corporations Code Sections 21000 through 31516 (the “California Franchise Investment Law”), as applicable, provide rights to you concerning termination, transfer, sale of all or substantially all of the assets of an existing franchise, sale of an interest in an existing franchise or nonrenewal 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 which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Ohio. This provision may not be enforceable under California law.

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. Section 31512 of the California Franchise Investment Law provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 of the California Franchise Investment Law voids a waiver of your rights under the California Franchise Investment Law. Section 20010 of the California Franchise Relations Act voids a waiver of your rights under the California Franchise Relations Act.”

The Franchise Agreement contains a provision requiring you to waive your right to punitive or exemplary damages against the franchisor or any of its representatives, limiting your recovery to actual damages. Under California Corporations Code section 31512, these provisions are not enforceable in California for any claims you may have under the California Franchise Investment Law.

5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. Any provision of a franchise agreement, franchise disclosure document, acknowledgment, questionnaire or other writing, including any exhibits to such documents, that disclaims or denies (i) representations made by the franchisor or its personnel or agents to a prospective franchisee, (ii) reliance by a franchisee on statements made by the franchisor or its personnel or agents, (iii) reliance by a franchisee on the franchise disclosure document provided to the franchisee by the franchisor, including any exhibits to the franchise disclosure document, or (iv) any violations of California Franchise Investment Law by a franchisor or its personnel or agents is void and unenforceable. Any provision in a franchise agreement requiring a franchisee to waive provisions of the California Franchise Relations Act is void and unenforceable.
7. If a franchisor previously granted a franchise or provided financial assistance to a prospective franchisee or franchisee, the franchisor may not refuse to do the same for similarly situated prospective franchisees or franchisees if the reason for doing so is based solely on certain characteristics of the prospective franchisee, the franchisee, or the location of the franchised business. These characteristics include sex, race, color, religion, ancestry, national origin, disability, medical condition, genetic information, marital status, sexual orientation, citizenship, primary language, or immigration status. A franchisor is not prohibited from granting a franchise as part of a program designed to make franchises available to prospective franchisees lacking the characteristics ordinarily required of franchisees.
8. If the Commissioner of Financial Protection and Innovation determines a provision in a franchise agreement is contrary to California law, the Commissioner may issue a stop order denying, suspending or revoking franchise registration.
9. OUR 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](http://www.dfpi.ca.gov).
10. **Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner.**



## ADDENDUM TO FRANCHISE AGREEMENT (CALIFORNIA)

This Addendum to Franchise Agreement (California) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as "Stanley Steemer") and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as "Franchise Owner"), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **"ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

5. The Franchise Agreement is hereby modified by adding the following the following to the end of Article XVIII of the Franchise Agreement:

**“California Disclosures and Modifications.**

- (a) California Corporations Code, Section 31125, requires Stanley Steemer to give you a disclosure document, approved by the California Department of Financial Protection and Innovation, before a solicitation of a proposed material modification of an existing franchise.
  - (b) Relative to the provision for termination upon bankruptcy, this provision may not be enforceable under federal bankruptcy law.
  - (c) California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise. If this Agreement contains a provision that is inconsistent with the law, the law will control.
  - (d) This Agreement requires you to sign a general release of claims upon renewal or transfer of the Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043).
  - (e) This Agreement contains a covenant not to compete that extends beyond the termination of the franchise. This provision may not be enforceable under California law.
  - (f) A provision in a franchise agreement that restricts venue to a forum outside the State of California is void with respect to any claim arising under or relating to a franchise agreement involving a franchise business operated in the State of California. However, a franchisor and a franchisee may agree before or after a dispute has arisen to binding arbitration of certain claims, if certain conditions are met.
  - (g) Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.”
6. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
7. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached filed (e.g. .PDF)) shall be acceptable to bind the parties.

[remainder of page intentionally blank; signature pages follows.]

**IN WITNESS WHEREOF**, the parties hereto have signed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (HAWAII)**

1. Special Risk(s) to Consider About *This* Franchise:

The page entitled “Special Risks to Consider About *This* Franchise” of this disclosure document is hereby modified to comply with Hawaii law by adding the following disclosure after the stated “Risk Factors”:

**“THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.”**

2. Item 2 of the disclosure document is hereby modified by the addition of the following:

“No person identified in this Item 2 has within 10 years:

- (a) been found guilty of a felony or held liable in a civil action by final judgment if the civil action involved a fraud, embezzlement, fraudulent conversion, or misappropriation of property; or
- (b) been subject to any currently effective order of the Securities and Exchange Commission or the securities administrator of any state denying registration to or revoking or suspending the registration of such person as a securities broker or dealer or investment advisor or to any currently effective order of any national securities association or national securities exchanges (as defined in the Securities and Exchange Act of 1934) suspending or expelling such person from membership of such association or exchange; or
- (c) been subject to any currently effective order or ruling of the Federal Trade Commission or to any currently effective order relating to business activity as a result of an action brought by any public agency or department.

3. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

“The proceeds from the initial franchise fee are not segregated but are placed in Stanley Steemer’s general fund for general corporate use, including, in part, the provision of the services promised by Stanley Steemer to each franchise owner under the Franchise Agreement and, in part, to provide Stanley Steemer a profit on its investment in the development of its image, system, and goodwill. The portion of the fees which are attributable to costs of the services provided by Stanley Steemer vary with each franchise owner. No generalizations concerning the cost of services provided franchise owners is possible, and Stanley Steemer has not determined the exact cost of providing these services.”

4. The disclosure document is hereby modified by the addition of the following:

“Stanley Steemer International, Inc. has effective franchise registrations in the states of Illinois, Michigan, Minnesota, South Dakota, and Wisconsin. Stanley Steemer International, Inc. has effective franchise registration exemption filings in California, Indiana, Maryland, New York, North Dakota, Rhode Island, Virginia, and Washington. Stanley Steemer International, Inc. has a franchise registration application on file in Hawaii. There are no states which have refused, by order or otherwise, to register this franchise, which have revoked or suspended the right to offer this franchise, or in which the filing of this franchise has been withdrawn.”

5. Item 11 of the disclosure document is hereby modified by adding the following language to the end thereof:

“Franchise owners are not entitled to any refund of fees paid if the obligations to be performed by Stanley Steemer prior to the opening of the franchised business are not complete within the prescribed time.”

6. Item 17 of the disclosure document is hereby modified by adding the following language to the end thereof:

“These states have statutes which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, tit.], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [Rev. Stat. Chapter 121 1/2 par 1719-1720], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], SOUTH DAKOTA [Codified Laws Chapter 37-5B], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions which may supersede the Franchise Agreement in your relationship with Stanley Steemer International, Inc. including the areas of termination and renewal of your franchise.”

7. The disclosure document is hereby modified by the addition of the following:

“As of the original issuance date of this disclosure document, there is one Stanley Steemer franchisee operating a **Stanley Steemer** Carpet Cleaner business in Hawaii.”

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

## ADDENDUM TO FRANCHISE AGREEMENT (HAWAII)

This Addendum to Franchise Agreement (Hawaii) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as “Stanley Steemer”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as “Franchise Owner”), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **“ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
6. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached filed (e.g. .PDF)) shall be acceptable to bind the parties.

[remainder of page intentionally blank; signature pages follows.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (ILLINOIS)**

1. Special Risk(s) to Consider About *This* Franchise:

The page entitled “Special Risks to Consider About *This* Franchise” of this disclosure document is hereby modified to comply with Section 4 of the Illinois Franchise Disclosure Act, which provides that any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of Illinois is void.

2. Item 17 of the disclosure document is hereby modified by substituting the following in place of the last two items of the chart therein:

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
v. Choice of forum	None	See State Addenda to Franchise Agreement.
w. Choice of law	Article XVIII, Section C	Illinois law applies. See State Addenda to Franchise Agreement.

and by adding the following paragraph to the end thereof:

“The conditions under which your franchise can be terminated and your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/1-44.

3. Pursuant to Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction or venue in a forum outside of the State of Illinois is void, provided that a franchise agreement may provide for arbitration in a forum outside of the State of Illinois.
4. Pursuant to Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act or any other law of Illinois is void.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



## ADDENDUM TO FRANCHISE AGREEMENT (ILLINOIS)

This Addendum to Franchise Agreement (Illinois) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as "Stanley Steemer") and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as "Franchise Owner"), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the even of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **"ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

5. Article XVIII. Section C of the Franchise Agreement is hereby modified by adding the following paragraph at the end thereof:  
  
"If any provisions of this Franchise Agreement are inconsistent with applicable Illinois law, then said Illinois law shall apply and govern the parties hereto."
6. Article XVIII. Section D of the Franchise Agreement is hereby deleted.
7. Article XVIII. Section E of the Franchise Agreement is hereby deleted and the following substituted therefor:

“This Agreement contains the entire Agreement of the parties and no representations, inducements, promises or agreement, oral or written, not included in this Agreement shall be of any force and effect, except for or other than those contained in the Franchise Disclosure Document (FDD).”

8. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
9. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (INDIANA)**

1. Special Risk(s) to Consider About This Franchise:

The page entitled, “Special Risks to Consider About *This* Franchise” of this disclosure document is hereby modified to comply with Indiana law by adding the following disclosure after the stated “Risk Factors”:

“INDIANA LAW IS CONTROLLING FOR INDIANA FRANCHISEES.”

2. Item 3 of the Franchise Disclosure Document is hereby modified by adding the following paragraph to the end thereof:

“Neither Stanley Steemer nor any person identified in Item 2 of this Franchise Disclosure Document is involved in any pending arbitration and has, during the 10 year period immediately preceding the date of this Franchise Disclosure Document, been a party to any arbitration proceeding.”

3. Item 17 of the Franchise Disclosure Document is hereby modified as follows:

(a) Substitution of rows “r”, “v” and “w” of the table in Item 17 with the following:

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
r. Non-competition covenants after the franchise is terminated or expires	Article XV, Section A(12)	Subject to Indiana Code Section 23-2-2.7-1(9), cannot be involved in similar business for 2 years within 25-mile radius of Franchise Owner’s Area.
v. Choice of forum	Not applicable	Not applicable
w. Choice of law	Article XVIII, Section C	Except in limited circumstances, Indiana law applies.

and (b) by adding the following paragraph to the end of the table in Item 17:

“With respect to items c. and m. of the table set forth above, you are not required to release any claims against Stanley Steemer arising under Indiana franchise law.”

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

## ADDENDUM TO FRANCHISE AGREEMENT (INDIANA)

This Addendum to Franchise Agreement (Indiana) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as "Stanley Steemer") and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as "Franchise Owner"), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Articles XI.A.5. and XII.A.6. and B.7. of the Franchise Agreement are hereby modified by adding the following language to the end thereof:  
  
" , provided, however, that you shall not be required to release any claim against Stanley Steemer arising under Indiana franchise law."
5. Franchisor's right to enforce Article XV.A.12. of the Franchise Agreement shall be subject to Indiana Code Section 23-2-2.7-1(9).
6. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **“ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

7. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
8. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO FRANCHISE AGREEMENT (IOWA)**

**THE UNDERSIGNED HAVE READ AND UNDERSTAND THE FOREGOING AGREEMENT AND AGREE THERETO.**

**You, the buyer, may cancel this transaction at any time prior to midnight of the third business day after the date of this transaction. See the attached notice of cancellation form for an explanation of this right.**

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Vice President Legal Affairs &  
Chief Administrative Officer

**FRANCHISE OWNER:**

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

**NOTICE OF CANCELLATION (IOWA)**

**Copy 1**

**Stanley Steemer Franchise Agreement,  
signed \_\_\_\_\_**

**You may cancel this transaction, without any penalty or obligation, within three business days from the above date.**

**If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.**

**If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.**

**If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.**

**To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Stanley Steemer International, Inc., 5800 Innovation Drive, Dublin, Ohio 43016, attention: D. Ryan Jankowski, Vice President Legal Affairs & Chief Administrative Officer, not later than midnight of \_\_\_\_\_ (Date).**

**I hereby cancel this transaction.**

**Buyer's Signature: \_\_\_\_\_**

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

**NOTICE OF CANCELLATION (IOWA)**

**Copy 2**

**Stanley Steemer Franchise Agreement,  
signed \_\_\_\_\_**

**You may cancel this transaction, without any penalty or obligation, within three business days from the above date.**

**If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.**

**If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.**

**If you do not agree to return the goods to the seller or if the seller does not pick them up within twenty days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.**

**To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice, or send a telegram, to Stanley Steemer International, Inc., 5800 Innovation Drive, Dublin, Ohio 43016, attention: D. Ryan Jankowski, Vice President Legal Affairs & Chief Administrative Officer, not later than midnight of \_\_\_\_\_ (Date).**

**I hereby cancel this transaction.**

**Buyer's Signature: \_\_\_\_\_**

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



**ADDENDUM TO DISCLOSURE DOCUMENT (MARYLAND)**

1. Item 17 of the disclosure document is modified by adding the following paragraphs to the end thereof:

“The termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law.

A franchisee may bring a lawsuit in the State of Maryland for claims arising under the State of Maryland’s Franchise Registration and Disclosure Law. Any claims arising under the State of Maryland’s Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

The general release referenced in item c., regarding renewal, and item m., regarding transfer, in the charts set out above will not apply to any claims under the Maryland Franchise Registration and Disclosure Law.

The laws of the State of Maryland may supersede the Franchise Agreement, including the areas of termination and renewal of the Franchise.

Under the Franchise Agreement, you must bring any claim or action against Stanley Steemer relating to the Franchise Agreement within one year from the occurrence of the circumstances giving rise to the claim or action. This provision may not apply to claims arising under Maryland Franchise Registration and Disclosure Law.”

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

## ADDENDUM TO FRANCHISE AGREEMENT (MARYLAND)

This Addendum to Franchise Agreement (Maryland) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as "Stanley Steemer") and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as "Franchise Owner"), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. The laws of the State of Maryland may supersede the Franchise Agreement, including the areas of termination and renewal of the Franchise.
5. Any claims arising under the Maryland Franchise Registration and Disclosure Laws must be brought within three (3) years after the grant of the Franchise.
6. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **“ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

7. The following sentence is added at the end of Article XVIII.E. of the Franchise Agreement titled “Entire Agreement”:

“This provision is not intended to, nor will it, act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

8. Article XVIII.D. of the Franchise Agreement titled "Venue" requires venue to be limited to the jurisdiction where SSI maintains its principal place of business. This provision is deleted from all Franchise Agreements for residents of the State of Maryland and/or franchises to be operated in the State of Maryland.
9. Any representations requiring you to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.
10. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

## ADDENDUM TO FRANCHISE AGREEMENT (MICHIGAN)

This Addendum to Franchise Agreement (Michigan) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as “Stanley Steemer”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as “Franchise Owner”), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **“ARTICLE XVII: FRANCHISE OWNER STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
6. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached filed (e.g. .PDF)) shall be acceptable to bind the parties.

[remainder of page intentionally blank; signature pages follows.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (MINNESOTA)**

1. Item 13 of the Disclosure Document is amended by the addition of the following language:

“With respect to the franchises governed by Minnesota law, provided franchisee has used the Stanley Steemer Trademarks in accordance with the Franchise Agreement, the franchisor will comply with Minnesota Statute 80C.12, subdivision 1(g), which require that the franchisor will protect the franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.”

2. Item 17 of the Franchise Disclosure Document is amended by the addition of the following language:

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.440(j) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or the Franchise Agreement(s) 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.

With respect to the franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C.14, subdivisions 3, 4 and 5, which require, except in certain specific cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement.

With respect to the franchisees governed by Minnesota law, we may seek injunctive relief, but may not require you to waive any rights provided under Minn. Rule 2860.4400J. Furthermore, the determination as to whether or not a bond will be required of us in seeking injunctive relief will be left to the determination of the court hearing the petition for relief.

The general release referenced in items c. and m. in the chart set forth above shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22.”

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

## ADDENDUM TO FRANCHISE AGREEMENT (MINNESOTA)

This Addendum to Franchise Agreement (Minnesota) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as “Stanley Steemer”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as “Franchise Owner”), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
3. Article VIII.F. of the Franchise Agreement is amended by the addition of the following language to the end thereof:

“With respect to the franchises governed by Minnesota law, provided Franchise Owner has used the Stanley Steemer Trademarks in accordance with the Franchise Agreement, the franchisor will comply with Minnesota Statute 80C.12, subdivision 1(g), which require that the franchisor will protect the franchisee’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.”

4. Article XI.A.5, Article XII.A.6 and Article XII.B.7. of the Franchise Agreement are hereby modified by adding the following to the end thereof:

“The above-referenced general release shall not apply to any claims under Minnesota Statutes, Sections 80C.01 to 80C.22.”

5. Article XVI.A. of the Franchise Agreement is hereby modified by adding the following to the end thereof:

“With respect to franchises governed by Minnesota law, Stanley Steemer may seek injunctive relief, but Stanley Steemer may not require you to waive any rights provided under Minn. Rule 2860.4400J. Furthermore, the determination as to whether or not a bond will be required of Stanley Steemer in seeking injunctive relief will be left to the determination of the court hearing the petition for relief.”

6. Article XVIII.C. and D. of the Franchise Agreement are amended by the addition of the following language:

“Pursuant to Minnesota Statute Section 80C.21, this section shall not in any way abrogate or reduce any rights of the Franchise Owner as provided for in Minnesota statutes 1984, Chapter 80C, including the right to submit matters to the jurisdiction of the courts of Minnesota.”

7. Article XVIII.C. and D. of the Franchise Agreement are amended by the addition of the following language to the end thereof:

“Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.440(j) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of jury trial, or requiring the Franchise Owner to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or the Franchise Agreement(s) can abrogate or reduce any of the Franchise Owner’s rights as provided for in Minnesota Statutes, Chapter 80C, or Franchise Owner’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.”

8. Article XII and Article XIII of the Franchise Agreement are amended by the addition of the following language:

“With respect to the franchises governed by Minnesota law, the franchisor will comply with Minnesota Statute 80C.14, subdivisions 3, 4 and 5, which require, except in certain specific cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreement.”

9. Article XVII of the Franchise Agreement is hereby delete in its entirety and the following substituted therefor:

**“ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

10. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement, the terms of this Addendum shall govern.
11. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
12. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

[remainder of page intentionally blank; signature pages follows.]



**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

## ADDENDUM TO DISCLOSURE DOCUMENT (NEW YORK)

1. Special Risks to Consider About this Franchise:

The page titled “Special Risks to Consider About *This Franchise*” of this disclosure document is modified to comply with New York law by adding the following disclosures after the stated risk(s):

“INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT T 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 THE 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 THIS 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. Item 3 of the disclosure document is hereby modified by adding the following language to the end thereof:

“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 ten-year period immediately preceding the application for registration in the State of New York, has been convicted of or pleaded *nolo contendere* to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations;

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

3. Item 4 of the disclosure document is hereby modified by adding the following language to the end thereof:

“Neither Stanley Steemer, nor any of its predecessors, affiliates, officers or general partners has during the 10-year period immediately before the date of this disclosure document, (i) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (ii) obtained a discharge of its debt under the U.S. Bankruptcy Code; or (iii) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S.

Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of Stanley Steemer held this position in the company or partnership.”

4. Item 5 of the disclosure document is hereby modified by adding the following language to the end thereof:

“The proceeds from the initial franchise fee are not segregated but are placed in Stanley Steemer’s general fund for general corporate use, including, in part, the provision of the services promised by Stanley Steemer to each franchise owner under the Franchise Agreement and, in part, to provide Stanley Steemer a profit on its investment in the development of its image, system, and goodwill. The portion of the fees which are attributable to costs of the services provided by Stanley Steemer vary with each franchise owner. No generalizations concerning the cost of services provided franchise owners is possible, and Stanley Steemer has not determined the exact cost of providing these services.”

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

“You may terminate the agreement upon any ground available by law.”

6. The first table in Item 17 is modified by adding the following language to the end of the Summary section of Item 17(j) titled, “Assignment of contract by franchisor”:

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

7. The first table in Item 17 is modified by adding the following language to the end of the Summary section of Item 17(c) titled, “Requirements for franchisee to renew or extend”, and Item 17(m) titled, “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 the General Business Law of the State of New York, Article 33, and the regulations issued thereunder 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.”

8. The first table in Item 17 is modified by adding the following language to the end of the Summary sections of Item 17(v), titled, “Choice of forum”, and Item 17(w), “Choice of law”:

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

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

10. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period in a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## ADDENDUM TO FRANCHISE AGREEMENT (NEW YORK)

This Addendum to Franchise Agreement (New York) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as "Stanley Steemer") and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as "Franchise Owner"), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article XI.A.5, Article XII.A.6 and Article XII.B.7. of the Franchise Agreement are hereby modified by adding the following to the end thereof:

"Provided, however, that all rights 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."

5. Article XII.I. of the Franchise Agreement is hereby modified by adding the following after the first sentence of Article XII.I:

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

6. The following is added to the end of the Article XIV of the Franchise Agreement:

"Additionally, you shall be permitted to terminate this Agreement upon any grounds permitted by law."

7. Article XVIII.C. of the Franchise Agreement is hereby modified by adding the following to the end thereof:

"The foregoing choice of law should not be considered as a waiver of any right conferred upon you by the General Business Law of the State of New York, Article 33."

8. Article XVII of the Franchise Agreement is hereby delete in its entirety and the following substituted therefor:

### **"ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED

WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

9. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
10. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (NORTH DAKOTA)**

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document and will apply to all franchises offered and sold under the laws of the State of North Dakota:

1. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement or Ohio law if such provisions are in conflict with North Dakota law. The Franchise Agreement will be governed by North Dakota law, rather than Ohio law, as stated in Article XVIII.C. of the Franchise Agreement.
2. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchise Owner to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from Franchise Agreements issued in the State of North Dakota.
3. No release language set forth in the Franchise Agreement shall relieve the franchisor or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.
4. Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code.
5. Any provision in the Franchise Agreement which requires the Franchise Owner to waive its right to a trial by jury is deleted from the Franchise Agreement.
6. Any provision in the Franchise Agreement which requires the Franchise Owner to consent to liquidated damages is deleted from the Franchise Agreement.
7. Any provision in the Franchise Agreement which requires the Franchise Owner to consent to a waiver of exemplary and punitive damages is deleted from the Franchise Agreement.
8. Any provision in the Franchise Agreement which requires the Franchise Owner to consent to a limitation of claims is deleted from the Franchise Agreement. The statute of limitations under the laws concerning franchising of the State of North Dakota will apply.
9. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## ADDENDUM TO FRANCHISE AGREEMENT (NORTH DAKOTA)

This Addendum to Franchise Agreement (North Dakota) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as "Stanley Steemer") and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as "Franchise Owner"), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
3. The laws of the State of North Dakota supersede any provisions of the Franchise Agreement or Ohio law if such provisions are in conflict with North Dakota law. The Franchise Agreement will be governed by North Dakota law, rather than Ohio law, as stated in Article XVIII.C. of the Franchise Agreement.
4. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the Franchise Owner to agree to jurisdiction or venue, in a forum outside of North Dakota, is deleted from Franchise Agreements issued in the State of North Dakota.
5. No release language set forth in the Franchise Agreement will relieve Stanley Steemer or any other person, directly or indirectly, from liability imposed by the laws concerning franchising of the State of North Dakota.
6. Article XV.A.12 of the Franchise Agreement is hereby modified by adding the following sentence to the end thereof:  
  
"Covenants restricting competition in the State of North Dakota may be subject to Section 9-08-06 of the North Dakota Century Code."
7. Any provision in the Franchise Agreement which requires the Franchise Owner to waive its right to a trial by jury is deleted from the Franchise Agreement.
8. Any provision in the Franchise Agreement which requires the Franchise Owner to consent to liquidated damages is deleted from the Franchise Agreement.
9. Any provision in the Franchise Agreement which requires the Franchise Owner to consent to a waiver of exemplary and punitive damages is deleted from the Franchise Agreement.
10. Any provision in the Franchise Agreement which requires the Franchise Owner to consent to a limitation of claims is deleted from the Franchise Agreement. The statute of limitations under the laws concerning franchising of the State of North Dakota will apply.
11. Article XVII of the Franchise Agreement is hereby deleted in its entirety and replaced with the following:

### **"ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

12. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
13. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
14. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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



**ADDENDUM TO DISCLOSURE DOCUMENT (RHODE ISLAND)**

1. The first chart of Item 17 (Franchise Agreement) of the disclosure document is hereby modified by adding the following to the end of the “Summary” column for items “v.” and “w.”:

“Provided, however, that Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.”.

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

## ADDENDUM TO FRANCHISE AGREEMENT (RHODE ISLAND)

This Addendum to Franchise Agreement (Rhode Island) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as "Stanley Steemer") and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as "Franchise Owner"), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Sections XVIII.C and XVIII.D of the Franchise Agreement are hereby modified by adding the following to the end of each section thereof:

"Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that a provision in a franchise agreement restricting jurisdiction or venue to a forum outside of the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act."

5. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **"ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

6. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
7. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached filed (e.g. .PDF)) shall be acceptable to bind the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (SOUTH DAKOTA)**

The following provisions will supersede anything to the contrary in the Franchise Disclosure Document and will apply to all franchises offered and sold under the laws of the State of South Dakota:

1. Item 17 of the Franchise Disclosure Document is hereby amended by the addition of the following language:

“Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.

The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing laws of the State of Ohio.”

Except to the extent prohibited by applicable state law to the contrary, Stanley Steemer and Franchise Owner agree that any mediation or arbitration commenced pursuant to Article XVI.A of the Franchise Agreement shall be at the JAMS Resolution Center in Chicago, Illinois, and any litigation or other legal action to enforce or relating to this Agreement and the relationship of the parties hereunder shall be filed in the federal district court for the Southern District of Ohio in Columbus, Ohio, or the Common Pleas Court of Franklin County, Ohio, and Stanley Steemer and Franchise Owner hereby consent to the jurisdiction of such courts. Any provision which designates jurisdiction or venue or requires Franchise Owner to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.”

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

## ADDENDUM TO FRANCHISE AGREEMENT (SOUTH DAKOTA)

This Addendum to Franchise Agreement (South Dakota) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as “Stanley Steemer”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as “Franchise Owner”), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article XV.A.12. of the Franchise Agreement is hereby modified by adding the following sentence to the end thereof:

“Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota, except in certain instances as provided by law.”
5. Article XVIII. E. of the Franchise Agreement is hereby amended to read as follows:

“This Agreement contains the entire agreement of the parties and no representation, inducements, promises, or agreement, oral or written (other than the most recent version of Stanley Steemer’s Franchise Disclosure Document provided to Franchise Owner), not included in this Agreement shall be of any force and effect. Pursuant to SDCL 37-5B-26(8) Stanley Steemer may not require Franchise Owner to disclaim or waive reliance on any representations in the Franchise Disclosure Document or in the exhibits and/or amendments thereto.”
6. Article XVIII. C. of the Franchise Agreement is hereby amended to read as follows:

“The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing laws of the State of Ohio.”
7. Article XVI of the Franchise Agreement is hereby amended to add a new Section, “F” to the end thereof:

“Notwithstanding anything in this Article XVI or XVIII.D to the contrary, any provision which designates jurisdiction or venue or requires Franchise Owner to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.”
8. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

- 9. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
- 10. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (VIRGINIA)**

1. Item 17 of the franchise disclosure document is hereby modified by adding the following to the end thereof:

“Virginia has a statute which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise: VIRGINIA [Code 13.1-557-574-13.1-564]. This state may have court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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 a franchisee under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to a franchisee under the franchise, that provision may not be enforceable.”

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

## ADDENDUM TO FRANCHISE AGREEMENT (VIRGINIA)

This Addendum to Franchise Agreement (Virginia) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as “Stanley Steemer”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as “Franchise Owner”), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
3. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **“ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

4. Article XVIII.C. and D. of the Franchise Agreement are amended by the addition of the following language:

“This paragraph shall not in any way abrogate or reduce any rights of the Franchise Owner as provided for in Virginia Franchise Disclosure Law, including the right to submit matters to the jurisdiction of the courts of Virginia.” Virginia Code (13.1557-574)”

5. To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Franchise Agreement, the terms of this Addendum shall govern.
6. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
7. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.



**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (WASHINGTON)**

1. Item 17 of the franchise disclosure document is hereby modified by adding the following to the end thereof:

“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.

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

## **ADDENDUM TO FRANCHISE AGREEMENT (WASHINGTON)**

This Addendum to Franchise Agreement (Washington) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as “Stanley Steemer”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as “Franchise Owner”), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

### **“ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

5. Article XVIII of the Franchise Agreement is hereby modified by adding the following Section to the end thereof:

“L. Washington Franchise Investment Protection Act.

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."

6. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties. By signing below, the undersigned does hereby acknowledge receipt of this Addendum.
7. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the parties.

[remainder of page intentionally blank; signature page follows.]

**IN WITNESS WHEREOF**, the parties hereto have executed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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

**ADDENDUM TO DISCLOSURE DOCUMENT (WISCONSIN)**

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

**ADDENDUM TO FRANCHISE AGREEMENT (WISCONSIN)**

This Addendum to Franchise Agreement (Wisconsin) is executed contemporaneously with the execution of the Franchise Agreement between Stanley Steemer International, Inc., an Ohio corporation with its principal place of business at 5800 Innovation Drive, Dublin, Ohio 43016 (hereinafter referred to as “Stanley Steemer”) and \_\_\_\_\_, a(n) \_\_\_\_\_, with its principal place of business at \_\_\_\_\_ (hereinafter referred to as “Franchise Owner”), for the purpose of modifying and amending the terms of the Franchise Agreement as follows:

1. All capitalized terms herein which are not separately defined herein shall have the meanings ascribed to such terms in the Franchise Agreement.
2. In the event of a conflict between the terms of the Franchise Agreement and the terms of this Addendum, the terms of this Addendum shall control.
3. Except as specifically modified by this Addendum, all terms of the Franchise Agreement are in full force and effect.
4. Article XVII of the Franchise Agreement is hereby deleted in its entirety and the following substituted therefor:

**“ARTICLE XVII: FRANCHISEE STATEMENTS**

By signing this Agreement, Franchise Owner agrees with the following:

**A. FINANCIAL STATEMENTS.** FRANCHISE OWNER HAS PROVIDED STANLEY STEEMER WITH ACCURATE FINANCIAL STATEMENTS WHICH PRESENT A TRUE REPRESENTATION OF HIS, HER OR ITS FINANCIAL CONDITION.

**B. BUSINESS ENTITY.** IF FRANCHISE OWNER, IS A BUSINESS ENTITY, NO STOCK OR OTHER OWNERSHIP INTEREST OF THE BUSINESS ENTITY MAY BE TRANSFERRED WITHOUT STANLEY STEEMER'S PRIOR APPROVAL IN ACCORDANCE WITH ARTICLE XII. FRANCHISE OWNER AGREES TO PLACE THE FOLLOWING LEGEND ON ALL CERTIFICATES OF STOCK OR OTHER OWNERSHIP INTEREST IN THE BUSINESS ENTITY:

*The transfer of this stock [or other certificate of ownership interest] is subject to the terms and conditions of a Franchise Agreement with Stanley Steemer International, Inc.*

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

5. This Addendum, together with the Franchise Agreement to which it is attached, constitutes the entire agreement of the parties with respect to the subject matter hereof and may not be further modified or amended except in a written agreement signed by both parties.
6. This Addendum may be electronically signed, and signatures transmitted electronically (including as attached filed (e.g. .PDF)) shall be acceptable to bind the parties.

[remainder of page intentionally blank; signature pages follows.]

**IN WITNESS WHEREOF**, the parties hereto have signed this Addendum to be effective as of the Effective Date of the Franchise Agreement.

**STANLEY STEEMER INTERNATIONAL, INC.**

By: \_\_\_\_\_  
D. Ryan Jankowski, Esq., its Vice President of Legal  
Affairs and CAO

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

**FRANCHISE OWNER:**

**[INSERT NAME OF FRANCHISEE ENTITY]**

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

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

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



## EXHIBIT K

### GUARANTEE, INDEMNIFICATION, AND ACKNOWLEDGMENT

As an inducement to Stanley Steemer International, Inc. (referred to in this Guarantee, Indemnification, and Acknowledgement as “we,” “us,” “our” or “Stanley Steemer”) to execute the Franchise Agreement between Stanley Steemer and \_\_\_\_\_, a(n) \_\_\_\_\_ (referred to in this Agreement as “you,” “your” or “Franchisee”) dated \_\_\_\_\_, 20\_\_ (the “Agreement”), the undersigned, jointly and severally, hereby unconditionally guarantee to us and our successors and assigns that all of your obligations under the Agreement and any extensions, renewals, amendments, and modifications thereof, will be punctually paid and performed.

Upon our demand, the undersigned will immediately make each payment and perform each obligation required of you under the Agreement. The undersigned hereby waive(s) any right to require us to: (a) proceed against you for any payment required under the Agreement; (b) proceed against or exhaust any security from you; or (c) pursue or exhaust any remedy, including any legal or equitable relief, against you. All choices relating to the enforcement of the Agreement will be made in our unfettered discretion. Without affecting the obligations of the undersigned under this Guarantee, we may, without notice to the undersigned, extend, modify, or release any indebtedness or obligation of yours, or settle, adjust, or compromise any claims against you. The undersigned waive notice of amendment of the Agreement and notice of demand for payment by you, and agree to be bound by any and all such amendments and changes to the Agreement.

The undersigned hereby agree to defend, indemnify, and hold us harmless against any and all losses, damages, liabilities, costs, and expenses (including, but not limited to, reasonable attorneys’ fees, accountants’ fees, fees for other required professional, expert or specialized services, reasonable costs of investigation, court costs, and mediation or arbitration fees and expenses) resulting from, consisting of, or arising out of or in connection with any failure by you to pay or perform any of your obligations under the Agreement, any amendment thereto, or any other agreement you executed referred to therein, as well as enforcement of this Guarantee. The undersigned agrees to provide us with such financial statements and other information as we may request, all of which the undersigned represent and warrant will be true, correct, and complete.

This Guarantee, Indemnification, and Acknowledgment will terminate upon the termination or expiration of the Agreement, or any extensions, renewals, amendments, and modifications thereof, except that all obligations and liabilities of the undersigned which arose from events which occurred on or before the effective date of such termination will remain in full force and effect until satisfied or discharged by the undersigned, and all covenants which by their terms continue in force after the expiration or termination of the Agreement will remain in force according to their terms. Upon the death of an individual guarantor, the estate of such guarantor will be bound by this Guarantee, but only for defaults and obligations hereunder existing at the time of death; and the obligations of the other guarantors will continue in full force and effect.

This Guarantee, Indemnification, and Acknowledgment, will be interpreted and construed under the laws of the State of Ohio, notwithstanding any Ohio choice of law rule to the contrary. If, however, any provision of this Agreement would not be enforceable under the laws of the State of Ohio, and if the franchised business is located outside of the State of Ohio and such provision would be enforceable under the laws of the state in which the franchised business is located, then such provision will be interpreted and construed under the laws of that state. Nothing in this Guarantee, Indemnification, and Acknowledgment is intended by the parties to subject this Agreement to any franchise, business opportunity, or similar statute, rule, or regulation of the State of Ohio to which it would not otherwise be subject.

Any and all notices required or permitted under this Guarantee must be in writing and must be personally delivered, sent by certified mail, or sent by any other means (including, without limitation, overnight courier service such as UPS, FedEx or a similar service), which affords the sender evidence of delivery or attempted delivery to the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to Stanley Steemer: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Notices to Guarantor(s): \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Attn: \_\_\_\_\_

Any notice by a method that affords the sender evidence of delivery or attempted delivery will be deemed to have been given at the date and time of receipt or attempted delivery.

This Guarantee, Indemnification and Acknowledgement may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the undersigned.

IN WITNESS WHEREOF, each of the undersigned has signed this Guarantee as of the date of the Agreement.

GUARANTORS

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

**EXHIBIT L**

**GENERAL RELEASE OF ALL CLAIMS**

This General Release of All Claims (“General Release”) is made effective this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_. As a requirement of and in consideration for the willingness on the part of Stanley Steemer International, Inc. (“Stanley Steemer”), to \_\_\_\_\_[renew, terminate, consent to the transfer of] the Franchise Agreement, dated [\_\_\_\_\_, \_\_\_\_] for the operation of a Stanley Steemer carpet cleaning, air duct cleaning and water mitigation and restoration business (“Franchise Agreement”) as requested by the undersigned, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the undersigned, individually and collectively, hereby unconditionally RELEASES and DISCHARGES Stanley Steemer, any person acting by, through, under or on behalf of Stanley Steemer, its past and present shareholders, officers, members, partners, directors, employees, agents, parent, subsidiaries and corporate affiliates, their successors and assigns, in their corporate and individual capacities, from any and all liabilities, claims, damages, demands, costs, indebtedness, expenses, debts, indemnities, compensation, suits, controversies, covenants, contracts, actions and causes of action of any kind whatsoever, whether developed or undeveloped, known or unknown, fixed or contingent, regarding or arising out of the Franchise Agreement, any prior or existing franchise agreements, or any other prior or existing agreements or documents executed by any of the undersigned either for the benefit of and/or with Stanley Steemer (or any corporate affiliate or predecessor of Stanley Steemer), the franchise relationship, or any other prior or existing business relationship between any of the undersigned and Stanley Steemer (or any corporate affiliate or predecessor of Stanley Steemer) which the undersigned or any of them individually or collectively has asserted, may have asserted or could have asserted against Stanley Steemer (or any of the aforementioned related parties) at any time up to the date of this General Release, including specifically, without limitation, claims under the Sherman and Clayton Acts and the anti-trust laws or regulations of the United States, and claims arising from contract, written or oral communications, alleged misstatements of fact, indebtedness of any kind or nature, and acts of negligence whether active or passive. This General Release shall survive the assignment, expiration or termination of any of the franchise agreements, including the Franchise Agreement, or other agreements executed by any of the undersigned either for the benefit of and/or with Stanley Steemer (or any corporate affiliate or predecessor of Stanley Steemer). This General Release is not intended as a waiver of those rights of the undersigned which cannot be waived under applicable state franchise laws. The undersigned acknowledges and agrees that certain of its obligations as provided in Articles V, VII, XI, XIII, XV, XVI, XVII and XVIII of the of the Franchise Agreement, in addition to those other obligations of the undersigned which specifically or by their nature survive termination of the Franchise Agreement, shall continue after the transfer, expiration or termination of the Franchise Agreement. This General Release may be electronically signed, and signatures transmitted electronically (including as attached files (e.g., .PDF)) shall be acceptable to bind the undersigned. This General Release does not apply to claims by the undersigned that arise under (1) the California Franchise Investment Law, California Corporations Code 31000, and the rules adopted thereunder, or (2) the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

**FRANCHISEE OWNER(S):**

**FRANCHISEE:**

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

[Name of Entity or Sole Proprietor]  
\_\_\_\_\_

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

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

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

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

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

## State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<b>State</b>	<b>Effective Date</b>
California	Pending (Exempt)
Hawaii	Pending
Illinois	Exempt
Indiana	Exempt
Maryland	Pending
Michigan	Pending
Minnesota	Pending
New York	Exempt
North Dakota	Pending
Rhode Island	Pending (Exempt)
South Dakota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**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 Stanley Steemer International, Inc. offers you a franchise, Stanley Steemer International, 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 any affiliate in connection with the proposed franchise sale.

If Stanley Steemer International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency, if one is listed in Exhibit J of this disclosure document.

The franchisor is Stanley Steemer International, Inc., located at 5800 Innovation Drive, Dublin, Ohio 43016. It's telephone number is (614) 764-2007.

Issuance date: March 25, 2024.

The franchise sellers for this offering are Stanley Steemer International, Inc., Philip P. Ryser, its Executive Vice President and General Counsel; D. Ryan Jankowski, its Vice President of Legal Affairs and Chief Administrative Officer; and Wesley C. Bates, its Chief Executive Officer, each having principal business offices at 5800 Innovation Drive, Dublin, Ohio 43016 and a telephone number of (614) 764-2007.

I received a disclosure document with an issuance date of March 25, 2024 that included the following exhibits:

- A. Audited Financial Statements for Stanley Steemer International, Inc. and Subsidiary
- B. List of Franchisees and Company-owned Branch Locations
- C. Stanley Steemer International, Inc. Franchise Agreement and State Addenda
- D. Optional Franchise Agreement language
- E. Cognovit Promissory Note
- F. Option to Purchase Agreement
- G. Integrated Technology Systems Access Agreement
- H. List of State Administrators
- I. List of Agents for Service of Process
- J. State Addenda
- K. Guarantee, Indemnification and Acknowledgment
- L. General Release of All Claims
- M. Receipt Pages

\_\_\_\_\_  
Date: \_\_\_\_\_  
Signature of Prospective Franchisee,  
Individually or as an Officer or Partner of:

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

Please sign and date this Receipt as of the date you received the disclosure document. Please return the signed, dated Receipt to Stanley Steemer International, Inc., 5800 Innovation Drive, Dublin, Ohio 43016.

**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 Stanley Steemer International, Inc. offers you a franchise, Stanley Steemer International, 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 any affiliate in connection with the proposed franchise sale.

If Stanley Steemer International, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and your state agency, if one is listed in Exhibit J of this disclosure document.

The franchisor is Stanley Steemer International, Inc., located at 5800 Innovation Drive, Dublin, Ohio 43016. It's telephone number is (614) 764-2007.

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- I. List of Agents for Service of Process
- J. State Addenda
- K. Guarantee, Indemnification and Acknowledgment
- L. General Release of All Claims
- M. Receipt Pages

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

Signature of Prospective Franchisee,  
Individually or as an Officer or Partner of:

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

Please sign and date this Receipt as of the date you received the disclosure document. Please return the signed, dated Receipt to Stanley Steemer International, Inc., 5800 Innovation Drive, Dublin, Ohio 43016.