



**FRANCHISE DISCLOSURE DOCUMENT**  
**DryJect Management, LLC**  
**307 Lincoln Avenue**  
**Hatboro, Pennsylvania 19040**  
**(a Pennsylvania limited liability company)**  
**Phone: 1-215-444-0310**  
**john@dryject.us**  
**Website: [www.dryject.com](http://www.dryject.com)**

As a DryJect franchisee you will operate a patented, unique and exclusive natural grass aeration service. This service allows customers to have smooth, playable surfaces when aeration holes are filled with sand or soil amendments. This technology provides greater customer satisfaction and eliminates costs associated with alternative technologies.

The total investment necessary to begin operation of a DryJect Franchised Business is \$44,565 to \$261,650. This includes \$190,000 which must be paid to the franchisor or its affiliate.

This disclosure document summarizes provisions of your Franchise Agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in the 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 John Paddock, DryJect Management, LLC, 307 Lincoln Avenue, Hatboro, Pennsylvania 19040, Telephone: 215-444-0310, john@dryject.us.

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 to an advisor like a lawyer or accountant.

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

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

Issuance date: April 30, 2023

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit I.
<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 H 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 DryJect 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 DryJect franchisee?</b>	Item 20 or Exhibit I lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Pennsylvania. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Pennsylvania than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty, advertising, and other 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.



**ADDENDUM TO THE  
FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MICHIGAN**

**The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in the 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 franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time or 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. The subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).
- (i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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

You may request that franchisor arrange for the escrow of initial investment and other funds paid by you 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 place of escrow.

The escrow agent may be a financial institution authorized to do business in Michigan. The escrow agent may release to the franchisor those amounts 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. Partial releases of escrowed funds upon receipt of affidavits of partial fulfillment of franchisor's obligations are permitted.

Questions regarding this notice should be directed to the Franchise Administrator, Consumer Protection Division, Antitrust and Franchise Unit, Michigan Department of the Attorney General, G. Mennen Williams Building, 1<sup>st</sup> Floor, 525 West Ottawa Street, Lansing, Michigan 48913, (517) 373-7567.

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## Item 1

### **THE FRANCHISOR, ANY PARENTS, PREDECESSORS AND AFFILIATES**

To simplify the language in this Disclosure Document, the terms, “we”, “us”, or “our”, means DryJect Management, LLC, the franchisor, (but not our members, managers, officers, directors, agents or employees). “You” or “Franchise Owner” means the person or entity that buys a franchise from us. If you are a corporation, partnership, limited liability company or other entity, our Franchise Agreement also will apply to your owners, officers, directors, partners, managers and members. Unless otherwise indicated, the term “Franchised Location” or “Franchised Business” means a franchised DryJect® business.

**The Franchisor.** We are a Pennsylvania limited liability company formed on March 25, 2014. We conduct our business under the name “DryJect®”. We offer prospective franchise owners the opportunity to operate a DryJect® Franchised Business (the “Franchised Business”) according to the terms described in this Disclosure Document. We do not conduct business under other names. Our principal business and mailing address is 307 Lincoln Avenue, Hatboro, Pennsylvania 19040.

Our agents for service of process are disclosed in Exhibit B.

#### **Parent, Predecessors and Affiliates**

We do not have a Parent.

Our predecessor, DryJect, LLC, a New Jersey limited liability company was formed on May 2001. DryJect, LLC (Predecessor I) conducted the type of business offered to you and was engaged in the sale of Franchised Businesses from June 2001 through June 1, 2006. Predecessor I’s principal business and mailing address was 121 Bowne Road, Wayside, New Jersey 07712.

On June 2, 2006 Profile Franchise Acquisition Company, LLC, a New Jersey limited liability company also known as DryJect Services, LLC (“Predecessor II”), a wholly owned subsidiary of Profile Products LLC, an Illinois limited liability company, acquired substantially all of the assets (including all franchise agreements) of DryJect LLC, and an affiliate of Predecessor II, Profile Acquisition Company, LLC, a Pennsylvania limited liability company also known as DryJect Manufacturing, LLC (“DryJect Manufacturing”) acquired substantially all of the assets of Predecessor I’s affiliate, Advanced Agro Technology, Inc. (“AAT”), a Delaware limited liability company. DryJect Services, LLC principal address was 750 Lake Cook Road, Suite 440, Buffalo Grove, Illinois 60089. DryJect, LLC conducted the type of business offered to you and was engaged in the sale of franchised businesses from July 2006 through January 2008.

On January 31, 2008, our principals acquired all of the membership interest in DryJect Services, LLC, and DryJect, LLC, a Pennsylvania limited liability company, from Profile Products LLC, reversing the acquisition detailed above. In the same transaction DryJect Manufacturing, LLC, an affiliate of Profile Products LLC sold its inventory of parts, consigned equipment and assigned the intellectual property to our affiliate TPMURD, Inc, formerly known as AAT. On February 27, 2008, TPMURD, Inc. changed its name to DryJect, Inc.

On October 10, 2008, DryJect Services, LLC, an Illinois limited liability company, was merged into TPMURD, LLC, a New Jersey limited liability company so that TPMURD, LLC was the

surviving entity. On October 14, 2008 TPMURD, LLC changed its name to DryJect, LLC.

On September 19, 2014, DryJect, LLC, a New Jersey limited liability company, was merged into DryJect Management, LLC, a Pennsylvania limited liability company which was formed on March 25, 2014, and which is the surviving entity. DryJect Management, LLC has engaged in the sale of franchised businesses since the date of the merger stated above. We have never offered any other franchises in any other line of business. We do not conduct any other business activity other than selling and supporting franchises.

Our affiliate, DryJect Inc. Acquisition Corporation was formed by our principal John Paddock on February 25, 2016 to purchase the assets of DryJect, Inc. DryJect, Inc., formerly known as AAT. DryJect, Inc. Acquisition Corporation has a principal place of business located at 307 Lincoln Avenue, Hatboro, Pennsylvania 19040. It manufactures certain proprietary equipment that you must purchase from us prior to opening the Franchised Business. You may also be required to continue to purchase certain proprietary equipment, parts and supplies on an on-going basis from our affiliate or us to properly operate the Franchised Business. The proprietary equipment manufactured and sold by our affiliate includes DryJect® machines and certain parts. DryJect Inc. Acquisition Corporation has never offered franchises in any line of business.

We are also affiliated with Advanced Agro Management, LLC (“Advanced Agro”), a franchisor of businesses which provide a patented, unique and exclusive natural grass, tree and shrub treatment service. This service provides superb aeration while delivering both liquid and granular amendments through the high-pressure water injection system. Advanced Agro’s principal business address is 307 Lincoln Avenue, Hatboro, Pennsylvania 19040. Advanced Agro was formed in Pennsylvania on November 13, 2020 and plans to start offering franchises in the summer of 2021.

**Our Business.** We offer and sell franchises for DryJect® Franchised Businesses. These Franchised Businesses specialize in offering a patented, unique and exclusive natural grass (“turf”) aeration service (the “System”). This service allows golf course and other sports field customers to have smooth, playable surfaces when aeration holes in turf are filled with a top dressing (sand or soil amendments). This technology provides greater customer satisfaction and eliminates certain costs associated with alternative technologies.

**DryJect® Franchise Program.** Under the Franchise Agreement (the “Franchise Agreement”), which is Exhibit C to this Disclosure Document, we offer qualified purchasers the right to operate a Franchised Business within a designated territory (the “Designated Territory”). The Franchise Agreement gives you the right to operate the Franchised Business under the name and mark “DryJect®” and other marks that may be designated by us periodically (all referred to as the “Marks”). You must operate according to the standards and procedures designated by us, and according to our Operations Manual (the “Manual”), within a specified Designated Territory.

**Regulations.** There are no regulations specific to our industry that will affect operation of your unit, other than laws and regulations that apply to businesses generally, including federal, state and local occupational safety and health regulations, equal employment opportunity rules and regulations and Americans with Disabilities Act rules and regulations. Some jurisdictions may choose to regulate vigorously these and other laws which may adversely affect your ability to obtain the proper permits needed to open and operate the Franchised Business.

**Market Competition.** The market for our services and products includes golf courses, sports fields, parks and recreation departments, schools, colleges and other similar turf facilities. The Franchised Business operates throughout the year. Our service contracts are seasonal as they are performed primarily during the spring, summer and fall, while sales and marketing activities are conducted in the winter. If you open a Franchised Business, your competition will include other businesses offering similar products and services to the general public, including traditional aeration companies and the staff of certain potential customers, such as golf course and sports field personnel and, possibly, contractors using DryJect® machines previously sold by AAT.

**Prior Business Experience of Franchisor, its Predecessors and Its Affiliates.** We have been engaged in the sale of franchises to operate Franchised Businesses since July, 2006. As of the date of this Disclosure Document, there are 27 Franchised Businesses.

AAT previously sold DryJect® machines (that are older models of the DryJect® machines to be operated by the Franchise Owner) to contractors on an unrestricted basis. These contractors may compete with you.

We have not offered franchises in any other line of business. Neither we nor any of our affiliates have offered or granted any franchises in this or any other line of business. Predecessor II no longer offers franchises in this or any other line of business.

**Item 2  
BUSINESS EXPERIENCE**

<p><b><u>John Paddock</u></b> <b><u>President and Managing Member</u></b></p>	<p>Since August 24, 2016, Mr. Paddock has served as our President. Since November 13, 2020 Mr. Paddock serves as President and Managing Member of Advanced Agro Management, LLC. Since February 28, 2016 Mr. Paddock has served as President and Director of DryJect Inc. Acquisition Corporation located in Hatboro, Pennsylvania. From March 2010 to February 2016, Mr. Paddock was its Vice President of Operations.</p>
<p><b><u>Jeffrey Broadbelt</u></b> <b><u>Vice President of Operations</u></b></p>	<p>Since August 24, 2016 Mr. Broadbelt has served as our Vice President of Operations. Since November 13, 2020 Mr. Broadbelt has served as Vice President of Operations of Advanced Agro Management, LLC. Since August 24, 2016 Mr. Broadbelt has served as Vice President of Operations for our affiliate DryJect Inc. Acquisition Corporation. From November 2015 to August 24, 2016 Mr. Broadbelt served as Vice President of Operations for our affiliate DryJect, Inc.</p>

**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**

Upon our signing the Franchise Agreement, you must pay to us an Initial Franchise Fee of \$29,500. The Initial Franchise Fee is fully earned and non-refundable in consideration of administrative and other expenses incurred by us in entering into the Agreement and for our lost or deferred opportunity to enter into the Agreement with others. There is no financing available from us for the payment of the Initial Franchise Fee. The Initial Franchise Fee is uniform to all franchise owners.

You will purchase from us or our affiliate proprietary equipment consisting of, at a minimum, three model 4810 DryJect® machines and certain spare parts for these machines (the “Base Equipment Package”). The purchase price for the Base Equipment Package is \$160,500 and is nonrefundable and uniform to all franchise owners. We estimate, that with acceptable credit, the model 4810 DryJect® machine can be leased for approximately \$815 per month per machine from various third party leasing companies.

You pay us or our affiliate no other fees or payments for services or goods before your business opens.

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**Item 6  
OTHER FEES**

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Service Fee	The greater of: 8% of Gross Revenues or, for the first partial calendar year: \$450 per month after 3 months; the second full calendar year: \$900 per month; the third full calendar year: \$1,300 per month; the fourth full calendar year and forward: \$1,450 per month	On the 15 <sup>th</sup> day of the following month by automatic debit/EFT or otherwise	Minimum is only waived for the first three months after signing the Franchise Agreement. See Note 1 below
National Marketing Fund	The greater of: 2% of Gross Revenue or, for months 1-3: \$0 per month; months 4-12: \$100 per month; months 13-24: \$200 per month; months 25-36: \$300 per month; months 37 and forward: \$400 per month.	By the 15 <sup>th</sup> day of the following month by automatic debit/EFT or otherwise	See Note 2 below
Non-Compliance Fee	\$100 per incident plus 1½% interest per month, or maximum allowed by law	When payment is overdue	See Note 3 below
Payment by Credit Card	Amount of the credit card processing fee	Upon receipt of invoice	All payments made to us paid by credit card will incur fee. You must reimburse us our cost related to your payments by credit cards.
Additional Training, Assistance & Refresher Training	Reasonable per diem amount to be charged by us	Before Additional Training, Assistance or Refresher Training begins	See Note 4 below

<b>Name of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Technician Services	Currently \$500 to \$700 per diem plus travel and lodging expenses.	Upon receipt of invoice	Field visits for equipment repair and maintenance; rates may increase over time.
On-site Contract Management	Currently \$900 per diem or per service call plus travel and lodging expenses.	Upon receipt of invoice	Only if franchisee requests; rates may increase over time.
Renewal	20% of the then current Initial Franchise Fee	Upon signing Franchise Agreement	
Transfer	40% of the then current Initial Franchise Fee	Before transfer is effective	See Note 5 below
Internal Transfer	\$500	Before transfer is effected	See Note 5 below
Attorney Fees and Costs	Actual fees and costs	As incurred	Payable upon your failure to comply with the Franchise Agreement.
Supplier Approval	Actual costs of testing supplier	Upon receipt of bill	See Note 6 below
Audit Costs	Actual costs of audit plus interest on amount of overdue monies	Upon receipt of bill	See Note 7 below
Indemnification	Actual costs of indemnification	Upon receipt of bill	See Note 8 below
Replacement Manual Fee	\$200 for each replacement manual	As incurred	
Liquidated Damages	Will vary under the circumstances	If Franchise Agreement is terminated as a result of your default	See Note 9 below
Conference Registration Fee	Up to \$500	When billed; up to one year in advance.	See Note 10 below

Name of Fee	Amount	Due Date	Remarks
Customer Complaints	Actual cost to satisfy your customers	As incurred	If we step in to resolve a complaint from one of your customers, you must pay us for our time and any compensation given to customer.
Failure to Maintain Insurance	Cost of insurance and, if not obtained by you, our procurement expense.	As required and as incurred	Payable upon your failure to comply with the Franchise Agreement.

### FOOTNOTES TO ITEM 6

**Note 1. Royalty Service Fee.** In partial consideration of the franchise granted, Franchise Owner agrees to pay to Company an Annual Royalty Service Fee of 8% of the annual Gross Revenues generated by Franchise Owner in the Franchised Business or the annual total of the minimum monthly Royalty Service Fee amounts, whichever is greater. The Annual Royalty Service Fee will be calculated using a calendar year.

The minimum monthly payment toward this Annual Royalty Service Fee will be based on calendar years: the first partial calendar year, starting month four: \$450 per month; the second full calendar year: \$900.00 per month or \$10,800/year; the third full calendar year: \$1,300.00 per month or \$15,600/year; the fourth full calendar year and forward: \$1,450.00 per month or \$17,400/year. Annual Royalty Service Fee Gross Revenue Equivalent is: Annual Minimum Royalty Service Fee divided by .08 (8% Royalty). For example, the Annual Royalty Service Fee Gross Revenue Equivalent for the second year is \$135,000 (\$10,800 divided by .08).

Franchise Owner must report to Company the Gross Revenues of the Franchised Business operations on a monthly basis. Payments toward the Annual Royalty Service Fee must be made on a monthly basis and must be paid on or before the 15<sup>th</sup> day of the month for the preceding month.

Once Franchise Owner's cumulative monthly Gross Revenues during the course of the calendar year exceed Franchise Owner's Annual Royalty Service Fee Gross Revenue Equivalent, Company will collect the minimum monthly Royalty Service Fee plus an additional 8% on the amount of the monthly Gross Revenues that exceeds the Annual Royalty Service Fee Gross Revenue Equivalent.

For example, the Annual Minimum Royalty Service Fee for the second full calendar year will be \$900.00 multiplied by 12 (months) for a total of \$10,800.00. Franchise Owner will pay Company \$900.00 a month until Franchise Owner's Gross Revenues are more than the Annual Royalty Service Fee Gross Revenue Equivalent of \$135,000.00 (\$10,800 divided by .08). If Franchise Owner's monthly Gross Revenues for September are \$50,000.00 and the monthly Gross Revenues for January through September are \$150,000.00, then Franchise Owner's payment for September will be the minimum monthly payment of \$900.00 plus \$1,200.00 (8% of \$15,000.00, the amount in excess over the Annual Royalty Service Fee Gross Revenue Equivalent). If Franchise Owner's monthly Gross Revenues for October total another \$50,000.00, then Franchise Owner's payment

for October will be the minimum monthly payment of \$900.00 plus \$4,000.00 (8% of \$50,000.00, that month's amount in excess over the Annual Royalty Service Fee Gross Revenue Equivalent).

You must authorize your bank to accept automatic withdrawals for all fees to us through Electronic Funds Transfer (EFT) of the stated amount from your bank into our bank account when due, and provide us with all documents necessary to direct your bank to honor these pre-authorized bank debits.

Upon our request, you will also be required to sign the forms and complete the procedures we have established for paying these fees via either Visa or Master Card. You must have sufficient credit available on the specified credit card account for the charge to be honored by our bank or other financial institution and agree to advise us in advance of any change in its credit status or card to be charged. You will be responsible for any fees we incur in processing these payments. We will submit charges only for the correct Royalty Service Fees, National Marketing Fund Fees and other outstanding balances due as required by your Franchise Agreement and retain this right for up to six months after expiration, termination or transfer.

You must report to us your monthly Gross Revenues by the 15<sup>th</sup> of the following month. The term "Gross Revenues" means the amount of all receipts for the sale of any products or services by your Franchised Business and income of every other kind and nature related to the Franchised Business, whether for products or services, cash, exchange, or credit, regardless of collection in a case of credit, less any refunds; provided, however, that "Gross Revenues" will not include any sales taxes or other taxes collected by Franchise Owner for transmittal to the appropriate taxing authority.

**Note 2. National Marketing Fund.** You must contribute to the National Marketing Fund ("Marketing Fund") according to the following schedule: The greater of 2% of the monthly Gross Revenues generated by the Franchise Owner from the Franchised Business or for months 1-3: \$0 per month; months 4-12: \$100 per month; months 13-24: \$200 per month; months 25-36: \$300 per month; months 37 and forward: \$400 per month. Marketing Fund contributions are payable on or before the 15<sup>th</sup> day of each month.

Marketing Fund fees will be paid via EFT or credit card as described in Note 1. We will submit charges only for the correct Marketing Fund contributions as noted in your Franchise Agreement.

**Note 3. Non-Compliance Fee.** If you fail to pay your Royalty Service Fee, National Marketing Fund contribution or any amount owing to us or our affiliates (if applicable), by its due date, then you are subject to a Non-Compliance Fee of \$100 per incident plus 1½ % interest per month on the unpaid balance or the maximum interest permitted by law if it is lower (in California the highest interest rate by law is 10% annually).

**Note 4. Initial, Additional and Refresher Training, and Assistance.** We will provide initial training for the Franchise Owner(s) and, if only one owner, then one additional person at no extra charge. We also permit you to send two additional people to the initial training class on a space-available basis at no additional charge. We also reserve the right to charge a per diem fee for other training courses. As of the date of this Disclosure Document, the daily per diem fee ranges from \$500-\$700, depending upon our personnel involved in this training. You are also responsible for all out-of-pocket expenses (including travel costs, if any) for all training.

**Note 5. Transfer.** We will charge a transfer fee of 40% of the then current Initial Franchise Fee

charged by us in the then current Franchise Agreement if you transfer to a third party. If you buy the franchise as an individual and want to transfer it to a newly formed business entity which you control, if we approve the transfer we charge you \$500 to cover our expenses related to the transfer. There are other conditions for approval of transfers. If You pursue but do not complete a transfer which has caused us to incur costs and expenses in reviewing and documenting the proposed transfer, you must reimburse us for these costs and expenses.

**Note 6. Supplier Approval.** We reserve the right to charge you a fee for reviewing a proposed supplier of any goods to be used in connection with the franchise. If we determine that it is necessary to inspect the supplier's facilities or conduct tests, we will require you or the supplier to pay us our actual costs incurred for this inspection and testing.

**Note 7. Audit.** If we audit your business and find that you have under-reported Gross Revenues by 5% or more, or if you fail to properly maintain the insurance requirements outlined in the Agreement, or if you fail to meet the minimum local or national advertising requirements outlined in the Franchise Agreement, or the audit is caused by your failure to provide certain supporting records, etc., to us, then you will be required to pay a Non-Compliance Fee and the cost of the audit. You will also be required to pay interest on past due amounts. (See Note 3 above)

**Note 8. Indemnification.** You are solely responsible for and must indemnify and hold us harmless for all loss, damage, claims or demands arising in connection with your operation of the Franchised Business.

**Note 9. Liquidated Damages.** If Franchise Agreement is terminated as a result of your default, you must pay us a lump sum amount equal to the value of the Royalty Service Fees and Marketing Fund Fees that you would have paid for the remainder of the Franchise Agreement, calculated based on the Franchised Business' average monthly Gross Revenues for the 12 months preceding the termination date. If you have not operated your Franchised Business for at least 12 months preceding the termination date, Royalty Service Fees and Marketing Fund Fees will be calculated based on the average monthly Gross Sales of all of our franchised businesses during our last fiscal year.

**Note 10. Conference.** We may conduct a national or regional conference ("Conference"), at our option, but not more than once a year. You are required to attend the Conference, and to pay all of your expenses incurred in connection with attending the Conference including transportation cost, meals, lodging and living expenses. We have the right to charge you a reasonable Conference Registration Fee (currently up to \$500.00) for you to attend each Conference. We may charge this Registration Fee up to one year in advance invoiced and paid via Electronic Funds Transfer as part of your standard monthly billing. The Conference Registration Fee is not refundable and will be collected even if you do not attend the Conference. We will try to make available all of the substantive materials that are presented at the Conference through the Internet or otherwise.

All of the fees listed are imposed by and payable to us, or our affiliates. All fees are nonrefundable.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial Franchise Fee (Note 1)	\$29,500	Lump Sum	Upon signing of Franchise Agreement	Us
Initial Inventory (Note 2)	\$2,500 - \$3,500	As Incurred	As Arranged	Us, Affiliate and Vendors
Signage (Note 3)	\$650 - \$750	As Incurred	As Arranged	Vendors
Equipment Package (Note 4)	\$2,445 (lease) - \$160,500 (purchase)	As Incurred	As Arranged	Us or Affiliate
Travel for Initial Training (Note 5)	\$2,000 - \$3,000	As Incurred	As Arranged	Vendors
Start-Up Supplies (Note 6)	\$500 - \$1,000	As Incurred	As Arranged	Vendors
Legal & Accounting Fees (Note 7)	\$1,000 - \$3,000	As Incurred	As Arranged	Attorney and Accountant
Vehicle (Note 8)	\$2,220 - \$36,000	As Incurred	As Arranged	Vendors
Office Equipment & Furniture (Note 9)	\$400 - \$1,600	As Incurred	As Arranged	Vendors
Office Supplies (Note 10)	\$100 - \$300	As Incurred	As Arranged	Vendors
Insurance Deposit (Note 11)	\$750 - \$1,200	As Incurred	As Arranged	Insurance Company
Permits, Licenses & Fees (Note 12)	\$100 - \$300	As Incurred	As Arranged	Government Agencies
Local Advertising Expenditures (Note 13)	\$400 - \$1,000	As Incurred	As Arranged	Vendors
Real Estate	See Note 14	See Note 14	See Note 14	See Note 14
Additional Funds (Working Capital/ 3 months) (Note 15)	\$2,000 to \$20,000	As Incurred	As Arranged	Vendors
<b>Total</b>	<b>\$44,565 to \$261,650</b>			

## FOOTNOTES TO ITEM 7

### **Note 1. Initial Franchise Fee.**

The Initial Franchise Fee is \$29,500 and is payable in a lump sum paid upon signing of the Franchise Agreement and approval of the Franchise Owner by us.

### **Note 2. Initial Inventory.**

We estimate that your initial inventory costs will be approximately \$2,500 to \$3,500 and will consist of certain inventory items that you must purchase from us, our affiliate and approved vendors.

### **Note 3. Signage.**

We estimate that the truck signage costs will be \$650 to \$750. All signs must be pre-approved by us.

### **Note 4. Equipment Package.**

The minimum required equipment package costs \$160,500 and must be purchased from us. This minimum equipment package will consist of at least three model 4810 DryJect® machines and certain spare parts. With acceptable credit, the model 4810 DryJect® machine can be leased for approximately \$815 per month per machine from various third party leasing companies.

### **Note 5. Travel for Initial Training.**

Travel costs for initial training are estimated to be \$2,000 to \$3,000 for two attendees. We estimate that the Franchise Owner and the first Manager who will operate the Franchised Business will train for up to 4 business days at our headquarters. The estimate is for lodging, food and other miscellaneous expenses, and travel expenses.

### **Note 6. Start-Up Supplies.**

We estimate start-up supplies to cost between \$500 and \$1,000. These supplies include the following: hose, gas cans, tools, filters, etc. See the Operations Manual (the "Manual") for details.

### **Note 7. Legal & Accounting Fees.**

We estimate that your legal and accounting fees will be \$1,000 to \$3,000. Legal fees will be paid by you, if appropriate, to retain an attorney to help establish a legal entity for the Franchised Business. You will also need to retain an accounting or payroll service to assist in keeping necessary books and records of income and expenses.

### **Note 8. Vehicle Lease Payments.**

You must either purchase or lease a suitable 16 foot truck to properly operate the Franchised Business. We estimate that the cost of a new truck that meets these requirements would be approximately \$36,000 or lease costs for first three months of \$2,220. With acceptable credit, a suitable truck may be leased for approximately \$740 per month.

### **Note 9. Office Equipment & Furniture.**

We estimate that your office equipment and furniture expenses will be \$400 to \$1,600. This equipment will consist of computer/printer/scanner/copier machine and cellular telephone.

### **Note 10. Office Supplies.**

We estimate the cost of your office supplies to be \$100 to \$300. These office supplies will consist

of pens, paper, stapler, rubber bands, scotch tape, scissors, etc.

**Note 11. Insurance Deposit**

We estimate that the insurance deposit will be 25% to 50% of the first year's premium, or \$750 to \$1,200. This coverage includes general liability, auto coverage, fire, workmen's compensation, theft, property and contents.

**Note 12. Permits, Licenses and Fees.**

We estimate that your permits, licenses and fees will typically range from \$100 to \$300. You may need several business licenses to operate the Franchised Business. The costs of these business licenses will vary from location to location.

**Note 13. Local Advertising Expenditures.**

You must advertise in the local golf course superintendent newsletters and attend local trade shows. We estimate your annual required local advertising expenditure will be between \$400 and \$1,000. Some of this may be spent during your initial operating period.

**Note 14. Real Estate.**

We do not estimate any real estate costs. They vary dramatically based on numerous factors. We presume you will operate the business office of your Franchised Business from your home and if necessary, rent a storage facility to store equipment.

**Note 15. Additional Funds (Working Capital).**

The estimate of additional funds is based on an owner-operated business and does not include any allowance for an owner's salary. This amount is based upon our affiliate's experience and our prior experience operating similar businesses. The estimate of \$2,000 to \$20,000 is for the first 3 months of business operations. We estimate that, in general, you may expect to put additional cash into the business during at least the first 3 months and sometimes longer. See Item 6 for an explanation of how Royalty Service Fees and Marketing Fund contributions are calculated and paid.

**Item 8**

**RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

**Approved Suppliers.** You must purchase specified products, procure all equipment, inventory, and signage required for the operation of the Franchised Business solely from suppliers (including distributors, manufacturers, and other sources) who have been approved in writing by us. We maintain written lists of approved items of equipment, fixtures, inventory, and supplies (by brand name and/or by standards and specifications) and lists of approved suppliers for those items. We update our lists periodically and issue the updated lists to all franchise owners.

We will furnish our standards and specifications, as well as our criteria for supplier approval, to franchise owners on request, but only on a confidential basis. All suppliers and approved vendors will be listed in the Manual, which must always be followed, even as modified by us periodically.

If you desire to purchase any items from an unapproved supplier, you or the supplier must submit to us a written request for approval. We will then examine the vendor or supplier, which examination may include a review of product specifications, inspection of the vendor/supplier's facilities, actual testing (or demo) of their product, inquiries as to general reputation and reliability,



and all other factors as we deem important. We must respond to your request in writing within 30 days. Our approval will not be unreasonably withheld, but must be obtained in writing. In the event we do not provide you with a written decision, the request will be deemed denied. We reserve the right to require that a representative be permitted to inspect the supplier's facilities and samples from the supplier be delivered to us or our designee for testing. We reserve the right to charge you a fee for reviewing a proposed supplier of any goods to be used in connection with the Franchise. If we determine that it is necessary to inspect the supplier's facilities or conduct tests, we will require you or the supplier to pay our actual costs incurred for this inspection and testing. We may, periodically, re-inspect the facilities and products of any previously approved supplier and may revoke our approval if the supplier fails to meet any of our standards and specifications at any time. We update our lists of approved suppliers periodically and issue the updated lists to all franchise owners.

**Specifications and Standards.** You must purchase certain products, supplies and equipment under specifications and standards that we periodically establish either in the Franchise Agreement, Manual or notices we send to you occasionally. These specifications are established to provide standards for performance, durability, design and appearance. We will notify you whenever we establish or revise any of our standards or specifications, or if we designate new or additional approved suppliers for products, equipment or services. Even if we designate and approve a supplier, you will not be obligated to purchase any items from it, except as noted earlier.

We do not currently, but reserve the right to negotiate purchase agreements for certain equipment or supplies. You may purchase such equipment or supplies from these designated suppliers or from any approved supplier on the terms as you negotiate. The Manual contains details relating to these purchases. At the time you open the Franchised Business you must stock the initial inventory of products, equipment, services and supplies required by us as outlined in the Manual or otherwise in writing. After the opening of your Franchised Business, you must stock and maintain all types of approved products and equipment in quantities sufficient to meet reasonably anticipated customer demands.

**Computer Specifications.** If you do not own a computer, before you open your Franchised Business you will need to buy a computer to run your business and communicate with us and your customers; however, we do not specify a particular brand, type, components nor function of your computer hardware or software.

**Insurance Specifications.** Before you open your Franchised Business, you must obtain certain minimum insurance coverage and provide certificates of insurance evidencing compliance not less than 10 days prior to opening the Franchised Business. You must purchase and maintain workers' compensation in the minimum amount required by state law; general liability insurance, including broad form contractual liability, products and completed operations in the aggregate amount of \$2,000,000; \$1,000,000 per occurrence, excess insurance of \$1,000,000 per occurrence, business automobile liability insurance of \$1,000,000 combined single limit per occurrence; umbrella policy as extended coverage to the commercial general liability, auto liability and employers liability insurance in an amount set forth in the Operations Manual, currently not less than \$1,000,000.00; and, all-risk property insurance against loss or damage to business and personal property of the Franchised Business in amounts not less than the replacement cost of such property. Some states may require a deposit for workers' compensation insurance. Except for Workers' Compensation and Employer Liability insurance, all insurance policies must name us as an additional insured. We may increase these limits or have new types of coverage added at any time

after giving you notice. You must maintain this insurance coverage during the entire term of the Franchise Agreement with a responsible carrier. Our current insurance requirements are summarized in the Manual.

**Advertising Specifications.** You must purchase certain advertising and promotional materials, brochures, fliers, forms, business cards and letterhead, which conform to our specifications, from approved vendors only. Further, you must not engage in any advertising unless we have previously approved the medium, content and method.

**Sole or Designated Suppliers.** Prior to the time you open the Franchised Business, you must purchase certain products, supplies and equipment from certain designated suppliers. In addition, you must purchase from us, certain proprietary equipment to properly operate the Franchised Business. The proprietary equipment purchased from us includes, at a minimum, three model 4810 DryJect® machines and certain spare parts for these machines. Other than those items listed, there currently are no other items for which we or our affiliates are approved suppliers or the only supplier. Our officers own an interest in our affiliate, DryJect, Inc. which is the supplier of the DryJect® proprietary equipment and certain spare parts. You may only purchase approved soil amendments. Once you commence business operations, you may purchase non-proprietary products, supplies or equipment from any approved supplier or vendor, except the proprietary products noted above.

**Revenues.** For the period ending December 31, 2022 our affiliate DryJect, Inc. Acquisition Corporation realized \$1,035,100.28 in revenues from the sales of required purchases, which accounted for 38.7% of its total revenues of \$2,676,372.59. For the period ending December 31, 2022, we did not receive any revenue from franchisees from the sale of required purchases.

We estimate that approximately 55% of your expenditures for leases and purchases in establishing your DryJect® Franchised Business will be for goods and services that must be purchased either from us, our affiliate or a designated supplier, or in accordance with our standards and specifications. We estimate that approximately 23% of your expenditures on an ongoing basis will be for goods and services that must be purchased from either us, our affiliate, a designated supplier or in accordance with our standards and specifications.

We do not currently, but reserve the right to negotiate purchase arrangements for your benefit. We do not provide any material benefit to you based on your use of approved suppliers. We have no purchasing or distribution cooperatives.

**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 in this disclosure document.**

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
a. Site selection and acquisition/lease	Franchise Agreement (FA) § 16	Item 11
b. Pre-opening purchases/leases	FA § 7, 14 & 15	Items 5, 7 and 8
c. Site development and other pre-opening requirements	FA § 9 and 14	Items 7, 8 and 11
d. Initial and ongoing training	FA § 9 & 13	Item 11
e. Opening	FA § 9 & 14	Items 7 and 11
f. Fees	FA § 7	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	FA § 9, 10, 11, 12, 15 & 17	Item 11 and 16
h. Trademarks and proprietary information	FA § 3,10, 18, 19, 25, 26 & 27	Items 13 and 14
i. Restrictions on products/services offered	FA § 10	Items 8 and 16
j. Warranty and customer service requirements	FA §37	Not Applicable
k. Territorial development and sales quotas	Not Applicable	Not Applicable
l. Ongoing product/service purchases	FA § 9 & 15	Item 8
m. Maintenance, appearance and remodeling requirements	FA § 14 & 15	None
n. Insurance	FA § 23	Items 7 and 8
o. Advertising	FA § 21	Items 6, 7 and 11
p. Indemnification	FA § 23	Item 6
q. Owner's participation/management staffing	FA § 17 & 24	Item 15
r. Records and reports	FA § 7 & 22	Item 6

<b>Obligation</b>	<b>Section in Agreement</b>	<b>Disclosure Document Item</b>
s. Inspections and audits	FA § 14 & 22	Items 6 and 11
t. Transfer	FA § 28 & 29	Items 6 and 17
u. Renewal	FA § 6	Items 6 and 17
v. Post-termination obligations	FA § 35	Item 17
w. Non-competition covenants	FA § 25 & 27	Item 17
x. Dispute resolution	FA § 34 & 37	Item 17
y. Guaranty of franchisee obligations	FA § 24 & Addendum C	Item 15
z. Other: Spousal Non-Compete	Not Applicable	Item 15 and Exhibit F

**Item 10  
FINANCING**

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

**Item 11  
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND  
TRAINING**

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

**Pre-Opening Obligations.**

Before you open your Franchised Business, we will:

- A. Designate your Territory. (FA, § 4)
- B. Identify the equipment, inventory, materials and supplies necessary for the Franchised Business to begin operations, including the minimum standards and specifications that must be satisfied and the approved suppliers from whom these items may be purchased or leased (including us and our affiliates). (FA, § 9)
- C. Designate certain proprietary equipment and products (e.g. DryJect® machines and certain parts), at your expense, manufactured by our affiliates. (FA, § 7 & 15)
- D. Provide initial training of two individuals, at times and locations designated by us. (FA, § 13)
- E. Permit your use of the Manual and other manuals and training aids designated by us for use in the System, as they may be revised by us periodically. (FA, § 9 & 17). See Exhibit D to this Disclosure Document for the Operations Manual Table of Contents. The total number of pages in our Operations Manual is 188.

- F. Provide advice and guidance to you in preparing to open the Franchised Business, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising and promoting the business, and operating the business. (FA, § 9)
- G. Provide several logo uniform apparel items (e.g., golf shirts, work shirts, baseball caps), business cards, envelopes, letterhead, invoices and estimate forms. (FA, § 9)

### **Obligations After Opening.**

During the operation of the Franchised Business, we will:

- A. Provide on-site assistance for a period of time after the opening of the Franchised Business. We require 30 days prior notice of your opening to co-ordinate and schedule this assistance. (FA, § 13 & 14)
- B. Permit access to optional continuing courses of training, at times and locations designated by us. (FA, § 13)
- C. Inspect the Franchised Business, as we deem advisable. (FA, § 14 & 17)
- D. Provide updated lists of approved items of equipment, fixtures, inventory, and supplies (by brand name and/or by standards and specifications) and updated lists of approved suppliers for those items. (FA, § 15 & 17)
- E. Provide periodic advice and guidance through meetings, printed materials and/or other media, as we periodically make available to all franchise owners in the System. (FA, § 9 & 13)
- F. Maintain the DryJect Internet Website, which will include your contact information, and your email address which you use for the Franchised Business (FA § 9).

**Sources of Supply.** Although we are not required to perform these services under the Franchise Agreement, we may provide the following guidance and assistance on a continuing basis to enhance the growth and performance of the System:

- A. We may continue to search for more cost-efficient sources of non-proprietary supplies. With the strength of group purchasing, we may endeavor to purchase supplies and inventory at reduced prices.
- B. We will endeavor to maintain an inventory of promotional material and sales and service manuals, available at reasonable costs.
- C. We may perform periodic quality control visits to each Franchised Business. During these visits all operations may be inspected and recommendations made to correct deficiencies, improve techniques, and enhance the efficiency of each Franchise.

- D. We may continually evolve to meet changing consumer demands and market conditions. Accordingly, we reserve the right to change our business operations occasionally. You must promptly adopt all required modifications and improvements at your sole expense.

**Advertising Programs.** You may develop advertising materials for your own use, at your own cost. You may not use any advertising materials unless we have approved them, 30 days in advance of use, in writing. Any plans or materials submitted by you to us that have not been approved or disapproved, in writing, within 30 days of receipt will be deemed approved. You must obtain our approval before you use any advertising and promotional materials, signs, forms and stationery unless we have previously approved them during the 12 months prior to their proposed use.

**Marketing Fund.** You must pay to us a Marketing Fund payment according to the following schedule: The greater of 2% of the monthly Gross Revenues generated by the Franchise Owner in the Franchised Business or for months 1-3: \$0 per month; months 4-12: \$100 per month; months 13-24: \$200 per month; months 25-36: \$300 per month; months 37 and forward: \$400 per month. Marketing Fund payments are payable in advance on the 15<sup>th</sup> day of each month in the same method as the Royalty Service Fee.

**Marketing Fund Administration.** The Marketing Fund is administered by us and may, in the future, at our option, be established as a not-for-profit corporation. The Marketing Fund will prepare internally unaudited income and expense statements on an annual basis. Income statements, expense statements and an accounting of advertising expenditures will be available to any franchisee upon written request. Excess funds not spent in any given fiscal year will be carried forward to the next fiscal year. The Marketing Fund is intended to remain in existence, however we reserve the right to terminate the Marketing Fund but only after all monies have been spent for advertising and promotion.

We will develop and place advertising for the System; decide whether to use advertising agencies and which ones; and decide which media to use, which may include print, radio, television, direct mail or marketing research. All franchise and company owned businesses will contribute to the Marketing Fund on the same basis, and the expenditure of funds will be limited to advertising, promoting and marketing the goods and services offered by the System. franchise owners who are not yet contributing to the Marketing Fund may be excluded from receiving benefits from the activities of the Marketing Fund. No funds from the Marketing Fund will be used principally for preparation of franchise sales solicitation materials. However, a brief statement about availability of information regarding the purchase of franchises may be included in advertising and other items produced and/or distributed using the Marketing Fund. We will not use any contributions to the Marketing Fund to defray our general operating expenses, except for reasonable administrative costs and overhead we incur in activities reasonably related to the administration of the Marketing Fund or the management of Marketing Fund-supported programs (including the pro-rata amount of salaries of our personnel who devote time to Marketing Fund activities and retainers and fees for outside agencies).

The operating rules and guidelines will be determined by us. We will spend amounts in the Marketing Fund to benefit the System. This does not mean, however, that expenditures in your Designated Territory will be equivalent or proportionate to your contribution. We may place

additional regional or national advertising at our own expense, but we are not obligated to do so. In 2022, Marketing Funds were used as follows:

Agency Marketing Costs	3%
National Trade Shows	22%
Literature/Sales Material	70%
Relations Promotion	5%

We do not have the power to require cooperatives to be formed, changed, dissolved or merged.

We currently have no advertising council composed of franchisees to advise us on our advertising policies. We may decide to implement an advertising council in the future.

**Internet Advertising and e-commerce.** You may not establish a web site on the Internet using any domain name containing the words “DryJect®”, “21st Century Aeration™” or “dryject.com” or any variation of our Mark. We retain the sole right to advertise on the Internet and create a web site using any of our Marks or related domain names. We retain the right to pre-approve your use of linking and framing between our web pages and all other web sites. You must, within five (5) days, dismantle any frames and links between our web pages and any other web sites, if requested by us. We have administrator privileges, at all times, to all your software, electronic mail, social media, marketing platforms, digital marketing and all Internet and e-commerce activities.

**Marketing Plan.** Upon our written request, you must submit to us at least 30 days prior to its implementation, or other time period as provided for in the Operations Manual, a local advertising and marketing plan each fiscal year by which you intend to market your Franchised Business during the next 12-month period.

**Local Advertising Expenditures.** You must, as a minimum, for local advertising expenditures, advertise in your local golf course superintendent’s newsletters on a monthly basis or quarterly, if that is the most frequent publication. In addition, you must participate in local trade shows where you must set up a booth at these trade shows and market your services to the people attending these trade shows. You should expect to spend between \$400 and \$1,000 annually on local advertising. Upon our written request, you must send us evidence that you have paid these monies for local marketing purposes, according to the procedures described more fully in the Manual.

**Location Selection.** We recommend that you begin your Franchised Business operations from your personal residence. This approach will save you a substantial amount of money at the outset, when your cash flow is likely to be at its lowest level. We do not approve or impose requirements or restrictions on your choice of business office site.

**Time to Opening.** The typical length of time between signing the Franchise Agreement and opening for business is estimated to be 1 to 4 months. Factors that will affect the length of time it takes you to open for business include local climate, your ability to obtain delivery of equipment,

supplies and signs and completion of required training.

However, you must open the Franchised Business within 180 days after signing your Franchise Agreement. If you do not open your Franchised Business within 180 days after signing your Franchise Agreement, then we can terminate the Franchise Agreement and keep the entire Initial Franchise Fee.

**Training Programs.** Our initial franchise management training program is available to Franchise Owner(s) and if only one owner, then one additional person can attend, normally a Manager or Assistant Manager (defined as Key Employees in the Franchise Agreement). Before opening for business, you must attend and complete the initial franchise management-training program to our satisfaction. We also may permit you to send two additional people to the initial training class on a space-available basis.

Our initial franchise management-training program is conducted at our affiliate's office in Hatboro, Pennsylvania or at another location as selected by us. The first phase of the initial franchise management-training program lasts up to four business days. The initial training program uses the Manual and other written materials developed by us and approved vendors and must be completed approximately 1 week prior to commencing operation of your Franchised Business.

We will also conduct an on-site opening training program for your initial employees (not to exceed four days) at your location prior to opening the Franchised Business. This training will start prior to commencing operation of your Franchised Business and will take place within your Designated Territory and at our expense. We may, at our election, conduct the on-site opening training program over two separate periods of two business days each.

We require that each individual Franchise Owner attend the management-training program. We provide initial training at no additional charge for the Franchise Owner and one additional person. We may require any other principal(s) or employee(s) of the Franchised Business, who is (or later becomes) actively involved in the management of the Franchised Business, to attend and satisfactorily complete all initial training programs we may require.

We do not maintain a formal training staff. Training will be provided under the direction of John Paddock and Jeffrey Broadbelt, whose backgrounds are described in Item 2 of this Disclosure Document, and other people, as needed. Other employees and other existing franchise owners and suppliers may also participate in providing training to new franchise owners and their employees. All of our instructors have between 24 and 32 years of relevant experience in the subject areas taught. Mr. Paddock has 13 years of experience with us and our affiliate; Mr. Broadbelt has 7 years of experience with us and our affiliate. Matthew Majernik, our Manager of Manufacturing and Process Development, will provide franchisees with equipment training. Mr. Majernik has 13 years of experience with us and our affiliate and 11 years of similar experience with a DryJect® franchisee.

We plan on being flexible in scheduling training to accommodate our personnel, you and your employees. There are currently no fixed (i.e., monthly or bi-monthly) training schedules. As of the date of this Disclosure Document, the training program and subjects will be provided to all franchise owners and other approved attendees at our headquarters or as we may temporarily modify due to circumstances such as the COVID 19 pandemic.



**TRAINING PROGRAM**

<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON THE JOB TRAINING</b>	<b>LOCATION</b>
History/Orientation/ Introduction	1	0	Hatboro, PA
Turf, Soil and Aeration	2	0	Hatboro, PA
Machine Overview & Comparison to other Products	2	0	Hatboro, PA
Soil Amendments & General Soil Structure	1	0	Hatboro, PA
Description of DryJect® Service & Future Growth	2	0	Hatboro, PA
DryJect® Machine Overview, Design, Maintenance & Usage	4	0	Hatboro, PA
DryJect® Operation in Field	0	4	Hatboro, PA
Equipment Operations	4	0	Hatboro, PA
Operations Manual	4	0	Hatboro, PA
Operation of Machine	0	6	Hatboro, PA
Review of Training Program	2	0	Hatboro, PA

We also may offer additional or refresher training courses periodically. Some of these courses may be mandatory, and some may be optional. These courses may be conducted at our headquarters or at any other locations selected by us.

You and/or your employees must pay all out of pocket expenses in connection with all training programs, including costs and expenses of transportation, lodging, meals, wages and employee benefits. We reserve the right to impose reasonable charges for additional or refresher training classes and materials in connection with these training courses (See Item 6). We will notify you of any additional charges before you or your employees enroll in a course.

You will have sole responsibility for your employees and all acts of your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. You must disclose to each of your employees in writing, in a form approved by us in advance, that we are not a “joint employer” of your employees.

All classes are scheduled by advance written notice to all Franchise Owners. Our class cancellation policies will be included in the written notice of class schedules.

**Conference.** We may, at our option, from time to time but not more than once every year conduct a national or regional Conference. The duration, curriculum and location of Conference will be determined by us in our sole and exclusive discretion. You are required to attend the Conference, and to pay all of your expenses incurred in connection with attending the Conference including transportation cost, meals, lodging and living expenses. We shall have the right to charge you a reasonable Conference Registration Fee as further described in Item 6, Note 10.

**Computer Equipment.** You are required to have a computer to run your business and communicate with us and your customers; however, we do not specify a particular brand, type, components nor function of your computer hardware or software. You must purchase or lease a computer if you do not have a computer and arrange delivery with the vendor. We estimate the cost of your computer hardware and software to be \$400 to \$1,600. The computer is not proprietary and does not require maintenance, support or service contracts. The computer manages your sales activities and general business operations. You must subscribe to business class high-speed Internet access through cable or other method designated in the Operations Manual.

We reserve the right to require you, at your expense and in the time frame determined by us, to update or upgrade the hardware and/or software you use to conform to new standards or specifications and we have no limitations on our ability to do so. We have no history on which to base an estimate of your hardware and software update and upgrade costs, if any. We have the right to remotely access information and data maintained on the computer system.

You are not required to buy any electronic cash register.

**Telephone Numbers.** You may have as many telephone and facsimile numbers and telephone directory listings for your Franchised Business as you choose. However, you must transfer them to us on the expiration, termination, repurchase or transfer of your Franchise, at your expense. You must sign an authorization that grants us the right to change, transfer, or terminate your telephone listings, your email addresses, domain names and comparable electronic identities, on your behalf upon expiration, termination, repurchase or transfer of your Franchise.

## **Item 12 TERRITORY**

The Franchise Agreement grants you the right to operate a Franchised Business only within a Designated Territory. You must select a Territory, subject to our approval. Our approval will be based upon a variety of factors, including the viability of the proposed territory in relation to the number of golf courses, the number of potential parks and recreation facilities, junior and senior

high schools, colleges and universities and other large areas of turf which could benefit from the services offered by the Franchise Owner. You will receive a Designated Territory based on an area sufficient to encompass a minimum of the equivalent of 200 eighteen-hole golf courses within the boundaries of the proposed territory. You may not relocate the Franchised Business without our prior written consent.

If you remain in compliance with your Franchise Agreement, we will not operate or grant franchises for a similar or competitive business under the Marks within your Territory (as described in Addendum A of the Franchise Agreement). However, we and our affiliates may operate businesses or grant franchises for any locations within or outside your Designated Territory, if they are operated under a different name or if they offer different goods and services. We and our affiliates also have the right to acquire, be acquired by, or merge with other companies which provide turf aeration services and related businesses, and other related services anywhere (including inside or outside of the Designated Territory) and, even if such businesses are located in the Designated Territory, the other businesses may continue to operate under another name. We will not compensate you for any of our activities including soliciting or accepting business in your Designated Territory, even if they have an impact on your Franchised Business.

Except as disclosed in Item 1, neither we nor any of our affiliates have established other franchises or company-owned outlets selling similar products or services directly or through other channels of distribution (such as Internet, catalogues, telemarketing, direct mail) under a different trade name or trademark; and neither we nor our affiliates have any plans to do so.

We reserve the right to negotiate and contract at discounted rates for the sale of System products and services to customers operating multiple facilities, some of which may be located within the Designated Territory (“Reserved Accounts”). We may use any method, including the Internet, or other direct marketing to develop this business. Franchise Owners will be provided the first opportunity to service facilities operated by Reserved Accounts within their Designated Territory. In the event that a Franchise Owner does not agree to provide a Reserved Account with the contracted goods or services for a facility operated within their Designated Territory at the discounted rate, we, any of our affiliates or another Franchise Owner may supply the goods or services for the Reserved Account, and you will not be entitled to receive any fee or other compensation associated with the transaction.

You must offer all services we designate. This may require you to upgrade, modernize or add to your existing equipment within the time period we require as provided in the Operations Manual, which is generally 6 months. If you are unable to provide the services required in your Designated Territory we may offer the job to a nearby franchisee or an affiliate of ours.

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


You may not solicit or accept customers from outside of your Designated Territory without our prior written approval. You may solicit and accept customers only from companies or persons located within your Designated Territory. You may not solicit or accept customers from outside of your Designated Territory by using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing, to make sales outside of your Designated Territory without our prior written approval. If you accept customers or business from outside your

Designated Territory, which customer or business is located in another Franchise Owner’s designated territory, then we have the right to require you to send all of your Gross Revenues you earned in that designated territory to the Franchise Owner who operates within the designated territory where the customer is located. However, you may accept business resulting from referrals or unsolicited inquiries from customers outside your Designated Territory if they are not in another Franchise Owner’s designated territory.

The Franchise Agreement does not provide you with any options, rights of first refusal, or similar rights to acquire additional franchises within areas contiguous to your Designated Territory. We may, at our discretion, provide you with restricted, conditional and temporary rights to provide goods and services in contiguous territories so long as they have not been granted to other operators of franchised businesses. Neither continuation of your Franchise Agreement nor the size of the area within your Designated Territory is dependent upon your achieving any sales quotas, market penetrations or other contingencies.

### **Item 13 TRADEMARKS**

Under the Franchise Agreement, we grant you the right and license to use the Marks and the System solely in connection with your Franchised Business. You may use only the Mark “DryJect®” and other Marks as are we may designate in writing by for your use, and you may use them only in the manner authorized and permitted by us. You may not directly or indirectly contest our ownership of or rights in the Marks.

<b>Mark</b>	<b>Registration No.</b>	<b>Registration Date</b>	<b>Place of Registration</b>
DryJect (Word Mark)	2,366,950	July 11, 2000	Principal Register
DryJect (Word Mark)	3,253,563	June 19, 2007	Principal Register
21 <sup>st</sup> Century Aeration (Word Mark)	3,253,562	June 19, 2007	Principal Register
Maximus (Word Mark)	4,275,095	January 15, 2013	Principal Register
DryJect Wet (Word Mark)	6,063,735	May 26, 2020	Principal Register
DryJect Wet (Composite Mark) 	6,063,737	May 26, 2020	Principal Register

Your Franchise Agreement provides that any use of the Marks that is not authorized is an infringement. You may not use the Marks as part of your corporate or other legal name, website address, e-mail address, domain name or other identification in any print, electronic or other medium, or with any prefix, suffix or other modifying word, term, symbol or design without our consent. All rights in, and goodwill from, the use of the Marks accrue solely to us.

There are no effective material determinations of the USPTO, the Trademark Trial and Appeals Board, the Trademark Administrator of any state or any court relating to the Mark “DryJect®”. There is no pending infringement, opposition or cancellation proceeding. There is no pending material litigation involving the Marks. We have filed all required affidavits the USPTO.

There are no agreements currently in effect that significantly limit our right to use or license the

use of the Marks in a manner material to the franchise. The logo is part of the Company's Marks.

We have no actual knowledge of either superior prior rights or infringing uses that could materially affect a Franchise Owner's use of the Marks in any state. We cannot prevent anyone who began using the name "DryJect®" before our use of it from continuing their use of that name in the area of prior use. The name "DryJect®" may be in use by other businesses in the United States who are not our franchisees or in any way affiliated with us. You are responsible for finding out whether the name "DryJect®" is already being used in the Designated Territory.

The Franchise Agreement does not contain any provisions under which we are required to defend or indemnify you against any claims of infringement or unfair competition arising out of your use of the Marks. If litigation involving the Marks is instituted or threatened against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation. Should we elect to protect the Marks or protect you against claims of infringement, we will have the right to control any administrative proceeding or litigation involving a trademark licensed by us to you. You must sign all documents requested by us or our counsel that are necessary to protect our Marks or to maintain their validity and enforceability.

We may substitute different Marks to identify the business conducted under the DryJect® System if we can no longer use or license the Marks, or if we decide that substitution of different Marks is good for the business. If that happens, you must make the modifications required by us within a reasonable time after you are notified that we have decided to substitute different trademarks to identify your Franchised Business and you will be responsible for your tangible costs of complying (for example, changing signs or advertising materials). You must not directly or indirectly contest our right to our Marks, trade secrets or business techniques that are part of our business.

Because your telephone listings will be associated with the Marks, we will own all rights to the telephone listings, and all goodwill generated from the use of the telephone listing will inure to our benefit.

#### **Item 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

**Patent Rights.** As a Franchise Owner, you will be able to utilize DryJect® machines incorporating patented methods and technology owned by our affiliate DryJect, Inc. Acquisition Corporation, U.S. Patent No. 7,581,684 (the "Patent 7,581,684"), which was issued on September 1, 2009, and has been licensed for use to us by our affiliate. In general, the Patent 7,581,684, which builds on a previous patent, provides for a device for placing material on or beneath the soil surface and a method for doing the same.

In addition, we may authorize you to use two other patents owned by our affiliate DryJect, Inc. Acquisition Corporation which have been licensed for use to us for use by us and our franchisees.

The first patent is a patented polymer mixing technique, U.S. Patent No. 9,796,639 (the "Patent 9,796,639"), which was issued on October 24, 2017. Patent 9,796,639 is a cross-linked, water absorbent polymer is mixed with desirable additives and coated to prevent water absorption to create a blend that is added to water injection systems for turf and soil maintenance.

The second patent is for a poppet valve, U.S. Patent No. 10,119,627 B2 (the "Patent 10,119,627

B2”), which was issued on November 6, 2018. Patent 10,119,627 B2 is a mechanical patent for a poppet valve used for controlling water flow.

There are no presently effective determinations of the USPTO, or of any court, nor any pending interference, opposition or cancellation proceedings or pending material litigation involving any of the patents listed above.

We are not obligated by the Franchise Agreement, or otherwise obligated, to protect any or all rights granted to you to utilize the System and its patented equipment, or to protect you against claims of infringement with respect to the patents. However, we believe that our patents are important to the Franchised Business and intend to exercise our best efforts to protect them. We are not aware of any actions that infringe upon our patents that could materially affect your use. If litigation involving the Patents is instituted or threatened against you, you must notify us promptly and cooperate fully with us in defending or settling the litigation. Should we elect to protect the Patents or protect you against claims of infringement, we will have the right to control any litigation involving a patent licensed by us to you.

There are no agreements currently in effect that limit our right to grant the use of our patents in any manner.

**Copyrights.** Under the Franchise Agreement, you must operate the Franchised Business according to the standards, methods, policies, and procedures specified in the Manual. You will be loaned a controlled copy of the Manual for the term of the Franchise Agreement, when you have completed the initial training program to our satisfaction.

You must treat the Manual, and any other materials created for or approved by us in the operation of your Franchised Business and the information contained in them, as confidential and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be returned in the event that you cease to be a Franchise Owner.

We may periodically revise the contents of the Manual, and you must comply with each new or changed standard. You must ensure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copies maintained by us at our principal office will be controlling.

We treat the information in the Manual as confidential trade secrets. We claim copyright in our written material, but you are permitted to use the material as part of the Franchised Business.

Currently, there are no effective determinations of the USPTO, the United States Copyright Office, the Trademark Trial and Appeal Board, or the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceedings or material litigation, involving the copyrighted material. There are currently no effective agreements that significantly limit our right to use, license or sublicense the copyrighted material. Neither we nor our affiliates know of any infringing uses or superior prior rights that could materially affect your use of the copyrighted material.

You must operate your Franchised Business strictly according to the Manual, as revised periodically. You must at all times treat the Manual and the information in it as confidential, according to the requirements of the Franchise Agreement.

**Confidential Information.** You must maintain all Confidential Information as confidential both during and after the term of the Franchise Agreement. “Confidential Information” includes all information, data, techniques and know-how designated or treated by us as confidential and includes the Manual. You may not at any time disclose, copy or use any Confidential Information except as specifically authorized by us. Under the Franchise Agreement, you agree that all information, data, techniques and know-how developed or assembled by you or your employees or agents during the term of the Franchise Agreement and relating to the System will be deemed a part of the Confidential Information protected under the Franchise Agreement.

### **Item 15**

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

You are not required to personally participate in the direct operation of your Franchised Business. However, if you are not personally operating the Franchised Business, you must always have a fully trained manager operating the Franchised Business. While in most cases Franchise Owners will seek additional assistance for the labor-intensive portions of the business, we have built our reputation on Franchise Owner participation and believe it is necessary, but not mandatory, for continued success.

You and all of your managers must complete the initial franchise management training course before you open your business, and all other training courses required by us. All subsequent managers must be fully trained by us or by you according to our standards. However, we may charge a fee for this additional training.

If you are a corporation, partnership or other legal entity, you must be newly formed and each direct or indirect owner of 20% or more of your equity will be required to personally guarantee all of the obligations of the Franchise Owner under the Franchise Agreement. (See Franchise Agreement Addendum C for the form of Guaranty Agreement). If you are owned by a trust, or if your owners are owned by one or more trusts, the trusts and the beneficiaries of the trusts must sign the Guaranty. All direct and indirect owners will be required to sign and deliver confidentiality and noncompetition covenants as further described in our Operations Manual. (See Exhibit E for the form of Non-Disclosure, Non-Solicitation and Non-Competition Agreement.) We do not require a spouse or domestic partner of the owner to sign the Franchise Agreement nor provide a personal guaranty; however, we do require that your spouse or domestic partner sign a Spousal Non-Disclosure and Non-Competition Agreement; our current form is attached as Exhibit F to this Disclosure Document.

At our request, you must obtain and deliver signed covenants of confidentiality and non-competition from any and all people who have or may have an ownership interest in the Franchise Owner or in the Franchised Business or who receive or have access to training and other confidential information under the System. The covenants must be in a form satisfactory to us, and must provide that we are a third party beneficiary of, and have the independent right to enforce the covenants.

**Item 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must operate the Franchised Business in strict conformity with all prescribed methods, procedures, policies, standards, and specifications of the System as set forth in the Manual and in other writings by us. You must not operate any other business from or through the Franchised Business (including the distributions of soil amendments at the retail, wholesale or any other level of distribution) without our express prior written consent.

We require you to offer and sell only those goods and services that we have approved. We maintain a written list of approved goods and services in our Manual, which we may change periodically.

You must offer all goods and services that we designate as required for all franchisees. In addition, we may require you to comply with other requirements (such as state or local licenses, training, marketing, insurance) before we will allow you to offer certain optional services.

We reserve the right to designate additional required or optional services in the future and to withdraw any of our previous approvals. In that case, you must comply with the new requirements. There are no limits on our right to designate additional required or optional goods and services in the future or to withdraw any of our previous approvals.

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**Item 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists important provisions of the Franchise Agreement and other related agreements. You should read these provisions in the agreements attached to this Disclosure Document.**

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
a. Length of the franchise term	Franchise Agreement (“FA”) § 5	10 years
b. Renewal or extension of the term	FA § 6	2 renewal terms of 5 years each, subject to certain terms
c. Requirements for franchisee to renew or extend	FA § 6	Give timely notice, complied with Franchise Agreement, paid all monies to Company, sign new franchise agreement amended to reflect terms of renewal, which may contain materially different terms and conditions than your original contract, meet current qualifications, pay renewal fee of 20% of the then current Initial Franchise Fee and sign Release Agreement
d. Termination by franchisee	FA § 32	We haven’t cured breach within 30 days after notice. (subject to applicable state law)
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	FA § 32	You haven't cured breach within 15 days after notice (subject to applicable state law).
g. “Cause” defined- curable defaults	FA § 32	Includes failing or refusing to pay monies when due, failing to provide reports or other required documents when due, failing to complete mandatory training, permit lapse of insurance coverage and other various breaches of Franchise Agreement
h. “Cause” defined- non-curable defaults	FA § 32	Includes abandoning control of Franchised Business, bankruptcy, consistently failing to pay monies when due, violating laws, material misrepresentation on initial application, attempted assignment without permission, disclosure of Manual without permission, repeatedly failing to comply with Manual, doing something adverse to Marks, repeatedly failing to comply with Franchise Agreement or any other Agreement between you and us, or conviction for a felony

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
i. Franchisee's obligations on termination/non-renewal	FA § 35	Includes payment of monies owed to us, return of Manual, cancellation of assumed names and transfer of phone numbers, ceasing to use Marks, ceasing operation of Franchised Business, avoiding confusion with Marks, providing us the option to purchase your inventory and equipment, and our option to purchase your Franchised Business
j. Assignment of contract by franchisor	FA § 28	No restriction on right to transfer
k. "Transfer" by franchisee -- defined	FA § 28	Includes assignment of Franchise Agreement, sale or merger of business entities, transfer of corporate stock, death of Franchise Owner or majority owner of Franchise Owner
l. Franchisor's approval of transfer by franchisee	FA § 28	We must approve all transfers
m. Conditions for Franchisor's approval of transfer	FA § 28	Factors include proposed Franchise Owner must meet current standards, does not operate a similar business and signs current form of Franchise Agreement; and you pay to us a transfer fee of 40% of the then current Initial Franchise Fee
n. Franchisor's right of first refusal to acquire franchisee's business	FA § 31	We can match any offer for your Franchised Business
o. Franchisor's option to purchase franchisee's business	FA § 35	We have the option to purchase your Franchised Business upon termination or non-renewal
p. Franchisee's death or disability	FA § 29	Franchise must be assigned by estate to approved buyer within 3 months
q. Non-competition covenants during the term of the franchise	FA § 27	You and your owners cannot be involved in a Competitive Business during the term of the Agreement (subject to state law).
r. Non-competition covenants after the franchise is terminated or expires	FA § 25	No involvement in competing business for 2 years within a 50 mile radius of any franchised businesses or of any company- or affiliate-owned business (subject to state law).
s. Modification of the agreement	FA § 50	Must be in writing signed by both sides (subject to state law).
t. Integration/ merger clause	FA § 50	Only the terms of the Franchise Agreement are binding (subject to applicable state law). Any other promises are unenforceable. Nothing in the Franchise Agreement is intended to disclaim the representations made by us in this Disclosure Document.

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
u. Dispute resolution by arbitration or mediation	FA § 37	Except for actions brought for injunctive or extraordinary relief, all disputes must be arbitrated at the American Arbitration Association Office nearest our company headquarters, (subject to state law).
v. Choice of forum	FA § 37	Pennsylvania (subject to state law).
w. Choice of law	FA § 37 & 48	Pennsylvania law applies (subject to state law).

**Item 18  
PUBLIC FIGURES**

We do not use any public figures to promote our franchises.

**Item 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC 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 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 that you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting John Paddock, DryJect Management, LLC, 307 Lincoln Avenue, Hatboro, Pennsylvania 19040, Telephone 215-444-0310, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR YEARS 2020 TO 2022**

<b>Column 1</b> <b>Outlet Type</b>	<b>Column 2</b> <b>Year</b>	<b>Column 3</b> <b>Outlets at the Start of the Year</b>	<b>Column 4</b> <b>Outlets at the End of the Year</b>	<b>Column 5</b> <b>Net Change</b>
Franchised	2020	27	28	+1
	2021	28	28	0
	2022	28	27	-1
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	27	28	+1
	2021	28	28	0
	2022	28	27	-1

The “company-owned” outlets referred to in this Table 1 were owned and operated by our affiliate.

Table No. 2  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN THE FRANCHISOR)**  
**FOR YEARS 2020 TO 2022**

<b>State/Country</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Alabama</b>	2020	0
	2021	0
	2022	0
<b>Arizona</b>	2020	0
	2021	1
	2022	0
<b>California</b>	2020	0
	2021	0
	2022	1
<b>Colorado</b>	2020	0
	2021	0

	2022	0
<b>Connecticut</b>	2020	0
	2021	0
	2022	0
<b>Delaware</b>	2020	0
	2021	0
	2022	0
<b>Florida</b>	2020	0
	2021	0
	2022	0
<b>Georgia</b>	2020	0
	2021	0
	2022	0
<b>Illinois</b>	2020	0
	2021	0
	2022	0
<b>Kentucky</b>	2020	0
	2021	0
	2022	0
<b>Maine</b>	2020	0
	2021	0
	2022	0
<b>Maryland</b>	2020	0
	2021	0
	2022	0
<b>Massachusetts</b>	2020	0
	2021	0
	2022	0
<b>Michigan</b>	2020	0
	2021	0
	2022	0
<b>Minnesota</b>	2020	0
	2021	1
	2022	0
<b>New Hampshire</b>	2020	0

	2021	0
	2022	0
<b>New York</b>	2020	0
	2021	0
	2022	0
<b>New Jersey</b>	2020	0
	2021	0
	2022	0
<b>North Carolina</b>	2020	0
	2021	1
	2022	0
<b>Ohio</b>	2020	0
	2021	0
	2022	0
<b>Oklahoma</b>	2020	0
	2021	0
	2022	0
<b>Pennsylvania</b>	2020	0
	2021	0
	2022	0
<b>South Carolina</b>	2020	0
	2021	0
	2022	0
<b>Texas</b>	2020	0
	2021	0
	2022	0
<b>Vermont</b>	2020	0
	2021	0
	2022	0
<b>Virginia</b>	2020	0
	2021	0
	2022	0
<b>Wisconsin</b>	2020	0
	2021	0
	2022	0

<b>Totals</b>	2020	0
	2021	3
	2022	1

Table No. 3  
**STATUS OF FRANCHISED OUTLETS  
FOR YEARS 2020 TO 2022**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at the End of the Year
Alabama	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Arkansas	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Arizona	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
California	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Colorado	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Florida	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Georgia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Idaho	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at the End of the Year
Illinois	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Kentucky	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
Maryland	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Massachusetts	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Michigan	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Minnesota	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Missouri	2020	0	1	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New Jersey	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
New York	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2



Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at the End of the Year
North Carolina	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Ohio	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Pennsylvania	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
South Carolina	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
Tennessee	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Texas	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
Utah	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Virginia	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
Wisconsin	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non- Renewals	Col. 7 Reacquired By Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at the End of the Year
Totals	2020	27	1	0	0	0	0	28
	2021	28	0	0	0	0	0	28
	2022	28	0	0	0	1	0	27

Table No. 4  
**STATUS OF COMPANY-OWNED OUTLETS  
FOR YEARS 2020 TO 2022**

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the 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 the Year
New York	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

The “company-owned” outlet referred to in this Table 1 is owned and operated by our affiliate.

Table No. 5  
**PROJECTED OPENINGS AS OF DECEMBER 31, 2022**

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Opened	Column 3 Projected New Franchised Outlets in Next Fiscal Year	Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year
All	0	0	0
Total	0	0	0

Note: All numbers are as of December 31st of each year.

We have also granted Franchised Businesses in Canada and Mexico, and licensed businesses in Japan, Korea, Australia, Sweden and various European countries.

The names of our franchisees and their addresses and telephone numbers are listed in Exhibit I.

The name and last known address and telephone number of every franchisee who ceased to do business under the franchise agreement or had an outlet terminated, canceled, not renewed, transferred within the last fiscal year, or who has not communicated with us within 10 weeks of the date of issuance of this Disclosure Document is also listed in Exhibit I.

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

You may wish to speak with current and former franchisees, but be aware that not all franchisees will be able to communicate with you. In some instances, former franchisees sign provisions restricting their ability to speak openly about their experience with us.

Our franchise agreements have confidentiality clauses which prevent current and former franchisees from disclosing proprietary, confidential and trade secret information about our system. During the last three fiscal years we have signed another type of agreement (settlement, etc.) which contained a confidentiality clause with a current or former franchisee.

There are no trademark specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

## **Item 21 FINANCIAL STATEMENTS**

Attached as Exhibit H to this Disclosure Document are our audited financial statements for the periods ending December 31, 2022, December 31, 2021, and December 31, 2020.

These financial statements are prepared according to generally accepted accounting principles by an independent auditor. Our fiscal year end is December 31st.

**Item 22**  
**CONTRACTS**

Attached are copies of the following agreements relating to the offer of the franchise:

- Exhibit C      Standard Franchise Agreement
- Exhibit E      Non-Disclosure, Non-Solicitation and Non-Competition Agreement
- Exhibit F      Spousal Non-Disclosure and Non-Competition Agreement
- Exhibit L      Franchise Compliance Questionnaire

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.

**Item 23**  
**RECEIPT**

Two copies of an acknowledgement of your receipt of this Disclosure Document appear as Exhibit M. It is a detachable document and one copy must be signed by you and given to us. You may retain the other copy for your records. If this page or any other pages or exhibits are missing from your copy, please contact us at the address or phone number noted in Item 1.

**EXHIBIT A**  
**STATE FRANCHISE ADMINISTRATORS**

## **STATE REGULATORY AUTHORITIES**

### **CALIFORNIA**

Department of Financial Protection  
and Innovation  
320 West Fourth Street, Suite 750  
Los Angeles, CA 90013-1105  
(213) 576-7500  
Toll Fee: 1-866-275-2677  
Email: [Ask.DFPI@dfpi.ca.gov](mailto:Ask.DFPI@dfpi.ca.gov)  
[www.dfpi.ca.gov](http://www.dfpi.ca.gov)

### **FLORIDA**

Florida Department of Agriculture  
& Consumer Services  
2005 Apalachee Park Way  
Tallahassee, FL 32399-0800  
(904) 922-2770

### **HAWAII**

Commissioner of Securities of  
Department of Commerce &  
Consumer Affairs  
PO Box 40  
Honolulu, HI 96810  
(808) 586-2744

### **ILLINOIS**

Chief, Franchise Division Attorney  
General's Office  
500 S. Second Street  
Springfield, IL 62706  
(217)782-4465

### **INDIANA**

Secretary of State Securities  
Division  
302 W. Washington  
Indianapolis, IN 46204  
(317)232-6681

### **IOWA**

Iowa Division of Insurance  
Securities Division  
Lucas State Office Building  
Des Moines, Iowa 50319

### **KENTUCKY**

Attorney General's Office  
P.O. Box 2000  
Frankfort, KY 40602-2000  
(502) 573-7600

### **MARYLAND**

Office of Attorney General  
Division of Securities  
200 Saint Paul Place  
Baltimore, MD 21202-2020  
(410)576-6360

### **MICHIGAN**

Department of Attorney  
General  
325 W. Ottawa Street  
Lansing, MI 48913  
(517)373-7117

### **MINNESOTA**

Minnesota Department of  
Commerce  
85 7th Place East, Suite 280  
St. Paul, MN 55101-2198  
(651)296-4973

### **NEW YORK**

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21st Floor  
New York, NY 10005  
(212)416-8222

### **NORTH DAKOTA**

Securities Department  
State Capitol  
600 E. Blvd. Ave.-14th Floor  
Bismarck, ND 58505-0510  
(701)328-4712

### **OREGON**

Corporate Securities Section  
Department of Insurance &  
Finance  
Labor & Industries Bldg.  
350 Winter St., N.E., Room  
410  
Salem, OR 97310-3881  
(503) 378-4387

### **RHODE ISLAND**

Department of Business  
Regulation  
Securities Section  
Bldg. 69, 1st Floor  
John O. Pastore Center  
1511 Pontiac Avenue  
Cranston, RI 02920  
(401)462-9527

### **SOUTH DAKOTA**

Department of Revenue and  
Regulation Division of  
Securities  
124 S Euclid, Suite 104  
Pierre, SD 57501  
(605) 773-4823

### **TEXAS**

Secretary of State  
1019 Bravos Street  
Austin, Texas 78701  
(512) 463-5705

### **UTAH**

Department of Commerce  
Division of Consumer  
Protection  
160 E. 300 South  
Salt Lake City, UT 84145-0804  
(801)530-6601

### **VIRGINIA**

State Corporations Commission  
Division of Securities & Retail  
Franchising  
1300 East Main Street, 9<sup>th</sup> Floor,  
Richmond, VA 23219  
(804)371-9051

### **WASHINGTON**

Washington Dept of Financial  
Institutions  
Securities Division  
P.O. Box 41200  
Olympia, WA 98507-1200  
(360) 902-8760

or

Department of Financial  
Institutions  
General Administration  
Building  
Securities Division  
150 Israel Road SW  
Tumwater, WA 98501  
(360) 902-8760

### **WISCONSIN**

Commissioner of Securities  
P.O. Box 1768  
Madison, WI 53701-1768  
(608) 264-7979

**EXHIBIT B**  
**LIST OF AGENTS FOR SERVICE OF PROCESS**

**LIST OF AGENTS FOR SERVICE OF PROCESS**

**DRYJECT MANAGEMENT, LLC  
AGENTS FOR SERVICE OF PROCESS**

For all Non-Registration States:  
John Paddock  
307 Lincoln Avenue, Hatboro, Pennsylvania 19040

**CALIFORNIA**

Commissioner of Financial Protection and  
Innovation  
320 West Fourth Street, Suite 750  
Los Angeles, CA 90013-1105

**HAWAII**

Commissioner of Securities of State of Hawaii  
PO Box 40  
Honolulu, Hawaii 96810

**ILLINOIS**

Office of the Attorney General  
State of Illinois  
500 South Second Street  
Springfield, Illinois 62706

**INDIANA**

Indiana Securities Commissioner  
201 State House  
Indianapolis, Indiana 46204

**MARYLAND**

Maryland Securities Commissioner  
200 St. Paul Place  
Baltimore, Maryland 21202-2020

**MICHIGAN**

Michigan Department of Commerce  
Corp. and Securities Bureau Corporate Division  
6546 Mercantile Way  
Lansing, Michigan 48911

**MINNESOTA**

Minnesota Commissioner of Commerce  
Department of Commerce  
85 7<sup>th</sup> Place East, Suite 280  
St. Paul, Minnesota 55101-2198

**NEW YORK**

Secretary of State of State of New York  
One Commerce Plaza  
99 Washington Street  
Albany, New York 12231

**NORTH DAKOTA**

North Dakota Securities Commissioner  
600 E. Blvd, Ave  
State Capitol – 14<sup>th</sup> Floor Dept. 414  
Bismarck, North Dakota 58505-0510

**OREGON**

Director of Oregon Department of  
Insurance and Finance Labor & Industries  
Building  
Salem, Oregon 97310

**RHODE ISLAND**

Director of Rhode Island Department  
of Business Regulation  
Bldg. 69, 1st Floor, John O. Pastore Center  
1511 Pontiac Avenue  
Cranston, RI 02920

**SOUTH DAKOTA**

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

**VIRGINIA**

Clerk of the State Corporation Commission  
1300 East Main Street  
Richmond, Virginia 23219

**WASHINGTON**

Administrator  
Department of Financial Institutions  
Securities Division  
150 Israel Rd. SW  
Tumwater, Washington 98501

**WISCONSIN**

Wisconsin Commissioner of Securities  
345 W. Washington Avenue,  
Fourth Floor  
Madison, Wisconsin 53703



**EXHIBIT C**  
**STANDARD FRANCHISE AGREEMENT**  
**FOR**  
**DRYJECT MANAGEMENT, LLC**

**DRYJECT MANAGEMENT, LLC**  
**FRANCHISE AGREEMENT**

# FRANCHISE AGREEMENT

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# DRYJECT MANAGEMENT, LLC

## FRANCHISE AGREEMENT

**THIS FRANCHISE AGREEMENT** (the “Agreement”) is made at Hatboro, Pennsylvania, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between DryJect Management, LLC, (hereinafter referred to as “We,” “Us,” “Our” or “Franchisor”), a Pennsylvania limited liability company with its principal place of business at 307 Lincoln Avenue, Hatboro, Pennsylvania 19040 and \_\_\_\_\_, (a/an) \_\_\_\_\_ with its principal address at \_\_\_\_\_, (hereinafter referred to as “You,” “Your,” or “Franchisee”) and, if Franchisee is a partnership, corporation, trust, or limited liability company, including each of its partners, shareholders, trustees, or members.

### RECITALS

1. We and Our affiliates and/or predecessors have developed a system for establishing, operating and marketing a business offering a patented, unique and exclusive natural grass (“turf”) aeration service limited to golf course and sports turf facilities under the trade name and/or trademark “DryJect” and We are currently marketing and selling franchises under that name and/or mark;
2. Through the expenditure of time, effort and money, We have acquired unique experience, special skills, techniques and knowledge, marks, concepts, and proprietary information and have created and developed a unique business system for DryJect Services (“Franchisor’s System” or “System”), which System includes standards, specifications, methods, procedures, techniques, know-how, management directives, identification schemes, and proprietary marks and information in connection with the operation of the DryJect business (“System Standards”), which System Standards may be further developed by Us;
3. Our System is used in connection with the names “DryJect” and “21<sup>st</sup> Century Aeration,” DryJect design trademark, other trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, logos, designs, emblems, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like (“e-marks”) and copyrights (hereinafter referred to collectively as “Marks” or “DryJect Marks”), as We have adopted and designated, or may subsequent to the date of this Franchise Agreement acquire and/or develop and designate for use by You in connection with Our System (“Licensed Rights”);
4. We are the owner of the Licensed Rights, together with all the goodwill connected to and/or with such rights;
5. All of the enumerated Licensed Rights are recognized by the public as distinctive and valuable, and You recognize the potential benefits to be derived from being associated

with and licensed by Us and from utilizing Our Licensed Rights as We make available to Our franchisees through and under franchise agreements;

6. By establishing and maintaining uniformity and high standards of quality and service, We have developed an excellent reputation and significant goodwill with the public with respect to the products and services available through DryJect businesses, which will continue to be a major benefit to Us and those associated with Us;
7. You desire to use Our System, Marks and goodwill to establish and operate a DryJect franchised business in the territory described, and upon the terms and conditions set forth, in this Agreement;
8. The terms and conditions of this Agreement are reasonably necessary to maintain Our uniform System Standards of quality and service and to protect the goodwill of Our Licensed Rights;
9. You acknowledge and agree that, in the administration of this Agreement and in taking actions with respect to Our relationship with You, We must take into account the needs of the System, and the effect upon the System as a whole, and the need to protect the Marks for the benefit of the System; and,
10. The territory described in Addendum A to this Agreement is being made available by Us as a territory for a DryJect franchised business ("Designated Territory").

In consideration of the respective representations, warranties, covenants and agreements contained in this Agreement, the parties agree as follows:

### **1. INCORPORATION OF RECITALS**

The Recitals above are incorporated herein by reference.

### **2. GRANT OF FRANCHISE**

On the terms and conditions of this Agreement, We hereby grant to You the right to establish and operate a DryJect franchise (the "Franchise" or "Franchised Business") and to use the Licensed Rights associated with the Franchised Business and developed by Us. The Franchise is granted for the area set out in the attached Addendum A to this Agreement, entitled Franchisee's Designated Territory.

The Franchised Business described in this Section will service an area more particularly described in Section 4 of this Agreement.

### **3. GRANT OF LICENSED RIGHTS**

- (a) Subject to the terms and conditions of this Agreement, We grant to You the right to use

Our Licensed Rights in the establishment and operation of the Franchised Business. You acknowledge Our sole and exclusive right to use the DryJect Marks in connection with the products and services to which they are or may be applied by Us, and represent, warrant and agree that, neither during the Term of this Agreement nor after its expiration or other termination, shall You directly or indirectly contest, or aid in contesting, the validity or ownership of the Licensed Rights, or take any action whatsoever in derogation of the rights claimed by Us in this Agreement.

(b) Nothing contained in this Agreement shall be construed to vest in You any right, title or interest in or to the Licensed Rights, the goodwill now or hereafter associated with such rights, other than the rights and license expressly granted to You in this Agreement. Any and all goodwill associated with or identified by the Licensed Rights shall inure directly and exclusively to Our benefit and is Our property.

(c) No advertising or other use of the DryJect Marks by You shall contain any statement or material which, in Our sole judgment, We consider to be in bad taste or inconsistent with DryJect's public image, or tends to bring disparagement, ridicule or scorn upon Us or Our affiliates or predecessors or successors or the DryJect Marks, or diminish Our associated goodwill. You shall not make any use of the DryJect Marks or any advertising material that We have disapproved for any of the reasons set forth in this Section.

(d) You shall adopt and use the Licensed Rights only in the manner provided to You by Us in the Operations Manual (including any brand standards) or as otherwise expressly approved by Us.

#### **4. TERRITORY**

(a) You shall have the right to operate a DryJect Franchised Business, and to use Our Licensed Rights in Franchisee's Designated Territory. We will not grant to others (nor reserve unto ourselves except as specified in this Agreement) the right to operate a DryJect business within Your Designated Territory. However, We reserve the right to establish policies pertaining to the sale of products and services at discounted rates to customers operating multiple facilities, some of which may be located within Your Designated Territory ("Reserved Accounts"). In the event that You do not agree to provide a Reserved Account with the contracted goods or services for a facility operated within Your Designated Territory at the discounted rate, or You are unable to provide the required goods or services within Your Designated Territory, We, any of Our affiliates or another of Our franchisees may supply the goods or services, and You shall not be entitled to receive any fee or other compensation associated with the transaction.

(b) We reserve the right to use and franchise within Your Designated Territory any other trade names and trademarks that We might develop and not designate as Licensed Rights in the future, for use with similar or different franchise systems. You are granted no automatic rights to acquire additional franchises within Your Designated Territory, or within any contiguous territories.

(c) Notwithstanding the provisions of the above Subsection 4(a), We specifically reserve the right to develop, grant, license or use additional distribution methods for the sale of Our trademarked merchandise, including wholesalers and retailers, but not for DryJect turf aeration



services within Your Designated Territory.

(d) As long as You are in compliance with all terms and conditions of this Agreement, We may not otherwise alter Your Designated Territory, as it is defined in this Agreement, and as it is more specifically identified in Addendum A to this Agreement.

(e) You agree that You will not accept business nor perform services outside of Your Designated Territory without Our prior written approval. If You accept business from outside Your Designated Territory, which business is located in another franchise owner's designated territory, then We have the right to require You to forfeit all of the Gross Revenues You earned in the designated territory to the franchise owner who operates within the designated territory where that business is located. However, You may accept business resulting from referrals or unsolicited inquiries from customers outside Your Designated Territory if that business is not located in another franchise owner's designated territory.

(f) You also agree that we may purchase, merge, acquire, be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and that following such activity we may operate, franchise or license those other businesses and/or facilities under any names or marks other than (while this Agreement is in effect) the Marks, regardless of the location of these businesses and/or facilities, which may be within the Designated Territory or immediately proximate to the Designated Territory.

## **5. TERM**

The term of this Agreement shall commence on the date first set forth above and shall continue for a term expiring upon the date ten (10) years following ("Term"), unless earlier terminated pursuant to the terms of Section 32 of this Agreement.

## **6. RENEWAL**

You may renew the franchise to own and operate the Franchised Business and the right to use the Licensed Rights for two (2) additional successive five (5) year terms; provided that, prior to the expiration of the applicable initial or renewal term:

(a) You provide Us written notice of Your election to exercise the renewal option not less than six (6) months, nor more than twelve (12) months, prior to the end of the then-current term;

(b) When such notice is given, and thereafter up to and including the date of renewal, You are not in default of any provision of this Agreement, or any other agreement between You and Us or any of Our subsidiaries or affiliates, including any other franchise agreement, and have substantially complied with the terms and conditions of all such agreements during the Term of this Agreement;

(c) You have not received three (3) or more notices of default from Us during the then-current

Term of this Agreement;

(d) All monetary obligations owed by You to Us and any of Our subsidiaries and affiliates have been satisfied and paid when due throughout the initial and all prior renewal terms of this Agreement;

(e) You execute Our then-current standard form of franchise agreement (with appropriate modifications to reflect that such agreement relates to the grant of a renewal franchise including application of Your prior years as a franchisee to the determination of the Annual Royalty Service Fee and Annual Minimum Service Fee) being executed by franchisees for new DryJect franchised businesses, which agreement shall supersede in all respects this Agreement and which may contain terms and conditions substantially different from those set forth in this Agreement, including, without limitation, a different royalty fee, different advertising expenditure requirements, and a smaller Designated Territory;

(f) You, except to the extent prohibited by state law, execute a general release, in a form prescribed by Us, of any and all claims You may have against Us and Our subsidiaries and affiliates, and their respective officers, directors, shareholders, members, managers, agents and employees;

(g) You, or a representative approved by Us or any other person who has an interest in You (if You are a group of individuals or a corporation, partnership, limited liability company, unincorporated association or similar entity) attend and satisfactorily complete such retraining or refresher training programs as We in Our sole discretion may require;

(h) You perform such replacements and upgrading as We may require to cause the Franchised Business' equipment and computer system to conform to the specifications being used for new DryJect franchised businesses on the renewal date; and,

(i) You pay to Us a Renewal Fee equal to twenty percent (20%) of the Initial Franchise Fee then being paid by new franchisees.

If You continue to operate after the end of the Term or any Renewal term without exercising an option to renew and signing Our then-current franchise agreement, You shall be deemed to be operating on a month-to-month basis under the terms and conditions of Our then-current form of franchise agreement. In such circumstances, and notwithstanding the foregoing, We may, on ten (10) days written notice, terminate Your Franchise Agreement.

## **7. FRANCHISEE'S PAYMENTS**

(a) You shall pay to Us an Initial Franchise Fee of Twenty-Nine Thousand Five Hundred Dollars (\$29,500.00), payable by a certified or cashier's check. Such Initial Franchise Fee shall be due and payable in full upon the execution of this Agreement. You understand and acknowledge that the Initial Franchise Fee is non-refundable and is fully earned by Us at the time the parties execute this Agreement.

(b) You agree to purchase from Us all proprietary equipment required to operate the Franchised Business. As of the Effective Date, the minimum proprietary equipment requirement for the establishment of a Franchised Business consists of three (3) model 4810 DryJect machines (the “Base Equipment Package”). The purchase price for the Base Equipment Package is One Hundred Sixty Thousand Five Hundred Dollars (\$160,500.00) and is due and payable to Us upon the earlier of: (1) commencement of the Initial Training Program described in Section 13; (2) shipment of the Base Equipment Package to You; or (3) ninety (90) days after the Effective Date. The fee for the Base Equipment Package is fully earned by Us upon the execution of this Agreement and is non-refundable.

(c) You agree to pay to Us an Annual Royalty Service Fee of eight percent (8%) of the annual Gross Revenues generated by You in the Franchised Business or the annual total of the monthly Minimum Service Fee amounts, whichever is greater. The Annual Royalty Service Fee will be calculated using a calendar year.

The minimum monthly payment toward this Annual Royalty Service Fee (“Minimum Service Fee”) will be based on Your total number of calendar years as a franchisee (initial Term and renewals): the first (1<sup>st</sup>) partial calendar year, beginning month four (4): Four Hundred Fifty Dollars (\$450.00) per month; the second (2<sup>nd</sup>) full calendar year: Nine Hundred Dollars (\$900.00) per month or Ten Thousand Eight Hundred Dollars (\$10,800.00) per year; the third (3<sup>rd</sup>) full calendar year: One Thousand Three Hundred Dollars (\$1,300.00) per month or Fifteen Thousand Six Hundred Dollars (\$15,600.00) per year; the fourth (4<sup>th</sup>) full calendar year and forward: One Thousand Four Hundred Fifty Dollars (\$1,450.00) per month or Seventeen Thousand Four Hundred Dollars (\$17,400.00) per year. Annual Royalty Service Fee Gross Revenue Equivalent is: annual Minimum Service Fee divided by .08 (8% Royalty). For example, the Annual Royalty Service Fee Gross Revenue Equivalent for the second (2<sup>nd</sup>) year is One Hundred Thirty Five Thousand Dollars (\$135,000.00) (\$10,800.00 divided by .08).

You must report to Us the Gross Revenues of the Franchised Business operations on a monthly basis, the month immediately after the service was performed. Payments toward the Annual Royalty Service Fee must be made on a monthly basis and must be paid on or before the fifteenth (15<sup>th</sup>) day of the month for the preceding month. We may change the date and/or frequency of payment and reporting, and if We do so, the Royalty Service Fee and/or Minimum Service Fee will be adjusted accordingly.

Once Your cumulative monthly Gross Revenues during the course of the calendar year exceed Your Annual Royalty Service Fee Gross Revenue Equivalent, We will collect the monthly Minimum Service Fee plus an additional eight percent (8%) on the amount of the monthly Gross Revenues that exceed the Annual Royalty Service Fee Gross Revenue Equivalent.

(d) In order to develop and maintain a local, regional or national marketing and advertising program, We have a National Marketing Fund (“Marketing Fund”). You must pay a Marketing Fund Fee according to the following schedule based on Your total number of months as a franchisee (initial term and renewal): The greater of two percent (2%) of the monthly Gross

Revenues generated by You in the Franchised Business or for months one to three (1-3): \$0 per month; months four to twelve (4-12): One Hundred Dollars (\$100.00) per month; months thirteen to twenty four (13-24): Two Hundred Dollars (\$200.00) per month; months twenty five to thirty six (25-36): Three Hundred Dollars (\$300.00) per month; months thirty seven (37) forward: Four Hundred Dollars (\$400.00) per month. Marketing Fund contributions must be paid on or before the fifteenth (15<sup>th</sup>) day of the month or the date designated in the Operations Manual.

(e) In addition to any other remedies We may have, as permitted by law, if You fail to pay any fees when due to Us or any of Our affiliates, interest shall be payable on such fees from the date such payment was due at the rate of eighteen percent (18%) per year or the maximum contract rate of interest permitted by governing law, whichever is less. In addition, You shall pay any and all of Our expenses in collecting overdue payments from You, including attorneys' fees and the fees of any collection agencies hired by Us. The foregoing shall be in addition to any other remedy We may possess, as permitted by law. You acknowledge that this Subsection shall not constitute agreement by Us to accept such payments after they are due, or a commitment by Us to extend credit to, or otherwise finance Your operation of the Franchised Business. Any acceptance of an amount which is less than the full amount due shall not be considered a waiver of Our right to (or Your obligation for) the full amount then due, or which may become due in the future.

(f) In addition to Our other rights and remedies, We may charge You a fee of One Hundred Dollars (\$100.00) per violation (“Non-Compliance Fee”) by You of any term or condition of this Agreement, payable upon receipt of such notice. This Fee may be changed or eliminated by Us. This Non-Compliance Fee is intended to reimburse Us for Our expenses and to compensate Us for Our inconvenience and does not constitute interest.

(g) As used in this Agreement, the term “Gross Revenues” shall mean and include the total of all revenue and income which You are entitled to receive from the provision of services and products to customers of the Franchised Business or any other source within thirty (30) days of performance of service, whether or not sold or performed at or from the Franchised Business and whether received in cash, in services in kind, from barter and/or exchange, on credit (whether or not payment is received), or otherwise. You will deduct from the Franchised Business’ Gross Revenues (but only to the extent they have been included) the amount of all sales tax receipts or similar tax receipts which, by law, are chargeable to customers, if such taxes are separately stated when the customer is charged and as long as such taxes are promptly paid to the appropriate taxing authority. You may also deduct from the Franchised Business’ Gross Revenues the amount of any documented refunds, charge-backs, credits and allowances You pay in good faith to customers. All barter and/or exchange transactions pursuant to which the Franchised Business furnishes services and/or products in exchange for goods or services to be provided to You or the Franchised Business by a vendor, supplier or customer shall, for the purpose of determining Gross Revenues, be valued at the full value of the goods and/or services so provided to You or the Franchised Business. Gross Revenues shall also include all insurance proceeds received by You for loss of business due to a casualty to or similar event affecting the operation of the Franchised Business.

(h) You are required to submit, at Your expense, a monthly report including both an income statement and balance sheet, signed by You, in a form to be prescribed by Us. Such report shall

reflect the Gross Revenues during the preceding month, along with any additional information that We may deem reasonably necessary. This report shall be mailed or electronically transmitted to Us so that it is received by Us no later than the fifteenth (15<sup>th</sup>) day of the next succeeding month. Pursuant to Section 22 of this Agreement, You are also required to provide Us with annual reports of Gross Revenues, income statements and balance sheets from each Franchised Business' operation signed by You within sixty (60) days of the end of Your fiscal or other operating year. We reserve the right to require other additional reports, as are or may be more particularly set forth in Our Operations Manual.

(i) You must reimburse Us for any taxes that We must pay to any state taxing authority on account of either Your operation of the Franchised Business or payments that You make to Us.

(j) Notwithstanding any designation by You, We shall have the sole discretion to apply any payments by You to any past due amount You owe Us for Royalty Service Fees, Marketing Fund Fees, purchases from Us and/or any of Our subsidiaries or affiliates, interest or any other indebtedness.

(k) You shall not withhold payment of any Royalty Service Fees, Marketing Fund Fees, or any other amounts of money owed to Us for any reason on grounds of alleged nonperformance by Us of any obligation under this Agreement, and any Royalty Service Fees, Marketing Fund Fees or any other amounts of money owed to Us that are withheld shall be deemed by Us to be unpaid.

(l) You authorize Us and Our affiliates to initiate debit entries and credit correction entries to Your checking, savings or other accounts for the payment of Royalty Service Fees, Marketing Fund Fees, and any other amounts due from You under this Agreement or otherwise. You must complete and sign the Electronic Funds Transfer Agreement attached to this Agreement as Addendum F. You shall comply with Our procedures and instructions in connection with the direct debit process, and shall sign all documents or take any action that may be required to effect this authorization.

We may require You to pay the Royalty Service Fees, Marketing Fund Fees and other amounts due under this Agreement by automatic charge to Your designated credit card (Visa or Master Card) instead of by automatic debit whenever We deem it appropriate. You must execute the forms and complete the reasonable procedures We establish for this process as set forth in Our Operations Manual. You must have sufficient credit available on Your specified credit card account for the charge to be honored by Your bank or other financial institution and You agree to advise Us in advance of any change in Your credit status or card to be charged. We will submit charges only for the correct Fees and other amounts due as set forth in this Agreement during the Term of this Agreement and for six (6) months thereafter. You must reimburse Us for all charges We incur in processing Your credit card payments.

We reserve the right to require You to pay the Royalty Service Fees, Marketing Fund Fees and other amounts due under this Agreement by means other than automatic debit or credit card and You agree to comply with Our payment instructions.

(m) You shall, during the Term of this Agreement and thereafter, promptly pay all sums owing to Us and Our affiliates.

## **8. BUSINESS RELATIONSHIP**

(a) We and You agree and acknowledge that each of us is an independent business entity or person; that Our only relationship is as franchisor and franchisee as specified in this Agreement; that this Agreement does not create a fiduciary relationship between the parties. Neither of us is the employer, employee, agent, partner, fiduciary or co-venturer of or with the other, each being independent of the other. Neither party is liable or responsible for the other's debts or obligations and neither party shall be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business. We and You agree that neither of us will hold ourselves out to be the agent, employer, partner or co-venturer of the other, and that neither of us has the authority to create or assume in the other's name or on their behalf, any obligation, express or implied, or to act or purport to act as agent or representative for any purpose whatsoever and cannot bind or incur liability on behalf of the other.

(b) All employees or agents hired or engaged by or working for You will be only Your employees or agents and will not for any purpose be considered Our employees or agents or the owner of the Marks, nor subject to Our control, and in particular, We will have no authority to exercise control over the hiring or termination of employees, independent contractors, or others who work for You, their compensation, working hours or conditions, or the day-to-day activities of those people, except to the extent necessary to protect the Marks. It is understood that You will have sole responsibility for Your employees and all acts of Your employees, and all employment-related decisions involving wages, benefits, hours of work, scheduling, hiring, firing, discipline, supervision, record keeping, withholding income tax, social security contributions, Medicare contributions, unemployment fund contributions and all other terms and conditions of employment. You must disclose to each of Your employees in writing, in a form approved by Us in advance, that We are not a "joint employer" of the Franchisee's employees. You acknowledge that We do not control Your personnel policies, including establishing wage and hour requirements, hiring, firing, setting wages, disciplining, supervising and record keeping of Your employees. You will file Your own tax, regulatory and payroll reports with respect to Your employees or agents and operations, saving and indemnifying Us of and from any liability of any nature whatsoever by virtue of it.

## **9. SERVICES TO BE PERFORMED BY FRANCHISOR**

We agree to make available to You the following:

(a) General specifications for such equipment, signs, furnishings and operating supplies as are typically identified with DryJect franchised businesses and which You are required to purchase and use in the operation of Your DryJect Franchised Business. We shall provide a limited quantity, which We shall determine, of logo uniform apparel items (e.g. golf shirts, work shirts, baseball caps), business cards, envelopes, letterhead, invoices and estimate forms;

(b) Initial training in Our System, including instruction with respect to DryJect's standards, methods, procedures and techniques, for each person identified in this Agreement, at such time and places as We may in Our discretion designate for Our training program. As of the date of this Agreement, the training program is conducted at Our affiliate's office in Hatboro, Pennsylvania;

(c) The use of Our Operations Manual and any other manuals and training aids, as periodically revised, which shall be loaned to You and remain Our property. You acknowledge and agree that Our Operations Manual and other system communications will be in the English language only and may only be available on the Internet or other online or computer communications. The Operations Manual may take the form of one or more of the following: one or more loose-leaf or bound volumes; bulletins; notices; letters, videos; CD's; DVD's and/or other electronic media; online postings; e-mail and/or electronic communications; facsimiles; or any other medium capable of conveying the Operation Manual's contents. If You require a replacement copy of the Operations Manual, We will charge You a Replacement Manual Fee of Two Hundred Dollars (\$200.00). The Replacement Manual Fee will be due upon request. The Operations Manual contains mandatory and suggested specifications, policies, methods, standards, operating procedures and requirements prescribed from time to time by Us and information relative to other obligations of a franchisee, and to the operation of a Franchised Business. Any required System Standards exist to protect Our interests in Our System and the Marks and not for the purpose of establishing any control or duty to take control over those matters that are reserved to You. The Operations Manual also will include guidelines or recommendations in addition to required System Standards. In some instances, the required System Standards will include recommendations or guidelines to meet the required standards. You may follow the recommendations or guidelines or some other suitable alternative, provided You meet and comply with the required System Standards. In other instances, no suitable alternative may exist. In order to protect Our interests in the System and Marks, We reserve the right to determine if You are meeting a required System Standard and whether an alternative is suitable to any recommendations or guidelines. The Operations Manual will remain confidential and the property of Us, constitutes a Trade Secret owned by Us, and may not be loaned to any person, or duplicated or copied in whole or in part in any manner, without Our prior written permission. We have the right to add to and otherwise modify the Operations Manual from time to time, as We deem necessary, provided that no such addition or modification will alter Your fundamental status, rights and obligations under this Agreement. You shall always follow the directives of the Operations Manual, as it may be modified by Us from time to time. You acknowledge that such compliance by You is necessary to protect the integrity and reputation of Our System. Any training materials and aids made by Us will be made available to You for a fee equal to Our cost;

(d) Such periodic continuing individual or group advice, consultation and assistance, rendered by personal visit, telephone, electronic transmission, newsletter, brochures, reports or bulletins as We may deem necessary or appropriate. Such advice, consultation and assistance may include such topics as marketing and advertising, management, maximizing sales and profits, customer service, employee training, vendor relations, operating problems and such other reasonable subjects as may be of interest to You, or in which You may be experiencing problems;

(e) New products, services, equipment or technologies, as they are located or developed in the marketplace, which may be tested and evaluated by Us, and, if they meet Our System Standards, are made available to all DryJect franchisees, either through an approved supplier or by Us directly;

(f) Maintain the DryJect Internet Website for the purpose of enhancing the goodwill and public image of the DryJect franchise system, and to attract prospective customers for the benefit of the DryJect franchisees. We will list Your contact information on Our Internet Website, including your e-mail address, which You use as the Franchised Business' e-mail address. We reserve the right to update or make changes or additions to the DryJect Internet Website without limitation. Unless otherwise indicated, the Website shall be accessible to third parties via the Internet twenty-four (24) hours a day, seven (7) days a week, except for scheduled maintenance, updates, changes, required repairs, and except for any loss or interruption of the DryJect Internet Website due to causes beyond Our control or which are not reasonably foreseeable by Us, including, but not limited to, interruption or failure of telecommunication or digital transmission links and Internet slow-downs or failures;

(g) We shall have no liability for unauthorized access to, or alteration, theft, or destruction of, the Website or Your data files, programs, or information, if any, through accident, fraudulent means or devices. We shall have no liability with respect to Our obligations under this Agreement or otherwise for consequential, exemplary, special, incidental, or punitive damages even if We have been advised of the possibility of such damages;

(h) We may, at Our option, establish and maintain, either a series of "private" pages on Our Website or an intranet through either of which We, Our franchisees, and their respective authorized employees may communicate with each other, and through which We may disseminate the Operations Manual, updates to it and other Confidential Information. We will have sole discretion and control over all aspects of the intranet/extranet, including the content and functionality of it. We will have no obligation to maintain the intranet indefinitely, and may dismantle it at any time without liability to You;

(i) If We establish an intranet, You will have the privilege to use the intranet, subject to Your strict compliance with the System Standards, protocols and restrictions (collectively, "Franchisor Protocols") that We may establish from time to time. The Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications, (ii) communications between or among franchisees that endorse or encourage breach of any franchisee's franchise or license agreement, (iii) confidential treatment of materials that We transmit via the intranet, (iv) password protocols and other security precautions, (v) grounds and procedures for Us suspending or revoking a franchisee's access to the intranet, and (vi) a privacy policy governing Our access to and use of electronic communications that franchisees post to the intranet. You acknowledge that, as administrator of the intranet, We can technically access and view any communication that any person posts on the intranet. You further acknowledge that the intranet facility and all communications that are posted to it will become Our property, free of any claims of privacy or privilege that You or any other person or entity may assert;



(j) After We have completed Our pre-opening obligations to You under this Agreement, We may ask that You sign and deliver to Us a confirmation (the “Confirmation of Performance”), in a form We reasonably request, verifying that We have performed those obligations. If We ask You to provide Us with such a certificate, then You agree to sign and deliver the Confirmation of Performance to Us within three (3) business days after Our request. However, if You do not reasonably believe that We have performed all of Our pre-opening obligations, You must, within that same three (3) day period, give Us written notice specifically describing the obligations that We have not performed. Not later than three (3) business days after We complete all the obligations that You specified in that notice, You must sign and deliver the Confirmation of Performance to Us. The term “pre-opening obligations” means the obligations We have to You under this Agreement that must be performed before the date when Your Franchised Business starts its operations;

(k) Upon receipt of Your written request, We may, at Our option, provide on-site technician field services for equipment repair, equipment maintenance, and contract management services. You shall reimburse Us for the expenses of Our personnel at our then current per diem rate and out-of-pocket expenses, as set forth in the Operations Manual; and,

(l) We may advise You, from time to time, on suggested retail prices. You and We agree that any list or schedule of prices provided to You by Us is a suggestion only and is not mandatory. We do not represent that the use of Our suggested prices will optimize Your profits.

## **10. LIMITATIONS ON RIGHTS EXTENDED TO FRANCHISEE**

You acknowledge and agree that:

(a) You will use the Licensed Rights strictly in accordance with the terms of this Agreement. Any unauthorized use of the Licensed Rights is and shall be deemed an infringement of Our rights and a material breach of this Agreement.

(b) Except as expressly provided by this Agreement, You shall not acquire any right, title or interest to the Licensed Rights. Any and all goodwill associated with the Licensed Rights shall accrue exclusively to Our benefit. Upon the expiration or termination of this Agreement and any renewals, no monetary amount shall be attributable to goodwill associated with Your use of the Licensed Rights.

(c) Except as provided for in Section 4 of this Agreement above, the Franchised Business and Licensed Rights granted under this Agreement are non-exclusive, and We retain the right, in Our sole discretion:

(i) To continue to operate DryJect businesses and to use the Licensed Rights in any territory outside of Your Designated Territory, and to license others to do so; and,

(ii) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignias or copyrights not specifically

designated by Us as Licensed Rights, for use with similar or different franchise systems in any territory, on such terms and conditions as We may deem advisable, and without granting You any rights.

(d) You alone are responsible for operating the Franchised Business in full compliance with all System Standards, as modified from time to time. System Standards mean mandatory specifications, standards, operating procedures, and rules that We periodically prescribe for the development and operation of DryJect franchised businesses. All references in this Agreement to System Standards will include any modifications, deletions and/or additions to the System Standards which are authorized by this Agreement or the Operations Manual. Except as otherwise provided in this Agreement, System Standards may regulate any aspect of the operation and maintenance of DryJect franchised businesses, provided that all System Standards will apply uniformly to all similarly situated DryJect franchised businesses.

(e) You shall offer for sale all types of products and/or services that We from time to time authorize. You shall not offer for sale, without Our prior written approval, any other products and/or services, or use any equipment, commercial vehicles or premises (other than Your home) for any purpose other than the operation of the Franchised Business in full compliance with this Agreement.

(f) You shall be required to purchase and sell all products and services bearing DryJect's trade name and/or logo which We now carry or see fit to carry or develop in the future. You may not develop or sell other products or services on Your own without Our prior written consent.

(g) In order to allow Us to establish and enforce standards of quality and uniformity for the distribution and sale of Our products and services, and in order to preserve incentive for other entities to become DryJect franchisees in the future, You shall not sell DryJect products and services other than on a retail basis to customers, and not for resale by the purchasers thereof, without Our prior written consent and without executing a separate agreement with Us for the right to conduct such sales, if We request the execution of such an agreement.

(h) We have the right to determine, approve and supervise the quality of services and products sold by You from the Franchised Business, and to take all action We deem necessary to maintain the quality and standards of the services and products, the Franchised Business and Our System. You are required to purchase certain services, equipment and operating supplies, as are more particularly set forth in the Operations Manual, from Us or suppliers whose services, products and materials are approved, and not thereafter disapproved, by Us. We or Our affiliates may receive commissions on goods and services provided to franchisees from various suppliers. If You desire to purchase any services or products from suppliers that We have not previously approved, You or the supplier must submit a written request for such approval to Us. As a condition of Our approval, which shall not be unreasonably withheld, We may require that Our representatives be allowed to inspect the supplier's facilities and/or that a sample of its product be made available to Us or Our designee for testing. In such event You or the supplier may be charged a fee not to exceed the actual cost of such inspection and/or testing. Within thirty (30) days of delivery of the test results, if testing is conducted or the written request if testing is not conducted, We will issue a decision in writing. Such decision may be a determination that additional time is needed to

complete the review. Any denial will state the reasons. In the event We do not provide You with a written decision, the request shall be deemed denied.

(i) You shall have a fully trained general manager operate the Franchised Business at all times when You are not personally managing and operating the Franchised Business. You shall keep Us informed at all times of the identity of any employee(s) acting as manager(s) of the Franchised Business. We shall make training available, as is reasonable and necessary, for all managers designated by You. We may provide such training at Our then-current rates.

(j) You agree that You will at all times faithfully, honestly and diligently perform Your obligations hereunder and that You will not engage in any business or other activities that will conflict with Your obligations hereunder or Your DryJect Franchise. You have the sole responsibility for the performance of all obligations arising out of the operation of the Franchised Business pursuant to this Agreement. You shall secure and maintain in force, at Your expense, all required licenses, permits and certificates relating to the full and proper operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation, zoning, access, signage, all government regulations relating to occupational hazards and health, fire, safety, consumer protection, equal opportunity, trade regulation, workers' compensation, labor and employment, equal opportunity, unemployment insurance, licenses to do business, sales tax permits, withholding and payment when due of any and all taxes levied or assessed by reason of the operation of the Franchised Business, and fictitious name filings and registrations, privacy laws and data protection or security laws as well as Payment Card Industry Data Security Standard (PCI DSS) compliance. In the event of any bona fide dispute as to any liability for taxes assessed or other indebtedness, You may contest the validity or the amount of the tax or indebtedness in accordance with the proper procedures of the taxing authority or applicable law; however, in no event shall You permit a tax sale or seizure by levy of execution or similar liens, writ or warrant, or attachment by a creditor to occur against the property of the Franchised Business.

(k) During the Term of this Agreement, and any renewals or extensions hereof, You shall hold Yourself out to the public only as an independent contractor operating the Franchised Business pursuant to a Franchise Agreement with Us. You agree to take such affirmative actions as may be necessary to do so, including without limitation exhibiting a public notice of that fact, the content and display of which We shall have the right to specify from time to time.

(l) It is the express intention of Subsections (j) and (k) of this Section 10 to establish that You are an independent contractor, and as such are solely responsible for the day-to-day affairs, management, operations and financial control of the Franchised Business and for Your employees and Your treatment of them.

(m) We shall have the right to establish and utilize an on-line computer monitoring system, and to use the on-line system to remotely examine Your records pertaining to the operation of the Franchised Business. You must subscribe to business class high-speed Internet access through cable or other method designated in the Operations Manual.

(n) You shall not establish a website on the Internet using any domain name containing the words “DryJect”, “21<sup>st</sup> Century Aeration”, DryJect.com, .net, .biz, .us, .org, 21<sup>st</sup> Century Aeration.com, .net, .biz, .us, .org or any variation. We retain the sole right to control all Internet activity and create websites using any of the foregoing or other domain names. We may require You to utilize e-commerce products or services designated by Us, which We may change from time to time. You acknowledge that We are the owner of all right, title and interest in and to such domain names as We shall designate and all uniform resource locators (URLs), future addresses and sub-addresses (including the Franchisee Page sub-addresses), software, content prepared for or used on Our website, and all intellectual property rights in or to any of them. We retain the right to control Your use of linking and framing between Your web pages and all other websites. Any digital or electronic content You publish must comply with Our brand communication standards and is subject to Our approval. All digital imagery bearing the Marks are subject to Our approval. Due to the speed of electronic communication, You must respond to all instructions by Us which are deemed to restrict, designate or control internet or e-commerce activities within twenty-four (24) hours. We also reserve the right to restrict, designate and to approve or control any existing or future (not yet developed) Fan Page or other advertising or social networking services of the Franchised Business, including the sending of bulk e-mail or facsimiles, except as are in accordance with the guidelines in the Operations Manual or otherwise as We may specify in writing. We require administrator privileges, at all times, to all Your software, electronic mail, social media, marketing platforms, digital marketing and all e-commerce activities.

(o) You shall not make any material replacements or alterations to any equipment, techniques, signs or the System of the Franchised Business without Our prior written approval.

## **11. VARIATIONS IN STANDARDS**

Because complete uniformity under varying conditions may be impossible or impractical, We reserve the right to vary the standards of eligibility, including financial terms and conditions, for any franchisee, including You, based upon the peculiarities of a particular territory, including density of population, business potential, population of trade area, existing business practices, or any other conditions which We determine to have, or potentially have, a significant effect on the successful operation of such franchisee's business. Variations from standard specifications and practices granted to other franchisees shall not under any circumstances be cause to require Us to grant to You a like or similar variation hereunder, either now or in the future.

## **12. KEY EMPLOYEES**

A “Key Employee” as used in this Agreement is anyone who is an owner, partner, member and/or employee who acts in a management, supervisory or sales capacity for or on behalf of the Franchised Business. You shall identify all of Your Key Employees in Addendum B of this Agreement. Each individual listed in Addendum B as a Key Employee no matter when so listed, at Our option, shall attend Our Initial Training Program, and shall thereafter be jointly and severally responsible for operating the Franchised Business in accordance with the standards of Our System and this Agreement. You represent and warrant that each of the individuals designated in Addendum B will at all times abide by the System Standards of Our System, this Agreement,

and the Licensed Rights; that You will at all times assume personal responsibility for their continued compliance with those System Standards; and that You will promptly notify Us if any of them shall at any time during the Term of this Agreement divest themselves of ownership, partnership, membership, or employment, as the case may be, with You. You shall amend Addendum B and submit the amended Addendum to Us whenever there is any change in Your list of Key Employees. We reserve the right to require certain individuals to be included in Your list of Key Employees.

We possess certain proprietary Confidential Information consisting of the Marks, the Intellectual Property, Our System Standards, and other methods, techniques, formats, specifications, procedures, information, systems, methods of business management, sales and promotion techniques and knowledge of and experience in the operation and franchising of DryJect franchised businesses (the “Confidential Information”). Every Key Employee must sign a non-disclosure, non-solicitation and non-competition agreement in a form approved by Us or as We otherwise provide. You must provide a copy of each Key Employee’s signed non-disclosure, non-solicitation and non-competition agreement to Us prior to such Key Employee beginning Our Initial Training Program and prior to Your disclosing Our Confidential Information to such Key Employee.

### **13. FRANCHISOR TRAINING PROGRAM**

(a) The following persons shall satisfy all of the conditions established by Us for admission to, and graduation from, Our Initial Training Program located in Pennsylvania or at such other location as We designate, and shall attend and satisfactorily complete any additional training programs that may be established by Us in the future:

- (i) You, if Franchisee is an individual;
- (ii) At Our option, each person who, at any time during the Term of this Agreement, is actively involved in the management or operation of Your Franchised Business (including, but not limited to, Your chief operating officer or managing member);
- (iii) At Our option, Key Employees as defined in Section 12 and each person who, at any time during the Term of this Agreement, is actively involved in the management or the operation of the Franchised Business (“Management Persons”); and
- (iv) At Our option, each person who owns or directly controls a twenty percent (20%) or more interest in You, if You are owned by a group of individuals or a corporation, limited liability company, partnership, unincorporated association or similar entity.

Any person or persons so designated to attend the training program will be identified in Addendum B to this Agreement, and become subject to the terms and conditions of this Agreement, if appropriate. Each such person shall complete Our Initial Training Program to Our satisfaction. Upon the failure of any such person to do so, We reserve the right to extend the training program. Satisfactory completion of all mandatory training sessions is required. Failure to do so shall result in a breach of this Agreement. The Initial Training Program will last for

approximately four (4) days and must be completed prior to the scheduled opening of the Franchised Business.

(b) You acknowledge that successful completion of the Initial Training Program will require that, among other things, each attendee be able to demonstrate that he/she can read, write, and converse in English.

(c) No fee shall be charged by Us for participation of up to four (4) persons (space-permitting, at Our discretion) as specified in Subsection 13(a) in the Initial Training Program, but You shall be responsible for the travel, hotel, meals and all such other costs and expenses of each person who attends the program.

(d) For a period of up to four (4) business days, We will furnish You, at Your place of operations and at Our expense, one (1) of Our representatives for the purpose of facilitating the opening of Your Franchised Business. We may choose to divide up the on-site opening training into two (2) training periods of two (2) business days each. During on-site training, Our representative will also assist You in establishing and standardizing procedures and techniques essential to the operation of the Franchised Business and shall assist in training personnel, if needed. Should You request additional assistance from Us in order to facilitate the opening of the Franchised Business or at any other time, and should We deem it necessary and appropriate, You shall reimburse Us for the expenses of Our personnel and out-of-pocket expenses, as set forth in the Operations Manual.

(e) We may from time to time offer additional training programs, workshops, seminars and the like, to franchisees and may require that franchisees, or their employees, as appropriate, attend such programs. In the event We require the attendance of You or Your employees, said program will be provided at no cost to You, except that You will be responsible for the travel, hotel and all such other costs and expenses of each person who attends the program. For any training program at which Your attendance is optional, We may require the payment of a training fee in an amount set by Us.

(f) We require everyone participating in Our training program to execute a non-disclosure, non-solicitation and non-competition agreement, which agreement is intended to protect Our proprietary interest in the Licensed Rights.

(g) We may, at Our option, from time to time but not more than once every year conduct a national or regional Conference (“Conference”). The duration, curriculum and location of Conference will be determined by Us in Our sole and exclusive discretion. You are required to attend the Conference, and to pay all of Your expenses incurred in connection with attending the Conference including transportation cost, meals, lodging and living expenses. We shall have the right to charge You a reasonable Conference Registration Fee (currently up to Five Hundred Dollars (\$500.00)) for You to attend each Conference. We may charge this registration fee up to one (1) year in advance invoiced and paid via Electronic Funds Transfer as part of Your standard monthly billing. The Conference Registration Fee is not refundable and will be collected even if You do not attend the Conference. We will try to make available all of the substantive materials

that are presented at the Conference through the Internet or otherwise.

#### **14. NOTICES AND APPROVAL OF OPENING**

(a) You shall give Us at least thirty (30) days prior written notice of the opening of the Franchised Business. If such notice is not given, We shall be relieved of Our obligations under this Agreement to provide assistance in connection with the opening of the Franchised Business and the planning and development of pre-opening promotions and programs.

(b) In order to maintain quality and uniformity and to ensure that the Franchised Business satisfies all of Our System Standards, We retain the right to perform a final inspection of the Franchised Business prior to opening. If We reasonably determine that the Franchised Business does not conform with Our System Standards, or You failed to apply for and obtain all licenses required for the operation of the Franchised Business from the appropriate governmental agencies, then We shall have the right to delay opening of the Franchised Business until such time as any deficiencies are corrected and brought into compliance with such System Standards or requirements. If any such deficiencies are detected, We will provide You with written notice stating the nature of the deficiency, and the corrective actions that You must take. Any evaluation or inspection We conduct is not intended to exercise, and does not constitute, control over Your day-to-day operation of the Business or to assume any responsibility for Your obligations under this Agreement.

(c) Prior to opening the Franchised Business and during Your operation of the Franchised Business, You must have sufficient equipment, signs, inventory and product as prescribed by Us in the Operations Manual to operate.

#### **15. EQUIPMENT, COMPUTERS, SIGNS AND FURNISHINGS**

(a) You shall only install and use such equipment, furnishings, computer hardware and software, signage and other personal property at the Franchised Business location as are required under this Agreement, and which strictly conform to Our uniform System Standards.

(b) In the event You install any equipment, furnishings, computer hardware and software, signage or any other personal property that is not in conformity with Our System Standards, We may, in addition to any other remedies under this Agreement, demand that You close the Franchised Business and take the steps necessary to bring Your equipment, computers, signs and other personal property into conformity with Our System Standards. You shall not reopen the Franchised Business without Our prior written approval.

(c) We may provide You with specifications for brands and types of any equipment, and exterior and interior signs required for any DryJect office(s) and/or vehicle(s), to be purchased at Your expense. Specifications may include minimum standards for design, appearance, size and other restrictions. You may purchase or lease original and replacement equipment and signage which meets such specifications from any source approved by Us. If You propose to purchase or lease any item of equipment or any signage not theretofore approved by Us as meeting Our

specifications, as set forth in the Operations Manual, You shall first notify Us in writing. We may require submission of sufficient specifications, photographs, drawings and/or other information and samples to determine whether such item of equipment or signage meets Our specifications. We shall advise You within a reasonable period of time whether such item of equipment or signage meets Our specifications.

(d) You shall comply with all specifications for types of equipment used in the Franchised Business, as provided in this Agreement and as set forth in the Operations Manual.

(e) You agree to maintain the condition and appearance of the business premises, if any, equipment and vehicles of the Franchised Business consistent with Our System Standards for the image of the Franchised Business. You agree to effect such reasonable maintenance of the premises, equipment and vehicles as is required from time to time to maintain or improve the appearance and efficient operation of the Franchised Business, including addition of new or improved equipment or parts; replacement of worn out or obsolete equipment and signs, repair of the exterior and interior of any offices, trucks and/or display booths. If at any time in Our judgment the general state of repair or the appearance of the premises of any office, vehicles, equipment, or signs does not meet Our System Standards, We shall so notify You, specifying the action to be taken by You to correct such deficiency. If You fail or refuse to initiate within fifteen (15) days after receipt of such notice, and thereafter continue, and promptly complete, a bona fide program to complete any required maintenance, We shall have the right, in addition to all other remedies, to enter upon the premises and effect such maintenance on Your behalf, and You shall pay the entire costs thereof on demand. Your obligation to initiate and continue any required maintenance shall be suspended during any period in which such maintenance is impossible due to war, civil disturbance or natural disaster or other event beyond Your reasonable control.

## **16. LOCATION/RELOCATION**

It is Your sole responsibility to locate a suitable site for Your DryJect Franchised Business. You shall have the right to operate the business office of the Franchised Business from Your home. You shall have the right to relocate the business office of Franchised Business to another location, provided that You have received Our prior written consent and any such relocation does not infringe on the territorial rights of any other franchisee, Franchisor-owned or affiliate-owned businesses. You shall not have the right to lease or purchase a premises to operate the business office outside of Your Designated Territory. In the event You relocate the business office of the Franchised Business, You shall notify Us of the new location of the business office of the Franchise Business prior to relocation. You shall bear all of the costs of any such relocation.

## **17. OPERATION OF THE FRANCHISED BUSINESS**

You covenant and agree that:

(a) You shall operate the Franchised Business in accordance with Our Operations Manual, a copy of which You acknowledge having received on loan from Us, for the Term of this Agreement, and shall not make or allow unauthorized disclosures of the contents of the Operations Manual to



any outside parties. You understand and acknowledge that We may revise the content of the Operations Manual, and You expressly agree to comply with each changed requirement within such reasonable time as We may require. Any new or different requirements imposed will not unreasonably increase Your obligations or place an excessive economic burden on Your operations, or otherwise alter Your fundamental status, rights or obligations under this Agreement. You shall at all times ensure that Your copy of the Operations Manual, and any other manuals loaned to You are kept current and up-to-date and, in the event of any dispute as to their contents, the terms of the master copies maintained by Us at Our principal place of business shall be controlling. The entire contents of the Operations Manual are and will remain confidential and Our property.

(b) In order to protect the Licensed Rights and associated goodwill, You shall:

(i) Operate under the name DryJect and advertise only under the Licensed Rights designated by Us, and use such rights without prefix or suffix, except where such use may conflict with a prior registration or use, in which event You shall operate and advertise only under such other names as We have previously approved in writing;

(ii) Feature and use the Licensed Rights solely in the manner We prescribe; and,

(iii) Observe such reasonable requirements with respect to the Marks and fictitious name registrations and copyright notices as We may direct in writing.

(c) You shall cause sales of all products, goods and services to be properly recorded at the time of the sale.

(d) You shall cause Your employees to wear apparel which strictly conforms to the specifications, design and style We have approved.

(e) You shall comply with all laws, ordinances and regulations affecting the operation of the Franchised Business.

(f) You shall notify Us in writing within five (5) days of receipt of notice of the commencement of, or the threat of, any action, suit or proceeding against You, or of the issuance of or the threat of any inquiry, subpoena, order, writ, injunction, award or decree of any court, agency or other governmental instrumentality which arises out of, concerns, or may affect the operation or financial condition of Us, the Franchised Business, or the goodwill associated with the Licensed Rights including, without limitation, any criminal action or proceedings brought by You against Your employees, customers, or other persons. You agree that You will not commence any action, suit or proceeding that affects Us, or the goodwill associated with the Licensed Rights, without Our prior written approval.

(g) You shall open and operate the Franchised Business as soon as practicable after training and continuously operate the Franchised Business throughout the Term and any renewal and shall maintain the business hours prescribed by Us in the Operations Manual.

(h) You shall pay on a timely basis for all supplies, materials and expenses You incur in the operation of the Franchised Business. You acknowledge that You are solely responsible for all operating, selling, general and administrative expenses of the Franchised Business, and that any failure by You to make prompt payment to Your suppliers, vendors, contractors or employees may cause irreparable harm to the reputation and credit of Us, Our affiliates and Our other franchisees.

(i) In order to preserve the validity and integrity of the Licensed Rights, and to assure that You are properly employing such rights in the operation of the Franchised Business, We or Our agents shall have the right to observe the manner in which You are offering Your products and services and conducting Your operations. We or Our agents shall have the right to confer with Your employees and customers, and to inspect Your premises, vehicles, equipment and related merchandise, trademarked product lines, other merchandise, equipment, supplies or inventory for evaluation purposes in order to make certain that the premises, vehicles, equipment and related merchandise, trademarked product lines, and other equipment, supplies, inventory, services and operations are satisfactory and meet the quality control provisions and performance standards as established by Us from time to time. Any evaluation or inspection We conduct is not intended to exercise, and does not constitute, control over Your day-to-day operation of the Business or to assume any responsibility for Your obligations under this Agreement.

(j) You shall use Your best efforts in operating the Franchised Business and in recommending, promoting and encouraging patronage of all DryJect System businesses.

(k) You shall promptly respond to any and all customer inquiries or complaints and achieve customer satisfaction for reasonable complaints through refund of fees or other accommodation to customer's satisfaction as may be appropriate, as well as taking such other steps as may be required by Us to insure positive customer relations and to maintain the goodwill of the DryJect System. If We reasonably determine that You have not fairly handled a customer complaint, We may intervene in order to resolve the matter to the customer's satisfaction. You must reimburse Us for all costs We incur in satisfying Your customer.

(l) You acknowledge and agree that exchanging information with Us by electronic transmission ("e-mail") is efficient and desirable for day-to-day communications and that We and You may utilize e-mail for such communications. You authorize the transmission of e-mail by Us and Our employees, vendors, and affiliates ("Official Senders") to You during the Term and any renewal thereof. You further agree that: (a) Official Senders are authorized to send e-mails to those of Your employees as You may occasionally authorize for the purpose of communicating with Us; (b) You will cause Your officers, directors, and employees to give their consent to Official Senders' transmission of e-mails to them; (c) You will require such persons not to opt out or otherwise ask to no longer receive e-mails from Official Senders during the time that such person works for or is affiliated with You; and (d) You will not opt out or otherwise ask to no longer receive e-mails from Official Senders during the Term and any renewal thereof. The consent given in this Subsection will not apply to the provision of notices by either party under this Agreement pursuant to Section 36 unless the parties otherwise agree in a written document signed by both parties.

## 18. PROPRIETARY INFORMATION

(a) You acknowledge that Your entire knowledge of the operation of the Franchised Business, including without limitation the contents of the Operations Manual, list of vendors, and the specifications, equipment, standards, and operating procedures of the Franchised Business, is derived from information disclosed to You by Us, and that such Operations Manual and such other information is confidential and Our trade secret. You shall maintain the absolute confidentiality of the Operations Manual and all such other proprietary information You receive from Us, both during and after the Term of the Franchise Agreement. You shall disclose Confidential Information only to those employees or contractors who need such Confidential Information to perform their job functions, and only to the extent necessary for them to do so. Prior to disclosing any Confidential Information, You shall require all such employees or contractors to sign Confidentiality and Non-Compete Agreements in the forms set forth in Our Operations Manual, and shall forward a copy of same to Us. You agree that You shall not use the Operations Manual and such other information in any other business or in any manner not specifically authorized or approved in writing by Us.

(b) You agree to promptly disclose to Us all Innovations, whether or not protectable intellectual property, and whether created by or for You or Your Owners or employees. All Innovations will be deemed Our sole and exclusive property and works made-for-hire for Us. We have the right to incorporate Innovations into the System and may use them and may authorize You and others to use them in the operation of DryJect businesses. Innovations will then also constitute Confidential Information. We will disclose to You Innovations that are made a part of the System in this manner. To the extent any Innovation does not qualify as a work made-for-hire for Us, by this paragraph You assign ownership of that Innovation, and all intellectual property and other rights to the Innovation, to Us and agree to sign and deliver such instruments and documents, provide such assistance and perform such other acts as We periodically designate in order for Us or Our designee to obtain exclusive rights in such Innovations. We will have no obligation to make any lump sum or other payments to You or any other person with respect to any such Innovations. You will not use, nor will You allow any other person to use, any such Innovations, whether in connection with the Franchised Business or otherwise, without obtaining Our prior written approval. You also agree that if You shall develop any new trademarks, service marks, trade names and trade symbols, trade dress, signs, slogans, associated logos, designs, e-marks, copyrights, emblems, patents, formulas, concepts, processes or improvements in the operation or promotion of the Franchised Business, We will immediately become sole owner and licensor.

(c) Any and all customer lists and their contents relating to the Franchised Business, whether compiled or developed by You or any other person, are owned by Us, constitute confidential information and are Our proprietary property (whether supplied by Us or not) and You shall not use the customer lists for any purpose whatsoever other than in the normal conduct of the Franchised Business prior to any default under this Agreement, or termination or expiration of this Agreement and for no other purpose and You must require any of Your employees, agents and independent contractors who have access to customer lists to sign a confidentiality agreement. To

the extent that You may have or claim any right, title or interest in or to such customer lists and contents, You agree to, and do hereby, assign to Us all of Your right, title and interest therein. You will, upon demand, promptly deliver to Us a complete list of current and former customers, including name, telephone number, complete mailing address, frequency of service, last date serviced and price of service, and other information concerning such customers as requested by Us. You expressly acknowledge that Your ability to operate, develop and expand the Franchised Business is based largely on the goodwill of the Marks and know-how embodied in the DryJect System. Accordingly, You agree that We are the sole owner of all customer lists and relationships and all other goodwill arising from Your operation of the Franchised Business. Any attempt by You to offer any services or products similar to those provided by the Franchised Business to any customers or prospective customers of the Franchised Business following any expiration or termination of this Agreement shall be a violation of Our rights in such customer lists and relationships and goodwill. You agree that in the event of any such action or threatened action by You, We shall be entitled to a preliminary or permanent injunction or other equitable relief to restrain such actions, and to recover Our damages equal to the amount of profits received by You from any such action in violation of Our rights.

(d) We and/or Our affiliates own rights in, or to certain patents that are material to the Franchise and Our System. You shall not, at any time during the Term of this Agreement or after its termination or expiration contest the validity or ownership rights in any patents currently issued to or hereafter applied for by Us and/or Our affiliates. If litigation involving the Patents is instituted or threatened against You, You must notify Us promptly and cooperate fully with Us in defending or settling the litigation. Should We elect to protect the Patents or protect You against claims of infringement, We will have the right to control any litigation involving a patent licensed by Us to You.

(e) You grant Us the right to freely use, without Your consent, any pictures, video and voice recording or biographical material relating to You or Your Franchised Business for use in promotional literature or in any other way beneficial to the DryJect System as a whole. You will cooperate in securing photographs, video and voice recordings including obtaining consents from any persons appearing in photographs, video and voice recordings. If We publish anything You reasonably feel reflects unfairly or inaccurately on You or Your Franchised Business, We will take all reasonable steps in Our power to retract the material.

## **19. MARKS**

(a) You acknowledge and agree that We are the owner of the Licensed Rights which include all Marks and that Your right to use the Licensed Rights is derived solely from this Agreement and is limited to the conduct of the business by You pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures prescribed by Us from time to time during the Term of this Agreement. Any unauthorized use of the Marks by You constitutes a material breach of this Agreement and an infringement of Our rights in and to the Marks. You acknowledge and agree that all usage of the Marks by You and any goodwill established by Your use of the Marks shall inure to Our exclusive benefit and that this Agreement does not confer any goodwill or other interests in or to the Marks upon You. You shall not, at any time during the Term

of this Agreement, or after its termination or expiration, contest the validity or ownership of any of the Marks or assist another person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, trade names, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights, and commercial symbols authorized for use by and licensed to You by Us after the date of this Agreement.

(b) You shall not use any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form, nor may You use any of the Marks in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Us. You agree to give such notices of trademark and service mark registrations as We specify and to obtain such fictitious or assumed name registrations as may be required under applicable law or as requested by Us. You shall not use or seek to register any of the Marks in any manner that has not been specified or approved by Us in advance.

(c) You shall immediately notify Us in writing of any apparent infringement of or challenge to Your use of the Marks, of which You become aware, and of any claim by any person of any right in the Marks or any similar trade names, trademarks, or service marks, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights and commercial symbols of which You become aware. You shall not directly or indirectly communicate with any person other than Us and Our counsel in connection with any such infringement, challenge, or claim. We shall have sole discretion to take such action as We deem appropriate and shall have the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other judicial or administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Marks. You agree to execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Our counsel, be necessary or advisable to protect and maintain Our interests in any such litigation, U.S. Patent and Trademark Office proceeding, or other judicial or administrative proceeding, or to otherwise protect and maintain Our interest in the Marks.

(d) If it becomes advisable at any time in Our sole discretion for Us and/or You to modify or discontinue use of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, trade dress, trade symbols, signs, slogans, associated logos, designs, emblems, e-marks, copyrights or other commercial symbols, You agree to comply with Our directions within a reasonable time after notice to You. We shall have no liability or obligation whatsoever with respect to Your modification or discontinuance of the Marks. You are responsible for the tangible costs for modifying or changing the Marks, including but not limited to changing signs and advertising materials. You agree that such modification or change of Marks will be completed by You within a reasonable period of time after notification by Us.

## **20. MODIFICATION OF THE SYSTEM**

You recognize and agree that from time to time We may change or modify Our System and Our business in any manner that is not expressly and specifically prohibited by this Agreement including,

but not limited to, the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new computer programs and systems, new types or brands of products or services, new equipment requirements or new techniques and that You will accept, use and display for the purpose of this Agreement any such changes in Our System, as if they were part of this Agreement at the time of execution. Whenever We have expressly reserved in this Agreement or are deemed to have a right and/or discretion to take or withhold an action, or to grant or decline to grant You a right to take or withhold an action, except as otherwise expressly and specifically provided in this Agreement, We may make such decision or exercise Our right and/or discretion on the basis of Our judgment of what is in Our best interests, including without limitation Our judgment of what is in the best interests of the DryJect System, at the time Our decision is made or Our right or discretion is exercised. Any new or different requirements imposed will not unreasonably increase Your obligations or place an excessive economic burden on Your operations, or otherwise alter Your status or rights under this Agreement. You will make such expenditures for such changes or modifications in Our System as We may reasonably require. You shall not change, modify or alter in any way any material aspect of Our System, without Our prior written consent.

## **21. MARKETING, ADVERTISING AND PROMOTIONS**

Recognizing the value of marketing and the importance of the standardization of advertising and promotion to the furtherance of Our goodwill and public image, You agree as follows:

(a) Local Marketing Expenditures.

You must spend, as a minimum, for local advertising expenditure, monies necessary to advertise in Your local golf course superintendent's newsletters on a monthly or quarterly basis, whichever is more frequent. In addition, You must participate in local trade shows wherein You must set up a booth at these trade shows and market Your services to the persons attending such trade shows. You must send to Us, upon Our written request, evidence that You have paid such monies for local marketing purposes, according to the procedures set forth in the Operations Manual.

(b) Local Marketing Plan.

You shall create a local advertising and marketing plan by which You shall place local advertising in any media You desire, provided that such advertising conforms to Our System Standards and requirements as set forth in the Operations Manual, or as otherwise designated by Us.

You may not advertise the Franchised Business in connection with any other business, except with Our prior written approval. You must obtain Our prior written approval of all advertising and promotional plans and materials that You desire to use at least thirty (30) days before the implementation of such plans, unless such plans and materials have been previously approved by Us. You shall submit such plans and materials to Us by personal delivery, electronic submission or through the mail, "Return Receipt Requested" or sent by

overnight delivery paid for by sender. You shall not use such plans or materials until they have been approved by Us in writing and shall promptly discontinue use of any advertising or promotional plans and materials upon Our request. Any plans or materials submitted by You to Us that have not been approved or disapproved, in writing, within thirty (30) days of receipt thereof by Us, shall be deemed approved.

(c) Marketing Fund

(i) As of the date of this Agreement, in order to develop and maintain a local, regional or national marketing and advertising program, We charge a Marketing Fund Fee as set forth in Section 7(d).

(ii) The Marketing Fund will be administered by Us or Our designee. We, in Our sole discretion will be responsible for (i) developing and placing advertising for the benefit of Our entire System; (ii) deciding which media to use and under what terms; (iii) preparing and making available to all franchisees an unaudited annual statement of income and expenses upon written request; (iv) securing the services of advertising agencies or other marketing professionals; (v) participating in selected trade shows; and (vi) limiting expenditures from the Marketing Fund, to the extent possible, to those areas in which franchisees are contributing to the Marketing Fund. Funds not spent in any given fiscal year will be carried forward to the next year. We reserve the right to place additional local, regional or national advertising at Our expense. All Franchisor-owned units or affiliate-owned units will contribute to the Marketing Fund on the same basis as franchised units. A portion of the Marketing Fund may be used to reimburse Us or Our designees for Our reasonable advertising-related administrative costs, indirect expenses and subsidizing costs. As the DryJect System expands, We may establish an advertising council.

(iii) We will maintain separate bookkeeping accounts for the Marketing Fund and may, but will not be required to cause Marketing Fund contributions to be deposited into one or more separate bank accounts. The Marketing Fund is not a trust, and We are not a fiduciary or trustee of the Marketing Fund or the monies in the Marketing Fund. However, We may, in Our discretion, separately incorporate the Marketing Fund or create a Marketing Fund trust, over which We may be the trustee, into which Marketing Fund contributions may be deposited.

(iv) No portion of the Marketing Funds collected will be used principally to sell franchises. However, a brief statement about availability of information regarding the purchase of DryJect franchises may be included in advertising and other items produced and/or distributed using the Marketing Fund.

(d) Except when advertising cooperatively with other franchisees or with Us, You are prohibited from advertising outside Your Designated Territory. Unless granted specific written permission to the contrary, Your local advertising activity is limited to direct mail, print and broadcast media, speaking engagements, networking events and all other types of activity designed to encourage and solicit business only within Your Designated Territory. If Your Designated

Territory lies within an Area of Dominant Influence (ADI) of media sources located outside of Your Designated Territory, and if other franchisee- or Franchisor- or affiliate-owned units lie within the same ADI, then We reserve the right to require You and other franchisees to cooperate and participate in advertising through that media source on a cooperative basis.

(e) We reserve the right to require You to cooperate and participate in certain special promotional events or campaigns that may from time to time be sponsored by Us, other franchisees, or both.

(f) We may develop and provide creative materials for local and regional advertising and make them available to You for publication or distribution in Your market area at Your own expense. We may provide specific guidelines for advertising initiated by Our franchisees and We reserve the right to disapprove advertising, that in Our sole judgment, is not in accordance with Our guidelines.

(g) Immediately upon notification, You shall discontinue any advertising that would, in Our sole opinion, be detrimental to the DryJect System, Marks, Us, Our affiliates or other franchisees. You agree that upon termination, transfer, or expiration of this Agreement, You shall immediately remove all advertising that You control and notify all advertising sources that Your advertising must be removed and/or canceled immediately. For advertising that cannot be immediately canceled, You are responsible for any and all costs related to such advertising until such time as it can be canceled or it expires.

## **22. FINANCIAL INFORMATION, AUDITS**

(a) You shall keep and maintain during the Term of this Agreement and any renewal periods, and shall preserve for a minimum of seven (7) years thereafter, full, complete and accurate books of account in accordance with generally accepted accounting standards and practices, which books shall accurately reflect the Gross Revenues of the Franchised Business; and any and all deductions expressly permitted by this Agreement; marketing activities; payroll; closeout sheets, payroll and accounts payable.

(b) You shall, at Your expense, deliver to Us within fifteen (15) days of the end of each calendar month, on forms prescribed by Us, a financial statement, which may be unaudited, for the preceding month, including both an income statement and balance sheet. Upon our written request, You shall, at Your expense, deliver to Us, a complete financial statement for the prior fiscal year in such form as We may require, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with reports of Gross Revenues from that year's operations and all amounts expended on advertising as well as such other information as We require. Each financial statement shall be signed by You or by Your Treasurer, Managing Member or Chief Financial Officer, who shall attest that the statement is true and correct and prepared in accordance with Our requirements.

You shall also submit to Us Your current financial statement and other forms, records, reports, information and data as We may reasonably designate, in the form, and at the times and the places



reasonably required by Us, upon request, and as specified from time to time in the Operations Manual or otherwise in writing.

(c) You shall permit Our authorized personnel to inspect, examine, compile, review and/or audit all of Your business records relating to Your Franchised Business, including but not limited to financial documents and tax returns, at any time during normal business hours without any prior notice.

(d) You shall also permit accountants designated by Us to audit Your books of accounts. In the event that We find that You have understated the amount due to Us and that any such understatement has been made deliberately, such understatement shall constitute an Event of Default and be considered a Material Breach of this Agreement as defined in Section 32(d)(iv) of this Agreement. Should any audit reveal an understatement of five percent (5%) or more of the amount otherwise due to Us, or if the understatement is determined to be deliberate, You will bear the costs and expenses of Our audit and inspection, and the deficiency shall be immediately due and payable with interest from the date the payments should have been made.

(e) Any inspection or audit of business records or books of accounts is solely for determining Your compliance with Your contractual obligations and does not constitute control over Your day-to-day operation of the Franchised Business.

(f) The provisions of this Section 22 shall survive the termination or expiration of this Agreement.

### **23. INDEMNIFICATION; INSURANCE**

(a) You understand and agree that nothing in this Agreement authorizes You to make any contract, agreement, warranty or representation on Our behalf, or to incur any debt or other obligation in Our name. You further understand and agree that We shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action or by reason of any act or omission of Yours in Your conduct of the Franchised Business or otherwise, or for any claim or judgment against Us arising from Your operation of the Franchised Business. You shall indemnify, defend and hold Us harmless and hold harmless Our officers, directors, shareholders, members, managers and employees, and agents from and against any and all claims, costs, obligations, and causes of action, arising directly or indirectly from any act or omission of Yours or any of Your shareholders, directors, members, managers, officers, employees, representatives or agents, as a result of, or in connection with, Your operation of the Franchised Business, the actions of any of Your shareholders, directors, members, managers, officers, employees, representatives or agents, or any action arising from an allegation of a violation of labor or employment law; or by reason of any act occurring on, at or from the premises of the Franchised Business or by reason of an omission relating to the operation of the Franchised Business, as well as the costs, including reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses We incur in defending against such claims or actions. As between Us and You, You are solely responsible for the safety and well-being of Your employees and the customers of the Franchised Business. This indemnity shall continue in full force

and effect subsequent to and notwithstanding the expiration or termination of this Agreement or any renewal term.

(b) You agree to maintain insurance as follows:

(i) With respect to all insurable properties, You shall maintain or cause to be maintained, all-risk property insurance against loss or damage to business and personal property of the Franchised Business in amounts not less than the replacement cost of such property;

(ii) You shall maintain or cause to be maintained commercial general liability insurance, including premise liability, products/completed-operations and contractual liability, covering claims for bodily injury or property damage caused as a result of the operation of the Franchised Business and pursuant to this Agreement in amounts set forth in the Operations Manual, currently not less than One Million Dollars (\$1,000,000.00) for each occurrence and Two Million Dollars (\$2,000,000.00) general aggregate. Coverage must be written on an occurrence basis only, not claims-made;

(iii) You shall maintain or cause to be maintained commercial automobile liability insurance against claims for personal injury, death or property damage occurring as a result of the maintenance or operation by You of any automobiles, trucks or other vehicles used in the operation of the Franchised Business in an amount set forth in the Operations Manual, currently not less than One Million Dollars (\$1,000,000.00) Combined Single Limit;

(iv) You shall maintain or cause to be maintained workers' compensation insurance, in such amounts as may now or hereafter be required by any applicable law, and shall withhold from the pay of Your employees and pay any and all amounts required to be so paid for unemployment compensation, disability, Social Security, and other such federal, state and/or local taxes imposed upon You as an employer;

(v) You shall maintain or cause to be maintained an umbrella policy as extended coverage to the commercial general liability, auto liability and employers liability insurance in an amount set forth in the Operations Manual, currently not less than One Million Dollars (\$1,000,000.00); and,

(vi) Such other insurance that may be required by the statutes or other laws of the state or province or any local governmental entity in which Your Franchised Business is located and operated.

(c) All insurance policies required under this Agreement shall be written by an insurance company satisfactory to Us. All policies of liability insurance shall insure and name Us as an additional insured/loss payee and shall protect Us against any liability that may accrue by reason of the ownership, maintenance or operation by You of the Franchised Business.

(d) We reserve the right to increase the minimum limits listed above as well as to change or add new types of required coverage as set forth in greater detail in the Operations Manual.

(e) Your obligation to obtain and maintain or cause to be maintained the foregoing policy or policies of insurance shall not be limited in any way by reason of any insurance that may be maintained by Us, nor shall Your performance of this obligation relieve You of liability under the indemnity provision set forth in this Agreement. You shall deliver to Us certificates of insurance evidencing Your compliance no less than ten (10) days prior to opening the Franchised Business. Such proof of insurance shall include a statement by the insurer that the policy or policies will not be cancelled or materially altered without giving at least thirty (30) days prior written notice to Us. You must submit to Us at least annually, and otherwise upon request by Us, a copy of the certificate of renewal or other evidence of the renewal, existence or extension of such insurance policies.

(f) Should You, for any reason, fail to procure or maintain the insurance required by this Agreement, You shall be considered in Material Breach of this Agreement. In such event, We shall then have the right and authority (but not the obligation) to procure such insurance and to charge the cost of such insurance to You, which charges, together with a reasonable fee for Our expenses in taking such action, shall be payable by You immediately upon notice from Us.

#### **24. BUSINESS ORGANIZATION AND PERSONAL GUARANTY(S)**

(a) If You are an individual or individuals, then You acknowledge and agree that the grant of license in Section 3 is made by Us in reliance on Your personal attributes and in consideration of the trust and confidence which We place in You, and on Your representation that You will actively and substantially participate personally in the beneficial ownership and management of the DryJect Franchised Business.

(b) In the event You are a business entity (including but not limited to a corporation, a limited liability corporation, a partnership, a limited liability partnership, a trust), in addition to being newly formed, You must complete and sign the Principal Owner's Statement attached to this Agreement as Addendum D and each individual with an ownership interest in You must also sign Addendum D. Further, You represent, warrant and covenant that:

(i) You are newly formed and duly organized and validly exist under the laws of the state in which You were formed;

(ii) You are duly qualified and are authorized to do business in each jurisdiction in which Your business activities or the nature of the properties owned by You require such qualification;

(iii) The execution of and transactions contemplated by this Agreement are within Your powers;

(iv) The ownership interests in You are accurately and fully listed in Addendum D;

(v) Each and every person with a twenty percent (20%) or greater ownership interest in You shall sign the Guaranty Agreement attached to this Agreement as Addendum C and You shall provide the original signed Guaranty Agreement to Us;

(vi) Each of Your shareholders/members shall execute and deliver the Confidentiality and Non-Competition Agreement set forth in the Operations Manual and You shall provide a copy to Us;

(vii) The stated purpose of the business entity shall consist only of the development, ownership, operation and maintenance of the DryJect Franchised Business;

(viii) You shall not issue any additional stock, membership, or interests in You and no individual with ownership interest in You shall transfer, assign or pledge any ownership interest in You without Our prior written consent, which shall not be unreasonably withheld, and a legend setting forth such restriction on transfers shall be contained in the business entity's organizational and governing documents and other appropriate documents such as certificates and stocks. In giving Our consent, We shall have the right (but not the obligation) to impose one or more reasonable conditions;

(ix) In the event the ownership interests in You changes, You must provide an updated Addendum D to Us five (5) business days prior to the change and the new recipient(s) of an ownership interest in You must sign the Guaranty Agreement attached to this Agreement as Addendum C if they have a twenty percent (20%) or greater ownership interest in You;

(x) Prior to Our signing of this Agreement, You shall deliver to Us photocopies of the organizational and governing documents and other documents such as certificates and stocks reflecting compliance with the provisions of this Subsection 24(b); and,

(xi) Operation of Franchised Business is within the use for which the business entity is authorized in the jurisdiction in which the Franchised Business shall be conducted.

(c) If You are a business entity, You must appoint an individual owner as Your Operating Principal who must have authority over all business decisions related to Your Franchised Business and must have the power to bind You in all dealings with Us. Your Operating Principal must have at least a twenty percent (20%) ownership interest in Your business entity. You must provide Us with written notice of Your Operating Principal at least thirty (30) days prior to opening and may not change Your Operating Principal without Our prior written approval.

## **25. COVENANTS OF NON-SOLICITATION, NON-DISCLOSURE AND NON-COMPETITION**

(a) You, and persons controlling, controlled by or under common control with You, specifically acknowledge that, pursuant to this Agreement, You will receive valuable specialized training, trade secrets, and Confidential Information, including, without limitation, information regarding the management, operations, marketing, advertising, and related information, materials,

methods and techniques of Us and Our System which are beyond the present skills and experience of You and Your managers and employees, and that the value of this information arises not only from the time, effort and money that went into its compilation but also from its usage by all franchisees. You acknowledge that such specialized training, trade secrets, and Confidential Information provide a competitive advantage and will be valuable to You in the operation of the Franchised Business, and that gaining access to such specialized training, trade secrets, and Confidential Information is therefore a primary reason why You are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and exclusive rights described above, You and persons controlling, controlled by or under common control with You agree and covenant that during the Term of this Agreement and for a continuous uninterrupted period commencing upon the effective date of expiration or termination of this Agreement, or for an Owner when that Owner relinquishes his/her ownership interest in You, or the date that You begin to comply with this Section, whichever is later, and for two (2) years thereafter, except as otherwise approved in writing by Us, You shall not, either directly or indirectly, for You, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity:

(i) solicit, divert or attempt to solicit or attempt to divert any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act deemed by Us to be injurious or prejudicial to the goodwill associated with Our Licensed Rights and Our System; or

(ii) own, manage, maintain, operate, engage in, advise, consult with, invest in, be employed by or perform services as a director, officer, manager, representative, agent, or otherwise, or have any direct or indirect interest in any business that (a) specializes, in whole or in part, in offering to the public substantially similar products and/or services to those products and/or services offered by Your Franchised Business prior to the termination or expiration of this Agreement within a fifty (50) mile radius of any other franchisee's franchised business or any Franchisor-owned or affiliate-owned DryJect business (a "Competitive Business") or (b) grants franchises or licenses to others to operate a Competitive Business.

(b) At any time, during the Term of this Agreement or thereafter, You shall not, either directly or indirectly, for You, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or other business entity, use, in connection with the operation of any business other than the Franchised Business, any of the Licensed Rights, or any other names, marks, systems, insignias, or symbols provided or approved by Us to You pursuant to this Agreement, or cause or permit any such business to look like, copy or imitate a DryJect Franchised Business or to be operated in a manner tending to have such effect.

(c) You expressly acknowledge that You possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, You acknowledge that enforcement of the covenants made in this Section will not deprive You of Your personal goodwill or ability to earn a living.

(d) It is the express intention of the parties to this Agreement to comply with all laws applicable to the covenants contained in this Agreement. If any of the covenants contained in this Section are found to exceed in duration, geography or scope those permitted by applicable law, the parties expressly agree that such restrictive covenant may be reformed or modified by the final judgment of a court of competent jurisdiction or other lawful constituted authority to reflect a lawful and enforceable restriction, whether in duration, geography or scope, and that the covenants contained in this Section shall automatically be deemed to be amended and modified so as to comply with the judgment or order of such court or authority to the maximum extent permitted. If any one or more of the provisions contained in this Section shall for any reason be held invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed as if it never contained such invalid, illegal or unenforceable provisions.

(e) You understand and acknowledge that We shall have the right, in Our sole discretion, to reduce or limit the duration, geography or scope of any covenant set forth in this Section of this Agreement, or any portion thereof, without Your consent, effective immediately upon notice to You; and You agree that You shall comply from that point forward with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 50 hereof.

(f) You expressly agree that the existence of any claims You may have against Us, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Us of the covenants in this Section. You further agree that We shall be entitled to set off from any amount owed by Us to You any loss or damage to Us resulting from Your breach of this Agreement.

(g) You understand and agree that the restrictions contained in this Section are reasonable and necessary to protect Our legitimate business interests.

(h) Nothing contained in this Agreement shall prevent You from owning less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly traded corporation listed on a recognized national stock exchange or NASDAQ.

(i) You acknowledge and agree that any failure by You to comply with the requirements of this Section shall constitute a material Event of Default under this Agreement; that such failure will cause Us irreparable injury and that money damages will not adequately compensate Us; and that We are entitled to enforce this Section by temporary restraining order and/or temporary, preliminary and/or permanent injunction, and/or specific performance, without the necessity of posting bond. This relief will be in addition to any other relief We may have under federal and/or state law. You agree to pay all court costs and reasonable attorneys' fees incurred by Us in enforcing Our rights under this Section.

(j) In addition to any other remedies or damages allowed under this Agreement and/or by law, if You breach any of the covenants set forth in Subsections 25(a) and (b), You shall pay Us a fee equal to Our then-current Initial Franchise Fee for each Competitive Business identified plus eight percent (8%) of such Competitive Business' Gross Revenues until expiration of the non-

competition period set forth in this Section.

(k) During the Term of this Agreement, any of Our officers or area supervisors shall have the right to inspect any business interest in which You or a Key Employee has an interest, at reasonable times and during normal business hours, to the extent reasonably necessary to determine whether the conditions of this Section are being satisfied. If, by reason of such inspections or otherwise, We have reason to believe that You are in default of this Section 25, and You are so notified by Us, You shall have the burden of establishing that You are not in default. You shall respond to any default notice under this Section within five (5) days. With regard to any such default, We shall have the right to pursue any and all rights of remedy and enforcement available to Us, either at law or in equity, and You shall immediately take all steps to cure said default in a manner satisfactory to Us.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals.

## **26. CONFIDENTIALITY**

(a) You, and persons controlling, controlled by or under common control with You, shall hold in confidence Our System and shall not disclose any part of Our System to any individual or entity. It is understood and agreed that Our System would, if used by other individuals or entities, confer on them a substantial competitive advantage, which advantage is presently enjoyed by Us. Accordingly, You agree that You shall not at any time, without Our prior written consent, disclose (except to such employees or agents as must reasonably have access to such information in order to establish or operate the Franchised Business and who have signed confidentiality agreements, in a form approved by Us) or use or permit the use of Our System, or any part, except as may be required by applicable law or as authorized by this Agreement.

You acknowledge and agree that any form of confidentiality agreement is a form of agreement only and that it may or may not be enforceable in a particular jurisdiction. You agree that You are solely responsible for obtaining Your own professional advice with respect to the adequacy of the terms and provisions of any confidentiality agreement You require Your employees, agents and independent contractors to sign.

(b) You, and persons controlling, controlled by or under common control with You, shall at all times use Your best efforts to keep confidential the Operations Manual, any other manuals or materials designated for use with Our System and such other information as We may designate for confidential use with Our System, as well as all other trade secrets, if any, and Confidential Information, knowledge and business know-how concerning the establishment or operation of the Franchised Business that may be imparted to, or acquired by, You in connection with this Agreement. You acknowledge that the unauthorized use or disclosure of such Confidential Information (and trade secrets, if any) will cause incalculable and irreparable injury to Us. Any and all information, knowledge and know-how, not generally known in the turf aeration business, about DryJect's products, equipment, services, standards, specifications, systems, procedures and techniques, and such other information or materials as We may designate as confidential, shall be

deemed confidential and proprietary for purposes of this Agreement, except information that You can demonstrate came to Your attention prior to disclosure thereof by Us or that is or has become a part of the public domain through publication or authorized communication by others. The Operations Manual, any other manuals or materials designated for use with Our System, and all Confidential Information (and trade secrets, if any) shall at all times be deemed to be, and shall remain, Our sole property, and You shall acquire no rights, title or interest therein by virtue of Your authorization pursuant to this Agreement to possess and use them.

YOU ACKNOWLEDGE AND AGREE THAT OUR CONFIDENTIAL INFORMATION INCLUDES, BUT IS NOT LIMITED TO: THE TERMS AND CONDITIONS OF THIS AGREEMENT; THE CONTENTS OF THE OPERATIONS MANUALS, TRADE SECRETS WHICH INCLUDES CUSTOMER LISTS, AND ANY COMPONENT OF OUR SYSTEM THAT DOES NOT CONSTITUTE A TRADE SECRET BUT THAT OTHERWISE MEETS THE DEFINITION OF “CONFIDENTIAL INFORMATION.”

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.

## **27. NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION AGREEMENTS**

You shall cause any person who is actively involved as a Key Employee, as defined in Section 12 of this Agreement, in the Franchised Business, at the time such person enters Your employment, to enter into a non-disclosure, non-solicitation and non-competition agreement, in a form approved by Us or as We otherwise provide. You acknowledge and agree that any form of non-disclosure, non-solicitation and non-competition agreement is a form of agreement only and that it may or may not be enforceable in a particular jurisdiction. You agree that You are solely responsible for obtaining Your own professional advice with respect to the adequacy of the terms and provisions of any non-compete agreement You require Your employees, agents and independent contractors to sign.

You shall use Your best efforts to prevent any such persons from; (i) using, in connection with the operation of any competing business wherever located, any of the Licensed Rights; or (ii) from operating any competing business that looks like, copies or imitates any DryJect franchised business or operates in a manner tending to have such effect. If You have reason to believe that any such person has violated the provisions of the non-disclosure, non-solicitation and non-competition agreement, You shall immediately notify Us and shall cooperate with Us to protect Us against infringement or other unlawful use of the Licensed Rights, including, but not limited to, the prosecution of any lawsuits if, in the judgment of Our counsel, such action is necessary and advisable.

The provisions of this Section shall survive any termination or expiration of this Agreement or any renewals thereof.



## 28. ASSIGNMENT; CONDITIONS AND LIMITATIONS

If You are not an individual, the terms of this Section and of Section 31 hereof, shall also be deemed to apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of voting stock of, or other ownership interest in You which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of ownership or management “control” of You.

As used in this Agreement, the term “transfer” includes Your (or an Owner’s) voluntary, involuntary, direct or indirect, assignment, sale, gift, or other disposition of any interest in (1) this Agreement, (2) the Franchisee entity, (3) the Franchised Business governed by this Agreement, or (4) all or a substantial portion of the assets of the Franchised Business. It also includes an assignment of day-to-day operational responsibilities for the Franchised Business pursuant to an operating agreement or otherwise. A transfer of the Franchised Business’ ownership, possession, or control, or all or a substantial portion of Your assets, may be made only with a transfer of this Agreement which complies with the terms of this Agreement.

(a) You shall not, directly or indirectly, sell, assign, transfer, or encumber this Agreement, the Franchised Business, the Licensed Rights, or any other interest hereunder, nor shall You suffer or permit any such assignment, transfer or encumbrance to occur, by operation of law or otherwise, without obtaining Our prior written consent and complying with the terms of Section 31.

(b) In the event You or Your successor is not an individual, You agree and acknowledge as follows:

(i) The Articles of Incorporation (or other corporate charter pursuant to which You were formed) and the Bylaws or Operating Agreement (or regulations or other instrument for the governance of the entity), or the Partnership Agreement, or other instruments pursuant to which You were created, reflects that the issuance and transfer of voting stock or other ownership interest therein (“securities”) is restricted by the terms of this Agreement. You shall furnish Us at the time of execution of this Agreement or of assignment to the corporation, limited liability company, partnership or other entity, an agreement executed by all stockholders, partners, members and other owners of any equity interest in You, stating that none of such entities will sell, assign or transfer voluntarily or by operation of law any securities of Franchisee to any other entity, other than existing stockholders or partners to the extent permitted hereunder, without Our prior written consent. All securities issued by You will bear a legend in substantially the following form, which shall be printed legibly and conspicuously thereon:

“TRANSFER OF THESE SECURITIES IS SUBJECT TO CERTAIN  
RESTRICTIONS CONTAINED IN A FRANCHISE AGREEMENT BETWEEN  
DRYJECT MANAGEMENT, LLC AND \_\_\_\_\_  
DATED \_\_\_\_\_, 20\_\_.”

A stop transfer order shall be in effect against the transfer of any securities on Your records except transfers permitted by this Agreement.

(c) You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect Our Franchise System; Our trade secrets and operating procedures; Our general high reputation and image; the Licensed Rights; as well as You and Our other DryJect franchisees. Any assignment or transfer permitted by this Agreement shall not be effective until We receive a completely executed copy of all transfer documents and consent to such transfer in writing. Under no circumstances will You have a right to transfer under this Agreement before the Franchised Business has commenced operations.

(d) Your performance is of vital importance to the market position and Our overall image, and there are many subjective factors that comprise the process by which We select a suitable franchisee. Our consent to a transfer or assignment by You of the Franchise and Franchised Business shall, in addition to the other restrictions and requirements herein noted, remain a subjective determination and shall consider, but not be limited to, whether:

(i) All obligations of Yours under this Agreement and all other franchise documents, and the relationship created under those agreements are being assumed by the transferee;

(ii) All ascertained debts of Yours to Us and Our affiliates have been paid;

(iii) You, at the time of the request to transfer and as of the date of transfer, are not in default under this Agreement or any other franchise agreement;

(iv) Except for other DryJect franchisees, the proposed transferee does not operate or participate in an entity that operates a franchise, license, or other business offering products and/or services similar to those offered by the Franchised Business;

(v) The proposed transferee meets all of Our requirements for new franchisees, including, but not limited to, good reputation and character, experience, business acumen, operational ability, financial strength and stability, willingness and ability to devote full time and best efforts to the operation of the Franchised Business and other business considerations as We may reasonably apply in evaluating new franchisees. We must be provided all information about the proposed transferee as We may reasonably require;

(vi) We shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Franchised Business;

(vii) The proposed transferee executes or, in appropriate circumstances, causes all necessary parties to execute Our then-current standard form of franchise agreement (provided that such execution will not serve to extend the then remaining Term of the

franchise) and such other then-current ancillary agreements being required by Us of new franchisees on the date of transfer;

(viii) You, except to the extent prohibited by applicable law, have executed a general release of any and all claims against Us and Our subsidiaries and affiliates, and Our respective officers, directors, agents and employees;

(ix) You or proposed transferee have paid to Us a non-refundable Transfer Fee equal to forty percent (40%) of the then-current Initial Franchise Fee being charged to new franchisees to cover Our reasonable costs in effecting the transfer;

(x) If You are providing financing to the proposed transferee for any part of the purchase price, You have agreed that all of the proposed transferee's obligations under promissory notes, agreements or security interests reserved in the Franchised Business are subordinate to the proposed transferee's obligation to pay fees and other amounts due to Us and otherwise to comply with the franchise agreement; and,

(xi) You will abide by all post-termination covenants including, without limitation, the covenant not to compete set forth in Section 25 and confidentiality set forth in Section 26.

(e) If You pursue but do not complete a transfer which has caused Us to incur costs and expenses in reviewing and documenting the proposed transfer, You must reimburse Us for these costs and expenses.

(f) This Agreement shall inure to Our benefit, and Our successors and assigns, and We shall have the right to transfer or assign without Your consent all or any part of Our interest in this Agreement to any person or legal entity who in Our good faith judgment has the willingness and capacity to assume Our obligations.

(g) Notwithstanding the provisions of Subsection (c) above, if You are an individual, You may request to transfer this Agreement to a business entity formed by You after the effective date of this Agreement in which You are the sole owner. Our consent will not be unreasonably withheld. You must pay Us a non-refundable Transfer Fee of Five Hundred Dollars (\$500.00) to cover Our costs in effecting the transfer.

## **29. DEATH, DISABILITY OR PERMANENT INCAPACITY OF FRANCHISEE**

In the event of Your death, mental incapacity or permanent disability or that of any person with a controlling interest in You, the executor, administrator, or personal representative of that person shall transfer his or her interest to a third party approved by Us within three (3) months after such death, mental incapacity or permanent disability. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same restrictions and conditions as any *inter vivos* transfer. However, in the case of a transfer by devise or inheritance, if the heirs or beneficiaries of any deceased person are unable to fully satisfy the conditions contained in this Agreement, the personal representative of the deceased shall have a reasonable time, in Our sole discretion, to

dispose of the deceased's interest in the Franchise, which disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the deceased's interest is not transferred within a reasonable time, as determined by Us in Our sole discretion, We may terminate this Agreement. The term "permanent disability" shall mean a mental, physical or emotional disability, incapacity, impairment, or condition that is reasonably expected to prevent or actually does prevent You (or an Owner controlling You) from supervising the management and operation of the Franchised Business for a period of one hundred and twenty (120) days from the onset of such disability, incapacity, impairment or condition. In any event, the Franchised Business must at all times be managed by a designated manager who has complied with all of Our training requirements, regardless of any death, mental incapacity or permanent disability covered by this Section.

### **30. OPERATION OF FRANCHISED BUSINESS IN THE EVENT OF ABSENCE, INCAPACITY OR DEATH**

In order to prevent any interruption of the business of the Franchised Business which would cause harm to such business and thereby depreciate its value, You authorize Us, in the event that You are absent or incapacitated or die, and are not, therefore, in Our sole judgment, able to operate the Franchised Business, to operate said business for so long as We deem necessary and practical, and without waiver of any other rights or remedies We may have under this Agreement; provided, however, that in the event that We commence to operate the Franchised Business, We shall not be obligated to operate the Franchised Business for a period of more than ninety (90) days. All monies from the operation of the Franchised Business during the period of Our operation shall be maintained in a separate account. The expenses of the Franchised Business, including reasonable compensation and expenses for Our representatives, shall be charged to such account. If, as provided in this Section, We temporarily operate the Franchised Business, You agree to indemnify and hold Us harmless, and hold harmless any representative of Ours who may operate the Franchised Business, from any and all claims arising from the acts and omissions of Us and Our representative arising from such operation.

### **31. FRANCHISOR RIGHT OF FIRST REFUSAL**

If You receive from a third party, and desire to accept, a bona fide written offer to purchase Your business, franchise and interests in the Franchised Business (or seek to effect a sale of the Franchised Business), We shall have a right of first refusal, exercisable by written notice to You furnished within thirty (30) days after written notice and receipt of a copy of such offer and the other information set forth in this Section, to purchase such business, franchise and interests on the same financial terms and conditions as offered to or by such third party; provided further that We may substitute cash for any other form of payment proposed in such offer. In order that We may have information sufficient to enable Us to determine whether to exercise Our right of first refusal, You shall deliver to Us, to the extent requested by Us, certified financial statements as of the end of Your most recent fiscal year, any financial statements prepared by or for You since the end of such fiscal year and such other information about the business and operations of Franchisee as You have provided or will make available to such third party. If We do not exercise Our right under this Section 31, You may, within ninety (90) days from the expiration of the option period, sell, assign and transfer Your business, Franchise and interests hereunder but only upon the same

terms and conditions proposed to Us and provided We have consented to such transfer as required by Section 28 hereof.

If You fail to make such sale, assignment or transfer within this ninety (90) day period, or if there is any material change in the terms of the offer, it shall trigger a new right of first refusal period. Failure by Us to exercise the option afforded by this Section shall not constitute a waiver of any other provisions of this Agreement, including all of the requirements of Section 28 hereof, with respect to the proposed transfer.

If You are not an individual, this right of first refusal shall apply to any management agreement, sale, resale, pledge, assignment, transfer or encumbrance of the voting stock of, or other ownership interest in You which would, alone or together with other related, previous, simultaneous or proposed transfers, result in a change of “control” of You.

## **32. TERMINATION**

(a) If You are in compliance with this Agreement and We materially breach this Agreement and fail to cure such breach within thirty (30) days after written notice thereof is delivered to Us, then You may terminate this Agreement and the Franchised Business effective thirty (30) days after delivery to Us of notice of termination. Notwithstanding the foregoing, if the breach is capable of being cured but is of a nature which cannot reasonably be cured within such thirty (30) day period, and We have commenced and are continuing to make good faith efforts to cure the breach, We shall be given an additional reasonable period of time to cure the breach, and this Agreement shall not terminate. Any termination of this Agreement and the Franchised Business by You, without complying with the foregoing requirements, or for any reason other than a material breach of this Agreement by Us and Our failure to cure such material breach within the time allowed shall be deemed a termination by You without cause.

(b) You acknowledge that the strict performance of all the terms of this Agreement is necessary not only for Our protection, but also for the protection of You and Our other franchisees. As a result, You acknowledge and agree that the occurrence of any of the following events, each or any of which shall be considered a Material Breach default of this Agreement, constitutes reasonable grounds for termination of this Franchise Agreement by Us; provided, however that You shall be given the opportunity, within fifteen (15) days after receipt of written notice of such Material Breach, to cure the default by promptly providing proof of cure to Us. Notwithstanding the foregoing, if the breach is curable but is of a nature which cannot reasonably be cured within such fifteen (15) day period and You have commenced and are continuing to make good faith efforts to cure the breach, You shall be given an additional reasonable period of time to cure the default, and this Agreement shall not terminate. If any such default is not cured within the time as specified by Us, this Agreement shall terminate effective immediately without further notice to You. You shall be in default under this Agreement for failure to comply with any of the requirements imposed by the Agreement, or for failure to carry out the terms of this Agreement in good faith. Such defaults include, but are not limited to:

(i) A failure by You to remit any payments when due under this Agreement;

(ii) A failure by You to establish, equip, maintain, or update the Franchised Business in accordance with Our System Standards;

(iii) A failure by You to submit to Us financial reports or other information required under this Agreement, or a failure to allow reasonable access to Your records within the time periods required by this Agreement;

(iv) A failure by You to operate the Franchised Business in accordance with Our Operations Manual or other manuals, or a failure by You to use products, methods, equipment or suppliers which conform to Our System Standards, or Your failure to maintain Our System Standards of quality service in the operation of the Franchised Business;

(v) A failure by You to obtain Our prior written approval or consent as expressly required by this Agreement;

(vi) A failure by You to accurately or completely record all sales made in, upon or from the Franchised Business at the time of sale;

(vii) A breach by You of any other covenant, term, or provision of this Agreement;

(viii) A failure by You to open the Franchised Business within one hundred and eighty (180) days of the execution of this Agreement;

(ix) A failure by You to comply with any of Your agreements with any third parties as related to the Franchised Business; or,

(x) A failure by You to consistently pay the debts of the Franchised Business as they become due.

(c) In the event You are delivered two (2) or more notices of Material Breach from Us within a twelve (12) month period pertaining to any one (1) or more of the foregoing events of default whether or not cured after notice, during the initial Term or any renewal terms of this Agreement, We shall have the right to terminate this Agreement. The effective date of any such termination notice under this Subsection shall be upon the expiration of Your receipt of three (3) days written notice to that effect, or such longer period as may be required by law.

(d) Notwithstanding the foregoing, We shall deem You to be in material breach and, at Our option, may terminate this Agreement and all rights granted under it, without affording You any opportunity to cure the breach, effective immediately after written notice of termination is received by You, if You do any of the following:

(i) Abandon, vacate, desert, surrender, transfer control or otherwise cease operation of the Franchised Business, or fail to continuously and actively operate the Franchised

Business, or to do so for a period of five (5) consecutive days or any shorter period during the Franchised Business' operational season that indicates an intent by You to discontinue operation of the Franchised Business without Our express written consent, unless and only to the extent that You are precluded from doing so by damage to the Franchised Business due to war, act of God, civil disturbance, natural disaster, labor dispute or other events beyond Your reasonable control, and so long as within one hundred eighty (180) days, You have begun and diligently pursued relocation or re-establishment of the Franchised Business;

(ii) Misuse the Licensed Rights, or any other names, marks, e-marks, systems, insignias, symbols, copyrights or rights provided by Us to You, or otherwise materially impair the goodwill associated therewith the Licenses Rights, or if You shall use at the Franchised Business any names, marks, e-marks, systems, insignias, symbols or copyrights not authorized by Us;

(iii) Consistently (e.g. twice or more in any twelve (12) month period) fail or refuse to submit when due any financial statement, tax return or schedule, or to pay when due the Royalty Service Fees or any other payments or to submit any required reports due to Us;

(iv) Intentionally underreport Gross Revenues in any amount or negligently underreport Gross Revenues by five percent (5%) or more during any reporting period;

(v) Operate the Franchised Business in a manner that violates any federal, state, or local law, rule, regulation or ordinance;

(vi) Make a material misrepresentation to Us or on Your application to own and operate the Franchised Business or in conducting the Franchised Business;

(vii) Attempt to transfer, assign or sub-franchise this Agreement without Our prior written consent as set forth in this Agreement;

(viii) Disclose or divulge to any unauthorized person or entity or copy or reproduce any of the contents of the Operations Manual or any other trade secrets or Confidential Information provided to You by Us or any of Our subsidiaries or affiliates;

(ix) Engage in any activity that has an adverse effect on Us, Our affiliates, Our franchisees and/or the Marks;

(x) Are indicted or arrested, charged, publicly accused in the national or regional media or convicted of any felony whatsoever, or if You are convicted of any crime involving fraud, deception or moral turpitude, or commit any crime or offense reasonably likely, in Our sole opinion, to materially and unfavorably affect the Licensed Rights, the marks and associated goodwill and reputation of Us, Our System, Our affiliates and/or Our other franchisees;

(xi) (1) Fail to satisfy any judgment within thirty (30) days unless a supersedeas or other

appeal bond has been filed; or (2) fail to obtain discharge within five (5) days an execution levied against You, Your business or property or any person with a controlling interest in You; or (3) fail to obtain dismissal within thirty (30) days any suit to foreclose any lien or mortgage against the Franchised Business, the equipment of such business, or the land upon which the Franchised Business is situated; or (4) fail to obtain dismissal or release within a thirty (30) day period of any attachment of or liens on Your bank accounts, property or receivables; or (5) if the real or personal property of Your business is sold after levy by any sheriff, marshal, or constable;

(xii) Fail to maintain an independent contractor relationship with Us;

(xiii) Commit a default under any loan or lease required to operate the Franchised Business and fail to cure that default by the date specified by the lender or lessor;

(xiv) Create or allow the continuation of any condition in or at the Franchised Business, or on or about the Franchised Business' premises, which We reasonably believe presents health and/or safety concerns for the Franchised Business' customers or employees;

(xv) Engage in any act(s) that is so dishonest, untrustworthy, self-dealing, and/or fraudulent, that it goes to the essence of the Franchise Agreement and/or frustrates one of the principal purposes of the Franchise Agreement and/or irreparably damages the trust between Us and You;

(xvi) Commit a material breach that cannot be cured; or,

(xvii) If, without Our prior written consent, You or persons controlling, controlled by, or under common control with You shall have any interest, direct or indirect, in the ownership or operation of any business engaged in the sale of similar or other related products or services within Your Designated Territory, or in any business, regardless of where located, that looks like, copies, or imitates any DryJect business, or operates in a manner tending to have such effect.

(e) Notwithstanding the foregoing provisions of this Section, You shall be in breach under this Agreement and all rights granted under this Agreement will automatically terminate without notice to You, if You do any of the following:

(i) Make an assignment for the benefit of creditors or an admission of Your inability to pay Your obligations as they become due; or,

(ii) File a voluntary petition in bankruptcy or any pleading seeking any reorganization, arrangement, composition, adjustment, liquidation, dissolution or similar release under any law, or admit or fail to contest the material allegations of any such pleading or action for the benefits of creditors filed against You, or are adjudicated bankrupt or insolvent, or a receiver is appointed for a substantial part of Your assets or the assets of the Franchised Business, or the claims of Your creditors or the creditors of the Franchised Business are abated or subject



to moratorium under any laws.

(f) If You are in material default as described in Subsection (b) above, We have the right to suspend any and all operating assistance as described in this Agreement and/or the Operations Manual to You.

(g) In the event state law requires a notice period prior to the effective date of a termination under this Section, We shall have the right to take possession of the Franchised Business and diligently run it on Your behalf until such time as the termination becomes legally effective. You, on behalf of Yourself, Your heirs, and Your legal representatives, consent to such operation of the Franchised Business by Us, and release and indemnify Us from any liability arising in connection with Our operation of the Franchised Business pursuant to the terms of this Subsection.

### **33. STEP-IN RIGHTS**

(a) If a material default under this Agreement occurs and remains uncured, or is not subject to cure, or if Your actions jeopardize the integrity of the Marks or System, then You authorize Us or Our designee to operate the Franchised Business for as long as, in Our reasonable judgment, it is necessary or practical. You acknowledge that this right to step-in is necessary to preserve the value and integrity of the Marks and System. Even if We exercise this right to step in, You agree that We do not lose or waive a right to exercise any other rights or remedies which We may have legally under this Agreement. Among the reasons We may act under these step-in rights are:

(i) We reasonably determine that You are unable to operate the Franchised Business because You are absent or incapacitated because of illness, accident, injury or death;

(ii) You have not paid Your monetary obligations to Us or others when they are due;

(iii) You have not removed non-consensual liens or encumbrances which have been placed against the Franchised Business; or,

(iv) We determine that material operational problems require that We operate the Franchised Business for a period of time.

(b) During a step-in period, We will maintain in a separate account, all Gross Revenues of the Franchised Business. From that account We will pay all expenses of the Franchised Business, which will include the Royalty Service Fee, all Marketing Fund contributions or payments, and reasonable compensation and expenses for Our representatives. If these step-in rights are exercised, You agree to hold Us harmless and hold harmless Our representatives for all actions or omissions which occur during the course of the temporary operation. You agree to pay Our reasonable attorneys' fees and costs which might arise from the exercise of these step-in rights. Nothing in this Section 33 will prevent Us from exercising any other rights which We may have under this Agreement, including the right to terminate the Agreement.

### **34. CROSS-DEFAULT**

Any default by You of any other agreement between Us (and/or any of Our affiliates) and You (and/or any of Your affiliates) shall be deemed a default under this Agreement, and any default by You under this Agreement shall be deemed a default under any and all other agreements between the parties. If the nature of such default under any other agreement would have permitted Us to terminate this Agreement had such default occurred under this Agreement, We shall have the right to terminate all of the other agreements between Us and You or Us and any of Your affiliates in the same manner as provided herein for termination of this Agreement.

### **35. OBLIGATIONS OF FRANCHISEE UPON TERMINATION OR EXPIRATION**

(a) Upon termination of this Agreement for any reason or upon expiration of its Term, You agree as follows:

(i) To pay immediately to Us, Our subsidiaries and/or Our affiliates the full amount of all sums due under this Agreement including damages, liquidated damages and costs incurred in enforcing this Agreement or otherwise;

(ii) To cease immediately to operate the Franchised Business and cease to use the Licensed Rights provided by Us under this Agreement, including but not limited to DryJect Marks, or any other marks registered by Us and Our affiliates or any of Our trade secrets, signs, symbols, devices, materials constituting part of Our System, and any confusingly similar name, marks, e-marks, copyrights, systems, insignias, symbols and other rights, procedures or methods;

(iii) To immediately return to Us all originals and copies of Our Operations Manual and all other manuals, plans and specifications, designs, training aids, records, data, samples, models, programs, or handbooks and other materials loaned or provided to You by Us or any of Our subsidiaries or affiliates;

(iv) To immediately turn over to Us any and all originals and copies of customer lists, records, files, instructions, social media contact lists, correspondence including customer related emails, brochures, computer software, computer CDs, DVDs or diskettes and any and all Confidential Information in Your possession, custody or control concerning or relating to the operation of the Franchised Business and/or Our operations or business. The only documents that You shall be permitted to retain are Your copy of this Agreement, any correspondence between You and Us and any other documents that You reasonably need to comply with a provision of applicable law;

(v) To cease immediately to hold Yourself out in any way as Our franchisee or to do anything that would indicate any past or present relationship between You and Us;

(vi) To the extent possible, to immediately remove or permanently cover any and all structures, signs or advertisements identifiable in any way with Us or the DryJect name or image;

(vii) To promptly take such action that may be required to cancel all fictitious or assumed names or equivalent registrations relating to Your use of any of the Marks or, at Our option, assign same to Us;

(viii) Promptly assign to Us any interest that You may have in the telephone number(s), telephone listing(s) and/or directory(ies), social media and networking accounts, and/or Internet numbers used by You in connection with the operation of the Franchised Business. You shall promptly transfer all telephone calls by call-forwarding to Us or to such other party or entity as We shall direct; execute any such instruments and take such actions as We may deem necessary to effect such transfer and call-forwarding of telephone calls. You acknowledge that this Agreement shall be conclusive evidence of Our rights to such telephone numbers, telephone directory listings, social media and networking accounts and Internet numbers and Our authority to direct this transfer. You must complete and sign the Telephone Listing Agreement attached to this Agreement as Addendum G;

(ix) Abide by all restrictive covenants set forth in Sections 25 through 27 of this Agreement;

(x) Assign any and all accounts receivable to Us for collection. In connection therewith You hereby appoint Us as attorney-in-fact to engage in such collection activities following the termination or expiration of this Agreement and You specifically undertake to refrain from engaging in any such collection activities upon termination or expiration. We agree to employ good faith efforts, including, where appropriate in Our sole and exclusive judgment, the commencement of legal proceedings, to collect such accounts receivable. Nothing contained herein shall be construed or deemed to impose any duty or obligation upon Us to collect such accounts receivable and, if all or a portion of such accounts receivable are not collected by Us, You release and waive any claims thereto against Us. If We are successful in collecting all or a part of such accounts receivable, We shall remit to You such sums collected after first deducting any and all monies owed to Us; after deducting the pro rata cost of servicing the customer(s) with respect to whom the receivables were collected; and, after further deducting Our costs of collection; and,

(xi) Immediately refrain from engaging in any and all contacts with customers or former customers of the Franchised Business, whether with respect to collection of accounts receivable, to provide services to such customers or former customers pursuant to any business conducted by You, whether or not similar to the Franchised Business, or for any other purpose whatsoever.

(b) Upon termination or expiration of this Agreement, We shall have the option to purchase at fair market value all or part of Your equipment, inventory, signs, supplies and products used by You in the Franchised Business. Such option shall be exercised, if at all, in whole or in part, by

Us upon or within fifteen (15) days of termination of this Agreement. It is expressly understood that this provision is an option that We may or may not exercise, and that We are under no obligation to do so. We shall have the right to set off all amounts due from You against any payment We would otherwise make to You under this Subsection. If We and You cannot agree on the fair market value of the property, it will be determined by an independent appraisal paid for by both You and Us.

### 36. NOTICES

All approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section. All such approvals, requests, notices, and reports, as well as all payments, will be deemed delivered at the time delivered by hand; or one (1) Business Day after sending by facsimile, e-mail or comparable electronic system or through a nationally recognized commercial courier service for next Business Day delivery; or three (3) Business Days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified at its most current principal business address of which the notifying party has been notified and/or, with respect to any approvals and notices that We provide to You or Your Owners, at the Franchised Business's address. As of the Effective Date of this Agreement, notices should be addressed to the following addresses unless and until a different address has been designated by written notice to the other party:

(a) If to Us at:

DryJect Management, LLC  
307 Lincoln Avenue  
Hatboro, Pennsylvania 19040

with a courtesy copy to (which shall not constitute Notice):

Suzanne C. Cummings, Esq.  
Cummings Franchise Law, P.C.  
Two Main Street, Suite 300  
Stoneham, Massachusetts 02180

(b) If to You at:

\_\_\_\_\_  
  
\_\_\_\_\_  
  
\_\_\_\_\_

### **37. DISPUTE RESOLUTION**

(a) We and You agree that it is in each of our best interests to resolve claims, controversies and disputes arising out of or relating to Your operation of the Franchised Business under this Agreement between us in an orderly fashion and in a consistent manner. For that reason, We and You agree as follows:

(i) Except for matters where either party seeks equitable relief, neither party will seek a judicial resolution of a dispute between them without first requesting a meeting or telephone conference with the other party by written notice, which notice will designate a party who is a senior executive with authority to reach a resolution of the dispute on their behalf. The party receiving the notice will also designate a representative of similar authority for the purpose of discussing the specific matter in dispute. If You are an individual, You will be Your designated representative. At least one meeting or telephone conference of the designated representatives will be held in an effort to resolve the dispute. The parties will agree on a location, date and time for the meeting or telephone conference which must be within thirty (30) days of the initial notice. If the meeting(s) and/or telephone conferences do not resolve the dispute, either party may pursue mediation in accordance with Subsection 37(a)(ii).

(ii) If the dispute is not resolved pursuant to Subsection 37(a)(i), the parties shall submit the dispute to mediation in accordance with the Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes) of the American Arbitration Association (“AAA”) unless both parties agree to waive mediation and proceed directly to arbitration as set forth in Subsection 37(a)(iii). Each party will bear their own costs and fees of the mediation, however, the mediator's fee will be split equally between the parties.”

(iii) If the parties have not resolved a claim, controversy or dispute by negotiation, mediation, or otherwise (which the parties will make a diligent effort to do) or if a claim, controversy or dispute arises subsequent to the termination or expiration of this Agreement, such claim, controversy or dispute shall be referred to Arbitration in accordance with the AAA’s Commercial Arbitration Rules and Mediation Procedures (Including Procedures for Large, Complex Commercial Disputes), as amended (and specifically including the Optional Rules). If such Rules are in any way contrary to or in conflict with this Agreement, the terms of this Agreement shall control. The Arbitrator shall apply the Federal Rules of Civil Procedure and the Federal Rules of Evidence to the extent possible while, in Arbitrator's discretion, still effecting the arbitration goal of streamlined administrative procedure. The law of the Commonwealth of Pennsylvania shall govern the construction and interpretation of this Agreement in Arbitration.

(b) The Arbitration proceedings shall be conducted before a single Arbitrator, selected in accordance with AAA Rules, who has been actively engaged in the practice of law for at least ten (10) years and has franchise law experience. Prior to the commencement of hearings, the Arbitrator shall provide an oath of undertaking of impartiality.

(c) Arbitration shall be conducted in the city and state where We maintain Our principal place of business (or, if there is no AAA office in that city, at the location of the AAA office nearest to Our principal place of business, which is currently Hatboro, Pennsylvania). The award of the Arbitrator shall be final and judgment upon the award rendered in Arbitration may be entered in any court having jurisdiction thereof. The costs and expenses of Arbitration, including compensation and expenses of the Arbitrator, shall be borne by the non-prevailing party.

(d) Any party to this Agreement may bring an action, including a summary or expedited proceeding to compel Arbitration of any such dispute or controversy, in a court of competent jurisdiction in the state and judicial district where We maintain Our principal place of business and, further, may seek provisional or ancillary remedies including temporary or injunctive relief in connection with such dispute or controversy, without providing or posting any bond or security regardless of any legal requirements to do so, provided that the dispute or controversy is ultimately resolved through binding Arbitration conducted in accordance with the terms and conditions of this Agreement.

(e) In proceeding with Arbitration and in making determinations hereunder, the Arbitrator shall not extend, modify or suspend any terms of this Agreement or the reasonable standards of business performance and operation established by Us in good faith. Notice of or request to or demand for arbitration shall not stay, postpone or rescind the effectiveness of any termination of this Agreement. In the event that either Party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such Party notwithstanding said failure to appear.

(f) Whenever We reserve or are deemed to have reserved discretion in a particular area or where We agree or are deemed to be required to exercise Our rights reasonably or in good faith, We will satisfy Our obligations whenever We exercise Reasonable Business Judgment in making Our decision or exercising Our rights. Our decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Our decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Our financial or other individual interest. Examples of items that will promote or benefit the System include without limitation enhancing the value of the Marks, improving customer service and satisfaction, improving service or product quality, improving uniformity, enhancing or encouraging modernization and improving the competitive position of the System. We are not required to consider any of Your or any other franchisee's particular economic or other circumstances when exercising Our Reasonable Business Judgment. Decisions that We make using Our Reasonable Business Judgment will not affect all franchisees equally, and some may be benefited while others are not. Neither You nor any third party (including without limitation an arbitrator or a court of competent jurisdiction), shall substitute its judgment for Our Reasonable Business Judgment.

### **38. REMEDIES**

(a) The parties agree that any claim for lost earnings or profits by You shall be limited to a

maximum amount equal to the net profits of the Franchised Business for the prior year as shown on Your federal income tax return.

(b) The parties further agree that, in addition to such other damages awarded, if this Agreement is terminated because of Your default, You shall be liable to Us for a lump sum amount of either (i) a payment amount equal to the Royalty Service Fees and Marketing Fund Fees that would have become due following termination of this Agreement for the period this Agreement would have remained in effect but for Your default. Royalty Service Fees and Marketing Fund Fees for purposes of this Section shall be calculated based on the Franchised Business' average monthly Gross Revenues for the twelve (12) months preceding the termination date; or (ii) a payment amount equal to the Minimum Royalty Service Fees and Marketing Fund Fees that would have become due following termination of this Agreement for the period this Agreement would have remained in effect but for Your default; whichever is greater. The payment amount would be equal to the net present value utilizing the Prime Rate as published per the Wall Street Journal. This fee is in addition to, and not in lieu of any other damages We sustain as a result of the termination. The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages We would incur from this Agreement's termination due to Your default, and the loss of cash flow due to, among other things, the complications of determining what costs, if any, We might have saved and how much the fees would have grown over what would have been this Agreement's remaining Term. The parties consider this liquidated damages provision to be a reasonable, good faith and genuine pre-estimate of those damages, and not a penalty.

### **39. REMEDIES CUMULATIVE**

All rights and remedies of the parties hereto shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for in this Agreement or which may be available at law or in equity in case of any actual or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between You and Us or Our affiliates. The rights and remedies of the parties under this Agreement shall be continuing and may be exercised at any time or from time to time. The expiration, earlier termination, or exercise of Our rights pursuant to Section 32 of this Agreement shall not discharge or release You from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination, or the exercise of such rights under this Agreement.

### **40. LIMITATIONS OF CLAIMS**

Except with regard to Your obligation to pay Us and Our affiliates Royalty Service Fees, Marketing Fund Fees and other fees or payments of every nature and kind due from You pursuant to this Agreement or otherwise, any claims between the parties must be commenced within one (1) year from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claim or such claim shall be barred. The parties understand that this time limit might be shorter than otherwise allowed by law. You agree that the sole recourse for claims arising between the parties shall be against Us or Our successors and assigns. You agree that Our shareholders, members, managers, directors, officers, employees and agents and Our affiliates

shall not be personally liable nor named as a party in any action between Franchisee and Franchisor. You and We further agree that, in connection with any such proceeding, each must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any such claim that is not submitted or filed as described above shall be forever barred. The parties agree that any proceeding will be conducted on an individual, not a class-wide, basis and that a proceeding between You and Us may not be consolidated with another proceeding between Us and any other person or entity. No previous course of dealing shall be admissible to explain, modify, or contradict the terms of this Agreement. No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement.

#### **41. INJUNCTIVE RELIEF**

(a) Nothing in this Agreement shall bar Our right to seek specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause Us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions. You specifically acknowledge that any failure by You to comply with the requirements of Sections 25, 26 and/or 27 of this Agreement will cause Us irreparable injury and that We shall be entitled to obtain specific performance of, and/or an injunction against any violation of, such requirements. You agree to pay all court costs and reasonable attorneys' fees incurred by Us in obtaining specific performance of, and/or an injunction against any violation of, the requirements of this Agreement. The foregoing remedies shall be in addition to any other legal or equitable remedies that We may possess.

(b) You agree that We will not be required to post a bond to obtain any injunctive relief and that Your only remedy if an injunction is entered against You will be to seek the dissolution of that injunction, if warranted, upon due hearing (all claims for damages by reason of the wrongful issuance of such injunction being expressly waived hereby).

(c) Should legal proceedings be brought against You to enforce any non-competition covenant or for Your failure to maintain confidentiality and protect against infringement, the period of restriction shall be deemed to begin running on the date of entry of an order granting Us injunctive relief and shall continue uninterrupted for the entire period of restriction.

#### **42. DAMAGES AND WAIVER OF JURY TRIAL**

The parties waive, to the extent permitted by law, any claim for punitive or exemplary damages against each other, regardless of each parties' respective right to such damages under the choice of law provision herein except with regard to claims involving Our Marks and Our Confidential Information. Only claims, controversies or disputes involving You and no claims for or on behalf of any other franchisee, franchisor or supplier may be brought by You hereunder.

**FURTHERMORE, YOU AND WE EACH IRREVOCABLY WAIVE OUR RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER PARTY. YOU AND WE**



**ACKNOWLEDGE THAT THIS WAIVER OF JURY TRIAL RIGHTS PROVIDES THE PARTIES WITH THE MUTUAL BENEFIT OF UNIFORM INTERPRETATION OF THIS AGREEMENT AND RESOLUTION OF ANY DISPUTE ARISING OUT OF THIS AGREEMENT AND ANY ASPECT OF THE PARTIES' RELATIONSHIP. YOU AND WE FURTHER ACKNOWLEDGE THE SUFFICIENCY AND RECEIPT OF MUTUAL CONSIDERATION FOR SUCH BENEFIT.**

#### **43. ENFORCEMENT COSTS AND EXPENSES**

You shall pay Us on demand any and all costs and expenses We incur in enforcing the terms of this Agreement, including, but not limited to, Our overhead costs and Our expenses for Our staff's time and efforts to obtain overdue reports and/or payments or to address and/or resolve defaults; costs and commissions due a collection agency; attorneys' fees; and Our administrative costs. If a claim for amounts owed by You to Us or any of Our affiliates is asserted in any legal proceeding or if We are required to enforce this Agreement in a judicial or arbitration proceeding and We prevail, You must reimburse Us for Our costs and expenses, including court costs, arbitration and arbitrator costs, expert witness fees, discovery costs, and reasonable accounting and attorneys' fees and costs on appeal together with interest charges on all of the foregoing whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. All such costs and expenses shall be prorated to properly reflect any partial prevailing in the proceeding, as determined by the arbitrator or the court. Your duty to pay all of the above costs and expenses shall survive the termination or expiration of this Agreement.

#### **44. NO RIGHT TO SET OFF**

You shall not be allowed to set off amounts owed to Us or Our affiliates for Royalty Service Fees, Marketing Fund Fees, or other amounts due against any monies owed to You, which right of set off is hereby expressly waived by You.

#### **45. WAIVER**

No waiver by Us or by You of any covenant or condition or the breach of any covenant or condition of this Agreement to be kept or performed by the other party shall constitute a waiver by the waiving party of any subsequent breach of such covenant or condition or authorize the breach or non-observance on any other occasion of the same or any other covenant or condition of this Agreement. Subsequent acceptance by Us of any payments due to Us hereunder shall not be deemed to be a waiver by Us of any preceding breach by You of any terms, covenants or conditions of this Agreement. Any conditional waiver granted by Us shall be subject to Our continuing review, may subsequently be revoked for any reason effective upon Your receipt of ten (10) days prior written notice to that effect, and shall be without prejudice to any other rights We may have.

#### **46. CONSENTS**

Whenever this Agreement requires Our approval or consent, You shall make a timely written request to Us and such approval shall be obtained in writing.

#### **47. JOINT AND SEVERAL OBLIGATION**

If You consists of more than one person, Your liability under this Agreement shall be joint and several.

#### **48. GOVERNING LAW; CONSENT TO VENUE AND JURISDICTION**

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act; 15 U.S.C. § 1051 et seq.), as amended, or other federal law, this Agreement and the franchise rights granted herein shall be governed by and construed in accordance with the substantive laws of the State/Commonwealth in which Our principal place of business is located, which is currently the Commonwealth of Pennsylvania which laws shall prevail in the event of any conflict of law. The parties agree, however, if the Franchised Business is not located in Pennsylvania and You are not a resident of, or domiciled in, Pennsylvania, the provisions of any Pennsylvania State Franchise Act and any regulations promulgated thereunder shall not apply to this Agreement or the franchise relationship created hereby. You waive, to the fullest extent permitted by law, the rights and protections that might be provided through the laws of any state relating to franchises or business opportunities, other than those of the state in which the Designated Territory is located. If any provision, or portion hereof in any way contravenes the laws of any state or jurisdiction where this Agreement is to be performed, such provision, or portion thereof, shall be deemed to be modified to the extent necessary to conform to such laws, and still be consistent with the parties' intent as evidenced by this Agreement. All claims which, as a matter of law or public policy, cannot be submitted to arbitration in accordance with Section 37 shall be brought within Pennsylvania in the judicial district in which We have Our principal place of business; provided, however, with respect to any action which includes injunctive relief, We may bring such action in any court in any state which has jurisdiction. You irrevocably submit to the jurisdiction of such courts and waive any objection You may have to either the jurisdiction or venue of such courts.

#### **49. GOVERNING LANGUAGE**

This Agreement has been negotiated in the English language and the rules of construction and definitions of the English language will be applied in interpreting this Agreement. You represent that You and Your Principal Owner and Your Operating Principal are fluent in English and have consulted with legal counsel to the extent necessary to understand the provisions of this Agreement. The English language version of this Agreement will be the official and binding Agreement between the Parties. All notices and communications required or permitted under this Agreement, including without limitation all meetings, mediations, arbitration and litigation, will be conducted and written in the English language. In addition, We will provide all services and materials under this Agreement, including without limitations the Operations Manuals, other manuals and all training programs, seminars, conferences, conventions, programs and meetings, in the English language and will not have a duty to provide any translation or interpreter services for any of Your personnel. You will be solely responsible for the cost of any related translation or interpreter services.

## **50. ENTIRE AGREEMENT; MODIFICATION**

This Agreement and the Addenda and Exhibits constitute the entire Agreement between the parties with respect to its subject matter, and this Agreement supersedes all prior and contemporaneous oral and/or written agreements between the parties. No officer, employee or other servant or agent of Ours or Yours is authorized to make any representation, warranty or other promise not contained in this Agreement. No change, modification, termination or attempted waiver of any of the provisions of this Agreement shall be binding upon Us or You unless in writing and signed by an authorized officer of both You and Us.

Nothing in this Agreement is intended to disclaim the representations We have made in the Franchise Disclosure Document which We furnished to You.

## **51. SEVERABILITY**

All provisions of this Agreement are severable, and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and any partially valid and enforceable provisions shall be enforced to the extent valid and enforceable. If any applicable law or rule requires a greater prior notice of the termination of this Agreement than is required hereunder, or requires the taking of some other action not required by the terms of this Agreement, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements hereof.

## **52. CONSTRUCTION**

The term “You”, “Your”, and “Franchisee” as used herein is applicable to one or more persons, a corporation, a limited liability company, or partnership, or such other form of legal entity as We shall approve from time to time, as the case may be. References to “You”, “Your”, and “Franchisee” applicable to an individual or individuals shall mean the principal owner or owners of the equity or operating control of Franchisee, if Franchisee is a corporation, or partnership or limited liability company or other legal business entity.

## **53. HEADINGS**

The headings to the various sections of this Agreement have been inserted for convenience only and shall not modify, define, limit or expand express provisions of this Agreement.

## **54. GENDER**

Throughout this Agreement, wherever the context requires or permits, the neuter gender shall be deemed to include the masculine and feminine and the singular number, the plural and vice versa.

## **55. COUNTERPARTS**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

## **56. SPECIAL REPRESENTATIONS**

You hereby represent as follows:

- (a) You have conducted an independent investigation of Our business and System and recognize that the business venture contemplated by this Agreement involves business risks;
- (b) You acknowledge that We have advised You to consult with advisors and attorneys of Your own choosing about the potential benefits and risks of entering into this Agreement;
- (c) You acknowledge that You have received a complete copy of this Agreement, with all Attachments, Addenda and Exhibits referenced in this Agreement, and other related Agreements, if any, at least seven (7) days prior to the date on which this Agreement was executed;
- (d) You also acknowledge that prior to the date of this Agreement, no other Agreement was entered into, and no funds were offered to or accepted by Us;
- (e) You are aware of the fact that We may in the future modify Our franchise agreements, that some franchisees of Ours may operate under different forms of agreements, and, consequently, that Our obligations and rights in respect to Our various franchisees may differ materially in certain circumstances;
- (f) You understand that any training, support, guidance or tools We provide to You as part of the franchise are for the purpose of protecting Our System, brand and Marks and to assist You in the operation of Your Franchised Business and not for the purpose of controlling or in any way intended to exercise or exert control over Your decisions or day-to-day operations of Your Franchised Business, including Your sole responsibility for the hiring, wages and other compensation (including benefits), training, supervision and termination of Your employees and all other employment and employee related matters; and,
- (g) 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.

## **57. EFFECTIVE DATE**

This Agreement shall not be effective until accepted by Us as evidenced by signing by an authorized Managing Member of Franchisor.

[signatures on the following page]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement As Of The Day and Year specified in the pre-amble,

FRANCHISOR: DRYJECT MANAGEMENT, LLC

BY: \_\_\_\_\_

OFFICE HELD: \_\_\_\_\_

WITNESSED BY: \_\_\_\_\_

FRANCHISEE: \_\_\_\_\_  
PRINT NAME OF INDIVIDUAL

\_\_\_\_\_  
(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

WITNESSED BY: \_\_\_\_\_

FRANCHISEE: \_\_\_\_\_  
PRINT NAME OF INDIVIDUAL

\_\_\_\_\_  
(SIGNATURE AND DESIGNATION OF SOLE PROPRIETOR OR PARTNER AS THE CASE MAY BE)

WITNESSED BY: \_\_\_\_\_

“BUSINESS ENTITY FRANCHISEE, MEMBERS, SHAREHOLDERS AND OFFICERS”

In the event Franchisee is a business entity (corporation, limited liability company or other legal entity) then in accordance with this Agreement, the undersigned, who are each either executive officers or shareholders or members, or other equity participants owning twenty percent (20%) or more of the Franchisee, each agree to be jointly and severally personally liable for Franchisee's payment and performance of this Agreement and join in this Agreement on behalf of Franchisee.

“FRANCHISEE”:

\_\_\_\_\_  
PRINT NAME OF BUSINESS ENTITY

\_\_\_\_\_  
PRINT NAME OF OFFICER/  
SHAREHOLDER/MEMBER

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
TITLE/NATURE OF  
EQUITY INTEREST

\_\_\_\_\_  
DATE

WITNESSED BY: \_\_\_\_\_

\_\_\_\_\_  
PRINT NAME OF OFFICER/  
SHAREHOLDER/MEMBER

\_\_\_\_\_  
SIGNATURE

\_\_\_\_\_  
TITLE/NATURE OF  
EQUITY INTEREST

\_\_\_\_\_  
DATE

WITNESSED BY: \_\_\_\_\_

**ADDENDUM A TO FRANCHISE AGREEMENT**

**FRANCHISEE'S DESIGNATED TERRITORY**

In accordance with the provisions of Section 4 of the Franchise Agreement, Franchisee is granted a designated territory, hereinafter referred to as “Franchisee’s Designated Territory”, which encompasses \_\_\_\_\_.

The designated area highlighted on the attached map and marked with geographic boundaries or otherwise described on the attached Exhibit A MAP denotes the Designated Territory in which the Franchisee shall have the right to use the Licensed Rights as set forth in the Franchise Agreement.

Dated this \_\_\_ day of \_\_\_\_\_, 20\_\_.

Franchisee(s): \_\_\_\_\_

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

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

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

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

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

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

Franchisor: DryJect Management, LLC

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

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

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

**EXHIBIT A**  
**FRANCHISEE'S DESIGNATED TERRITORY**  
**MAP**

**ADDENDUM B TO FRANCHISE AGREEMENT**

**NOTICE OF KEY EMPLOYEES**

In accordance with the provisions of Section 12 of the Franchise Agreement, the following list of owners, partners, and/or employees, if any, are hereby identified as Key Employees of Franchisee and/or the Franchised Business.

**KEY EMPLOYEES:**

NAMES

RELATIONSHIP TO FRANCHISEE

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Dated this \_\_\_ day of \_\_\_\_\_, 20\_\_.

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

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

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

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

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

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

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

FRANCHISOR: DryJect Management, LLC

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

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

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



## ADDENDUM C TO FRANCHISE AGREEMENT

### GUARANTY AGREEMENT

This guaranty agreement is entered into on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, between \_\_\_\_\_ with a primary residence at \_\_\_\_\_ (“Guarantor”) and DryJect Management, LLC with its principal address at 307 Lincoln Avenue, Hatboro, Pennsylvania 19040 (“Franchisor”).

#### RECITALS

- A. Whereas, Franchisor and \_\_\_\_\_ (“Franchisee”) have entered into a Franchise Agreement dated \_\_\_\_\_ (“the Franchise Agreement”).
- B. Whereas, Guarantor is a shareholder, director, officer, member, trustee, and/or partner of Franchisee.
- C. Now, Therefore, in consideration of and as an inducement to Franchisor to enter into the Franchise Agreement with Franchisee and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Guarantor hereby covenants and agrees as follows:
1. Guarantor warrants that the facts contained in Recital A and B are correct;
  2. Guarantor has read the terms and conditions of the Franchise Agreement;
  3. Guarantor personally and unconditionally makes all the covenants, representations and agreements of Franchisee set forth in the Franchise Agreement and that Franchisee is obligated to perform thereunder;
  4. Guarantor personally, unconditionally and irrevocably guarantees to Franchisor and its successors and assigns that all of Franchisee's obligations, undertakings, agreements and covenants set forth in the Franchise Agreement will be punctually paid and performed during the Term of the Franchise Agreement and thereafter, as applicable;
  5. Guarantor unconditionally and irrevocably agrees to be personally bound by, and personally liable for the breach of, each and every provision of the Franchise Agreement by Franchisee;
  6. Upon default by Franchisee or notice from Franchisor, Guarantor will immediately make each payment and perform each obligation required of Franchisee under the Franchise Agreement;
  7. Without affecting the obligations of any guarantor under this Guaranty Agreement, Franchisor may, without notice to Guarantor, waive, renew, extend, modify, amend or release any indebtedness or obligation of Franchisee or any guarantor, or settle,

adjust or compromise any claims against Franchisee or any guarantor;

8. Guarantor waives all demands and notices of every kind with respect to enforcement of this Guaranty Agreement, including, without limitation, notice of presentment, demand for payment or performance by Franchisee, any default by Franchisee or any guarantor, and any release of any guarantor or other security for the Franchise Agreement or the obligations of Franchisee;
9. Franchisor may pursue its rights against any guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise of such right or remedy shall preclude the further exercise of such right or remedy;
10. Upon receipt by Franchisor of notice of the death of Guarantor, the estate of deceased Guarantor shall be bound by the foregoing Guaranty Agreement, but only for defaults and obligations under the Franchise Agreement existing at the time of death; the obligations of all other guarantors shall continue in full force and effect;
11. This Guaranty Agreement will continue and is irrevocable during the Term of the Franchise Agreement and, if required by the Franchise Agreement, after its termination or expiration;
12. Guarantor's obligations under this Guaranty Agreement are effective on the Effective Date of the Franchise Agreement, regardless of the actual date of signature;
13. This Guaranty Agreement is governed by the laws of the state in which Our principal place of business is located, which is currently Hatboro, Pennsylvania and Guarantor irrevocably submits to the jurisdiction and venue of the courts of Pennsylvania;
14. If Franchisor is required to enforce this Guaranty Agreement in any judicial or arbitration proceeding or on any appeals, Guarantor must reimburse Franchisor for its enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty Agreement;
15. Guarantor acknowledges that he or she has obtained independent legal advice before signing this Guaranty Agreement.

[signatures on the following page]

IN WITNESS WHEREOF Guarantor has signed this Guaranty Agreement under seal.

\_\_\_\_\_  
Signature

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

\_\_\_\_\_  
Address  
\_\_\_\_\_

Signed, sealed and delivered by the above-named Guarantor in the presence of:

\_\_\_\_\_  
Witness Signature

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

\_\_\_\_\_  
Address  
\_\_\_\_\_

**ADDENDUM D TO FRANCHISE AGREEMENT**

**PRINCIPAL OWNER'S STATEMENT**

This form must be completed by the Franchisee (“I,” “me” or “my”) if I have multiple owners or if I, or my Franchised Business, is owned by a business organization (like a corporation, partnership or limited liability company). Franchisor is relying on the truth and accuracy of this form in awarding the Franchise to me.

1. **Form of Owner.** I am a (check one):
- (i) General Partnership \_\_\_\_\_
  - (ii) Corporation \_\_\_\_\_
  - (iii) Limited Partnership \_\_\_\_\_
  - (iv) Limited Liability Company \_\_\_\_\_
  - (v) Other \_\_\_\_\_  
Specify: \_\_\_\_\_

2. **Business Entity.** I was incorporated or formed on \_\_\_\_\_, \_\_\_\_\_ under the laws of the [State/Commonwealth of \_\_\_\_\_]. I have not conducted business under any name other than my corporate, limited liability company or partnership name. The following is a list of all persons who have management rights and powers (e.g., operating principal, officers, managers, partners, etc.) and their positions are listed below:

<u>Name of Person</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____

3. **Owners.** The following list includes the full name and mailing address of each person who is an owner and fully describes the nature of each owner's interest. Attach additional sheets if necessary.

<u>Owner's Name and Address</u>	<u>Description of Interest</u>
_____	<u>Operating Principal</u>
_____	_____
_____	_____
_____	_____

4. **Governing Documents.** Attached are copies of the documents and contracts governing the ownership, management and other significant aspects of the business organization (e.g., articles of incorporation or organization, partnership or shareholder agreements, etc.).

This Statement of Principal Owners is current and complete as of \_\_\_\_\_, 20\_\_\_\_.

**OWNER INDIVIDUALS:**

\_\_\_\_\_  
(Signature)

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

\_\_\_\_\_  
(Signature)

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

**CORPORATION, LIMITED  
LIABILITY COMPANY OR  
PARTNERSHIP:**

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

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

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

**ADDENDUM E TO FRANCHISE AGREEMENT  
ACKNOWLEDGEMENT STATEMENT**

**Prohibited Parties Clause.** I acknowledge that Franchisor, its employees and its agents are subject to U.S. laws that prohibit or restrict (a) transactions with certain parties, and (b) the conduct of transactions involving certain foreign parties. These laws include, without limitation, U.S. Executive Order 13224, the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws. As part of the express consideration for the purchase of the franchise, I represent that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been listed on:

1. the U.S. Treasury Department's List of Specially Designated Nationals;
2. the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders;
3. the U.S. State Department's Debarred List or Nonproliferation Sanctions; or
4. the Annex to U.S. Executive Order 13224.

I warrant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, is now, or has been: (i) a person or entity who assists, sponsors, or supports terrorists or acts of terrorism; or (ii) is owned or controlled by terrorists or sponsors of terrorism. I warrant that I am now, and have been, in compliance with U.S. anti-money laundering and counter-terrorism financing laws and regulations, and that any funds provided by me to Franchisor were legally obtained in compliance with these laws.

I further covenant that neither I nor any of my employees, agents, or representatives, nor any other person or entity associated with me, will, during the Term of the Franchise Agreement, become a person or entity described above or otherwise become a target of any anti-terrorism law.

**OWNER INDIVIDUALS:**

\_\_\_\_\_  
(Signature) (Date)

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

\_\_\_\_\_  
(Signature) (Date)

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

**CORPORATION, LIMITED LIABILITY COMPANY OR PARTNERSHIP:**

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

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

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

**ADDENDUM F TO FRANCHISE AGREEMENT  
ELECTRONIC FUNDS TRANSFER (EFT)  
AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS**

I (We, if joint account) the undersigned hereby authorize DryJect Management, LLC, a Pennsylvania limited liability company, with principal offices at 307 Lincoln Avenue, Hatboro, Pennsylvania 19040, to initiate electronic transfer of funds out of my (our) primary Checking or Savings selected below at the Financial Institution indicated, for payment of Royalty Service Fees or other amounts which I may owe DryJect Management, LLC. I (We) acknowledge that the origination of Automated Clearing House (ACH) transactions to my (our) account must comply with the provisions of the United States law. All costs and expenses, including any resulting from the dishonor by my (our) bank of any electronic funds transfer, shall be my (our) sole responsibility. This authorization is irrevocable and shall remain in effect until the termination or expiration of the underlying Franchise Agreement with DryJect Management, LLC. If I (we) do not have enough money in my (our) account to cover the transfer or if my (our) Financial Institution for any other reason refuses to honor a transfer, I (we) will separately pay for the charges I (we) owe under my (our) Franchise Agreement with DryJect Management, LLC.

<b>ACH Information</b>		
Financial Institution:		
Branch:		
City	State:	Zip:
Routing/Transit Number:		
Account/Bank Number:		

I (we) acknowledge that these funds will be debited on the fifteenth day of each month or the closest business day thereafter or other day as designated in the Operations Manual.

Name(s): \_\_\_\_\_

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

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

Day Phone: ( ) \_\_\_\_\_ Evening Phones: ( ) \_\_\_\_\_

**Please fill out this form and attach a voided check.**

## ADDENDUM G TO FRANCHISE AGREEMENT

### TELEPHONE LISTING AGREEMENT

**THIS TELEPHONE LISTING AGREEMENT** (the “Telephone Listing Agreement”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between DryJect Management, LLC, a Pennsylvania limited liability company (the “Franchisor”), and \_\_\_\_\_, a(n) \_\_\_\_\_ (the “Franchisee”).

#### WITNESSETH:

**WHEREAS**, Franchisee desires to enter into a Franchise Agreement with Franchisor for a DryJect Franchised Business (the “Franchise Agreement”); and

**WHEREAS**, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

#### 1. DEFINITIONS

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### 2. TRANSFER; APPOINTMENT

2.1 Interest in Telephone Numbers and Listings. Franchisee has, or will acquire during the Term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the “Numbers and Listings”) related to the Franchised Business or the Marks (all of which right, title, and interest is referred to herein as “Franchisee’s Interest”).

2.2 Transfer. On Termination of the Franchise Agreement, if Franchisor directs Franchisee to do so, Franchisee will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Numbers and Listings: (i) to transfer all Franchisee’s Interest in such Telephone Numbers and Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Numbers and Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as Franchisor directs.

2.3 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all Franchisee’s Interest in and to the Telephone Numbers and Listings to Franchisor;



2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of Franchisee's Interest.

2.4 Certification of Termination. Franchisee hereby directs the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all Franchisee's Interest in such Telephone Numbers and Listings to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Telephone Companies for the sums Franchisee is obligated to pay such Telephone Companies for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

### **3. MISCELLANEOUS**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to Franchisee's performance, Franchisee's nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of Franchisor and its affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on Franchisor under this Telephone Listing Agreement are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. Franchisee agrees that at any time after the date hereof, it will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Telephone Listing Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All Franchisee's obligations under this Telephone Listing Agreement shall be joint and several.

3.9 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the state of Pennsylvania, without regard to the application of Pennsylvania conflict of law rules.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

DRYJECT MANAGEMENT, LLC

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

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

FRANCHISEE:

\_\_\_\_\_ By: \_\_\_\_\_  
Witness Franchisee

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

**EXHIBIT D**

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**DRYJECT®**  
**FRANCHISEE OPERATIONS MANUAL**  
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**EXHIBIT E**  
**NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION**  
**AGREEMENT**

**DRYJECT MANAGEMENT, LLC**  
**NON-DISCLOSURE, NON-SOLICITATION AND NON-COMPETITION**  
**AGREEMENT**

This Agreement is made and entered into \_\_\_\_\_, 20\_\_\_\_ between DryJect Management, LLC, a Pennsylvania limited liability company with its principal place of business at 307 Lincoln Avenue, Hatboro, Pennsylvania 19040 (“Franchisor”), \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Trainee”).

**RECITALS**

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter “DRYJECT SYSTEM”) for the development and operation of a business specializing in offering a patented, unique and exclusive natural grass (“turf”) aeration service limited to golf course and sports turf facilities under the trade name and/or trademark “DryJect”® (hereinafter “DRYJECT”);

WHEREAS, DRYJECT SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark DRYJECT, service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, website addresses, email addresses, digital cellular addresses, wireless web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying DRYJECT SYSTEM, and such other distinguishing characteristics of DRYJECT SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing DRYJECT Services; inventory, management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time (“Trade Secrets”);

WHEREAS, Franchisor’s Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor’s competitors who could obtain economic value from knowledge and use of Franchisor’s Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor’s Trade Secrets;

WHEREAS, Franchisor has granted Franchisee a limited right to operate a territory using DRYJECT SYSTEM and Franchisor’s Trade Secrets for the period defined in the Franchise Agreement made and entered into on \_\_\_\_\_, \_\_\_\_\_ between Franchisor and Franchisee (“Franchise Agreement”);

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of DRYJECT SYSTEM of restricting use, access and dissemination of Franchisor’s Trade Secrets;

WHEREAS, it will be necessary for certain employees and contractors of Franchisee to have access to and to use some or all of Franchisor’s Trade Secrets in the development and maintenance of Franchisee’s Business using DRYJECT SYSTEM;

WHEREAS, Franchisee has agreed to obtain from certain key employees written agreements protecting Franchisor's Trade Secrets and DRYJECT SYSTEM against unfair competition;

WHEREAS, Trainee wishes to remain, or wishes to become, an employee of Franchisee; and

WHEREAS, Trainee wishes and needs to receive and use Franchisor's Trade Secrets in the course of Trainee's employment in order to effectively perform Trainee's services for Franchisee.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisor and/or Franchisee shall disclose to Trainee some or all of Franchisor's Trade Secrets relating to DRYJECT SYSTEM.

2. Trainee shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and use them only in the course of Trainee's employment by Franchisee and then only in connection with the development and/or maintenance by Franchisee of Business using DRYJECT SYSTEM for so long as Franchisee is licensed by Franchisor to use DRYJECT SYSTEM.

3. Trainee shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Trainee shall not disclose or permit the disclosure of Franchisor's Trade Secrets except to other employees of Franchisee and only to the limited extent necessary to train or assist other employees of Franchisee who have also signed Non-Disclosure, Non-Solicitation and Non-Competition Agreements or Confidentiality Agreement where appropriate as determined by Franchisor in the development or maintenance of Business using DRYJECT SYSTEM.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Trainee shall surrender DRYJECT Operations Manual and any other material containing some or all of Franchisor's Trade Secrets to Franchisee or to Franchisor, upon request, or upon termination of employment by Franchisee, or upon conclusion of the use for which the DRYJECT Operations Manual or other information or material may have been furnished to Trainee.

7. Trainee shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with DRYJECT SYSTEM.

8. In order to protect the goodwill and unique qualities of DRYJECT SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Trainee of Franchisor's Trade Secrets, Trainee further undertakes and covenants that, during the time he is employed by Franchisee, he will not:

(a) Directly or indirectly, for himself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by DRYJECT which Business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Business(s) to any competitor.

9. In further consideration for the disclosure to Trainee of Franchisor's Trade Secrets and to protect the uniqueness of DRYJECT SYSTEM, Trainee agrees that for two (2) years following the termination of Trainee's employment with Franchisee, Trainee will not without the prior written consent of Franchisor, divert or attempt to divert, directly or indirectly, any business, business opportunity or customer of Franchisee's Franchised Business(s) to any competitor.

10. Franchisee undertakes to use Franchisee's best efforts to ensure that Trainee acts as required by this Agreement.

11. Trainee agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Trainee, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

12. Should legal proceedings have to be brought by Franchisor against Trainee to enforce any Non-Competition Covenant or for Trainee's failure to maintain Confidentiality, the period of restriction shall be deemed to begin running on the date of entry of an order granting Franchisor preliminary injunctive relief and shall continue uninterrupted for the entire period of restriction.

13. This Agreement shall be governed by and construed under the laws of the Commonwealth of Pennsylvania.

14. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

[signatures on the following page]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

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

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

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

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

FRANCHISOR

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

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

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

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

TRAINEE

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

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

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

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



**EXHIBIT F**

**SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**

## **SPOUSAL NON-DISCLOSURE AND NON-COMPETITION AGREEMENT**

This Agreement is made and entered into \_\_\_\_\_ between DRYJECT MANAGEMENT, LCC, a Pennsylvania limited liability company, with its principal place of business at 307 Lincoln Avenue, Hatboro, Pennsylvania 19040 (“Franchisor”) and \_\_\_\_\_, a/an \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_, the spouse or domestic partner of an owner of Franchisee (“Signer”) with a primary residence at \_\_\_\_\_.

### **RECITALS**

WHEREAS, Franchisor has developed, is using and is the owner of all rights in a unique system (hereinafter “DRYJECT SYSTEM”) for the development and operation of a business specializing in offering a patented, unique and exclusive natural grass (“turf”) aeration service limited to golf course and sports turf facilities under the trade name and mark “DryJect”® (hereinafter “DRYJECT”);

WHEREAS, DRYJECT SYSTEM includes but is not limited to certain trade names, trademarks, trade dress and logos including, but not limited to, the mark “DryJect”® , service marks, trade symbols, trade dress, signs, slogans, associated logos, designs, emblems, URLs, domain names, Website addresses, email addresses, digital cellular addresses, wireless Web addresses and the like and copyrights and such other trade names and trademarks as Franchisor may develop in the future for the purposes of identifying DRYJECT SYSTEM, and such other distinguishing characteristics of DRYJECT SYSTEM including, without limitation, distinctive sales and marketing procedures; knowledge and procedures for providing natural grass aeration services; management and financial control methods; and training and assistance, all of which may be changed, improved and further developed by Franchisor from time to time (“Trade Secrets”);

WHEREAS, Franchisor’s Trade Secrets provide economic advantages to Franchisor and are not generally known to or readily ascertainable by proper means by Franchisor’s competitors who could obtain economic value from knowledge and use of Franchisor’s Trade Secrets;

WHEREAS, Franchisor has taken and intends to take all reasonable steps to maintain the confidentiality and secrecy of Franchisor’s Trade Secrets;

WHEREAS, Franchisor and Franchisee desire to enter into a Franchise Agreement which will grant Franchisee a limited right to operate a Franchised Business within a territory using DRYJECT SYSTEM and Franchisor’s Trade Secrets for a period defined in the Franchise Agreement (“Franchise Agreement”);

WHEREAS, Franchisor and Franchisee have agreed in the Franchise Agreement on the importance to Franchisor and to Franchisee and other licensed users of DRYJECT SYSTEM of restricting use, access and dissemination of Franchisor’s Trade Secrets; and

WHEREAS, it is anticipated that Signer may have access to learn Franchisor's Trade Secrets as Franchisee develops and maintains Franchisee's Business using DRYJECT SYSTEM.

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, the parties agree as follows:

1. Franchisee may disclose to Signer some or all of Franchisor's Trade Secrets relating to DRYJECT SYSTEM.

2. Signer shall receive Franchisor's Trade Secrets in confidence, maintain them in confidence, and shall use them only in connection with the development and/or maintenance by Franchisee of the Franchised Business using DRYJECT SYSTEM for so long as Franchisee is licensed by Franchisor to use DRYJECT SYSTEM.

3. Signer shall not at any time make copies of any documents or compilations containing some or all of Franchisor's Trade Secrets without the express written permission of Franchisor.

4. Signer shall not disclose or permit the disclosure of Franchisor's Trade Secrets to anyone.

5. That all information and materials, including without limitation, specifications, techniques and compilations of data which Franchisor shall designate as confidential shall be deemed Franchisor's Trade Secrets for the purposes of this Agreement.

6. Signer shall not, directly or indirectly, do any act or omit to do any act, which would or would likely to be injurious or prejudicial to the goodwill associated with DRYJECT SYSTEM.

7. In order to protect the goodwill and unique qualities of DRYJECT SYSTEM and the confidentiality and value of Franchisor's Trade Secrets, and in consideration for the disclosure to Signer of Franchisor's Trade Secrets, Signer further undertakes and covenants that, during the time Franchisee is a franchisee of Franchisor and for the two (2) years following the termination or expiration of Franchisee's Franchise Agreement, Signer will not:

(a) Directly or indirectly, for himself/herself or through, on behalf of or in conjunction with any person, partnership or business entity, engage in or acquire any financial or beneficial interest in (including interest in business entities, partnerships, trusts, unincorporated associations or joint ventures), advise, help or make loans to any entity involved in business which is the same as or similar to that conducted by "DryJect"<sup>®</sup> which business is, or is intended to be located, within the United States; or

(b) Divert or attempt to divert, directly or indirectly, any business, business opportunity or client of Franchisee's Franchised Business(s) to any competitor.

8. Franchisee undertakes to use Franchisee's best efforts to ensure that Signer acts as required by this Agreement.

9. Signer agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions thereof, Franchisor shall be entitled to enforce the provisions of this Agreement against Franchisee and Signer, and may seek, in addition to any other remedies which are made available to it at law or in equity, including the right to terminate the Franchise Agreement, a temporary and /or permanent injunction and a decree for the specific performance of the terms of this Agreement, without being required to furnish a bond or other security.

10. Signer agrees that the period during which the post-termination/expiration restrictions above apply shall be extended uninterrupted by the length of any period of time during which Signer was in violation of such restrictions.

11. This Agreement shall be governed by and construed under the laws of Pennsylvania.

12. If any Court or other tribunal having jurisdiction to determine the validity or enforceability of this Agreement determines that it would be unenforceable as written, its provisions shall be determined to be withheld, modified or limited to such extent or in such manner as is necessary for it to be valid and enforceable to the greatest extent possible.

[Signatures on the following page]

IN WITNESS WHEREOF, the undersigned have entered into this Agreement as witnessed by their signatures below.

FRANCHISEE

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

FRANCHISOR

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

SIGNER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT G  
EQUIPMENT PACKAGE**

## **EQUIPMENT PACKAGE**

Three (3) Model 4810 DryJect® machines

**EXHIBIT H**  
**FINANCIAL STATEMENTS OF FRANCHISOR**



**DRYJECT MANAGEMENT, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**ROGER K. STEIN, CPA LLC**  
CERTIFIED PUBLIC ACCOUNTANT  
2300 STATE ROUTE 66, SUITE 202  
NEPTUNE, NEW JERSEY 07753

Phone: 732-869-1170  
Fax: 732-869-1130  
www.rogersteincpa.com

MEMBER:  
NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS  
  
LICENSED:  
NEW JERSEY & NEW YORK

INDEPENDENT AUDITOR'S REPORT

TO: DRYJECT MANAGEMENT, LLC  
HATBORO, PENNSYLVANIA

**Opinion**

I have audited the accompanying financial statements of DryJect Management, LLC (a single member LLC) which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of income and member's capital, and cash flows for the years then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of DryJect Management, LLC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DryJect Management, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DryJect Management, LLC's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

  
ROGER K. STEIN, CPA LLC

Neptune, New Jersey

March 31, 2023

DRYJECT MANAGEMENT, LLC  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021

	2022	2021
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 168,705	\$ 246,487
Accounts receivable	206,666	133,394
<u>Total Current Assets</u>	375,371	379,881
Intangible Assets:		
Goodwill	1,509,159	1,509,159
Organization costs	9,618	9,618
	1,518,777	1,518,777
Less: Accumulated Amortization	(977,993)	(827,078)
<u>Net Intangible Assets</u>	540,784	691,699
<u>Total Assets</u>	\$ 916,155	\$ 1,071,580
 <u>LIABILITIES AND MEMBER'S CAPITAL</u>		
Current Liabilities:		
Accounts payable	\$ 195,817	\$ 173,723
Accrued expenses	20,910	12,394
Current portion of long-term debt	148,217	144,199
<u>Total Current Liabilities</u>	364,944	330,316
Other Liabilities:		
Long term debt - net of current portion	542,827	689,866
<u>Total Liabilities</u>	907,771	1,020,182
Member's Capital	8,384	51,398
<u>Total Liabilities and Member's Capital</u>	\$ 916,155	\$ 1,071,580

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

DRYJECT MANAGEMENT, LLC  
STATEMENTS OF INCOME AND MEMBER'S CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Revenue:		
Franchise fees	\$ 845,134	\$ 823,387
Initial, renewal, modification and transfer fees	41,337	92,329
Advertising fees	149,600	148,800
<u>Total Revenue</u>	1,036,071	1,064,516
Expenses:		
Legal and professional	41,727	51,089
Bank and credit card fees	17,569	14,586
Management fees	655,000	680,351
Advertising and promotion	160,614	147,707
Office	1,626	633
Interest expense	47,346	53,002
Amortization expense	155,203	150,915
Bad debt expense	-	1,200
<u>Total Expenses</u>	1,079,085	1,099,483
Loss before other income	(43,014)	(34,967)
SBA grant	-	13,500
Net loss	(43,014)	(21,467)
Member's capital - beginning	51,398	72,865
Member's capital - ending	\$ 8,384	\$ 51,398

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

DRYJECT MANAGEMENT, LLC  
 STATEMENT OF CASH FLOWS  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (43,014)	\$ (21,467)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	150,916	150,915
Amortization of interest expense	4,287	4,287
(Increase) decrease in:		
Accounts receivable	(73,272)	80,378
Increase (decrease) in:		
Accounts payable	22,094	37,626
Accrued expenses	8,516	762
	<u>69,527</u>	<u>252,501</u>
<u>Net cash provided by operating activities</u>	<u>69,527</u>	<u>252,501</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on long term debt	(147,309)	(140,528)
Net (decrease) increase in cash	(77,782)	111,973
Cash at beginning of period	246,487	134,514
Cash at end of period	<u>\$ 168,705</u>	<u>\$ 246,487</u>

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

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

Note 1 - Summary of Significant Accounting Policies -

Nature of Operations - The Company, organized in Delaware, operates in Pennsylvania. The Company sells franchises and patented machinery used in a unique soil aeration service. Franchises and licensees as of December 31, 2022 are reflected in the table below. During 2022 there was one franchise that was transferred and one franchise that had a modification for an additional territory.

	January 1, 2022	Additions	Drops	December 31, 2022
United States - Franchises	28	-	( 1 )	27
International - Franchises & licensees	9	-	-	9
Total	<u>37</u>	<u>-</u>	<u>( 1 )</u>	<u>36</u>

Accounts Receivable - The Company carries its accounts receivable at cost. On a periodic basis, the Company evaluates its accounts receivable and, if necessary, establishes an allowance for credit losses. At December 31, there was no allowance for credit losses in 2022 or 2021.

Revenue Recognition - The Company has adopted the guidance under Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers, which requires the recognition of revenue when promised services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Franchise Fees - Franchise fees are billed monthly and are reviewed by the Company for the amount earned and, if necessary, adjusted at year end.

Initial Franchise Fees - Initial franchise fees are billed and collected at the signing of the franchise agreement which states that the entire fee is earned in full upon signing the agreement. Initial franchise fees are recognized when all the initial and substantial services of the franchise agreement have been performed and as other material conditions or obligations related to the determination of substantial performance exist. The Company evaluates each initial franchise fee at year end for any unfilled obligations. Generally, the Company satisfies the conditions within 60 days of signing the agreement.

Renewal Fees - Renewal fees are billed and earned when a franchise is renewed by the franchisee.

Transfer Fees - Transfer fees are billed and earned when a franchise is transferred between franchisees.

Advertising Fees - The Company uses the gross presentation of advertising fund income of the amount collected from franchises and related advertising and marketing expenses. All advertising costs are expensed in the period they are incurred. For the year ended December 31, advertising revenue was \$149,600 in 2022 and \$148,800 in 2021, and expense was \$160,614 in 2022 and \$147,707 in 2021.

Miscellaneous Fees - Miscellaneous fees are billed when service is rendered and are reviewed by the Company for the amount earned and, if necessary, adjusted at year end.

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

Note 1 - (continued)

Foreign Currency Transactions - All fees are billed and paid in US dollars. There are no foreign currency gains or losses. There are no foreign assets or liabilities.

Income Tax - The Company is a limited liability company. The limited liability company itself is not a taxpaying entity for purposes of federal and state income taxes. Federal and state income taxes of the member is computed on his total income from all sources; accordingly, no provision for income taxes is made in these statements.

The Company evaluates its uncertain tax positions and accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2022, the Company recognized no liability on uncertain tax positions.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation.

Concentrations of Credit Risk - The Company maintains its cash balances at a financial institution where balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2022, the Company had no insured cash balances.

Note 2 - Goodwill - The accounting of the purchase of 100% of the membership units in 2016 resulted in the recognition of goodwill of \$1,509,159. The Company adopted ASC 350-20-35-63 which allows private companies the option of amortizing goodwill over ten years on a straight-line basis.

Note 3 - Transfer of membership - In August 2016, 100% of the ownership of the LLC was transferred to a new member. The purchase was financed with a note from WSFS Bank (formerly Bryn Mawr Trust Company), guaranteed by the SBA, for \$1,547,800 and a seller financed note of \$300,000. The purchase price was \$1,500,000 for 100% of the ownership of the LLC and \$500,000 for the assets in DryJect Inc. The debt and cost of the financing is allocated 75% to the Company and 25% to DryJect Inc. Acquisition Corporation. The loan is collateralized by the assets of the Company and DryJect Inc. Acquisition Corporation. The note is guaranteed by the member.

Note 4 - Long-term debt - As stated in Note 3, the Company reports 75% of the debt for the purchase on its books.

The Company has adopted the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the statement of functional expenses.



DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

Note 4 - (continued)

Long-term debt allocated to the Company at December 31, consists of the following:

	2022	2021
Note payable to WSFS Bank (formerly Bryn Mawr Trust Company), due in monthly installments of \$13,034, interest at 2.5% above prime, due in August 2026. . . . .	\$ 527,327	\$ 648,433
Note payable to the former members of the LLC, due in monthly installments beginning in September 2018 of \$2,629, interest at 5.0%, due in September 2028 . . . . .	179,079	205,281
Total Notes Payable	706,406	853,714
Less: Unamortized debt issuance costs	( 15,362)	( 19,649)
Long-term debt, less unamortized debt issuance costs	691,044	834,065
Less: current portion	( 148,217)	( 144,199)
Total long-term debt, less current portion	\$ 542,827	\$ 689,866

Maturities of long-term debt are as follows:

Year ending December 31,	Amount
2023	\$ 148,217
2024	162,442
2025	178,086
2026	139,148
2027	33,751
Thereafter	29,400
	\$ 691,044

Note 5 - SBA Grant - The SBA, as part of the CARES Act, paid \$18,000 in 2021 for principal and interest to Bryn Mawr Trust Company, debt which was guaranteed by the SBA. The Company reported \$13,500 in 2021, which was 75% of the total grants, as other income.

Note 6 - Cash Flow Information - The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents. For the year ended December 31, the amounts paid for income taxes and interest were as follows:

	2022	2021
Interest	\$ 46,681	\$ 49,369
Income taxes	\$ -	\$ -

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022 AND 2021

- Note 7 - Line of Credit - The Company and DryJect Inc. Acquisition Corporation have a \$300,000 revolving line of credit with WSFS Bank (formerly Bryn Mawr Trust Company), with interest at 2.5% over prime, of which \$134,525 was outstanding as of December 31, 2022 and \$50,000 was outstanding as of December 31, 2021. The line of credit is due to expire in August 2023. The line of credit balance is reflected on the books of DryJect Inc. Acquisition Corporation since the proceeds are deposited directly into DryJect Inc. Acquisition Corporation and used for their expenses.
- Note 8 - Transactions with Related Parties - For the year ended December 31, the Company incurred management fees of \$655,000 in 2022 and \$680,351 in 2021 and reimbursed expenses of \$45,090 in 2022 and \$24,649 in 2021 to DryJect Inc. Acquisition Corporation. At December 31, the Company had an account payable of \$195,817 in 2022 and \$173,128 in 2021 to DryJect Inc. Acquisition Corporation. The Company and DryJect Inc. Acquisition Corporation have a common owner.
- Note 9 - Settlement - In March 2016, the Company filed suit for unspecified damages against a licensee for breach of contract and misappropriation of trade secrets. The Company and the licensee settled in 2018 for \$70,000, with \$10,000 paid in 2018 and \$15,000 payable in January of each year through 2022.
- Note 10 - Subsequent Events - The Company has evaluated subsequent events through March 31, 2023, which is the date the financial statements were available to be issued. No subsequent events have been identified that require recognition or disclosure in the financial statements were identified by management.

**DRYJECT MANAGEMENT, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021**

**ROGER K. STEIN, CPA LLC**  
CERTIFIED PUBLIC ACCOUNTANT  
2300 STATE ROUTE 66, SUITE 202  
NEPTUNE, NEW JERSEY 07753

Phone: 732-869-1170  
Fax: 732-869-1130  
www.rogersteincpa.com

MEMBER:  
NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS  
  
LICENSED:  
NEW JERSEY & NEW YORK

INDEPENDENT AUDITOR'S REPORT

TO: DRYJECT MANAGEMENT, LLC  
HATBORO, PENNSYLVANIA

**Opinion**

I have audited the accompanying financial statements of DryJect Management, LLC (a single member LLC) which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of income and member's capital, and cash flows for the years then ended, and the related notes to the financial statements.

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

**Basis for Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of DryJect Management, LLC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DryJect Management, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DryJect Management, LLC's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



ROGER K. STEIN, CPA LLC  
Certified Public Accountant

Neptune, New Jersey

March 30, 2022

DRYJECT MANAGEMENT, LLC  
BALANCE SHEETS  
DECEMBER 31, 2021 AND 2020

	2021	2020
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 246,487	\$ 134,514
Accounts receivable	133,394	213,772
<u>Total Current Assets</u>	379,881	348,286
Intangible Assets:		
Goodwill	1,509,159	1,509,159
Organization costs	9,618	9,618
	1,518,777	1,518,777
Less: Accumulated Amortization	(827,078)	(676,163)
<u>Net Intangible Assets</u>	691,699	842,614
<u>Total Assets</u>	\$ 1,071,580	\$ 1,190,900
 <u>LIABILITIES AND MEMBER'S CAPITAL</u>		
Current Liabilities:		
Accounts payable	\$ 173,723	\$ 136,097
Accrued expenses	12,394	11,632
Current portion of long-term debt	144,199	136,301
<u>Total Current Liabilities</u>	330,316	284,030
Other Liabilities:		
Long term debt - net of current portion	689,866	834,005
<u>Total Liabilities</u>	1,020,182	1,118,035
Member's Capital	51,398	72,865
<u>Total Liabilities and Member's Capital</u>	\$ 1,071,580	\$ 1,190,900

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

DRYJECT MANAGEMENT, LLC  
STATEMENTS OF INCOME AND MEMBER'S CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Revenue:		
Franchise fees	\$ 823,387	\$ 661,167
Initial, renewal and transfer fees	92,329	43,445
Advertising fees	148,800	148,000
<u>Total Revenue</u>	1,064,516	852,612
Expenses:		
Legal and professional	51,089	35,354
Bank and credit card fees	14,586	12,086
Management fees	680,351	450,000
Advertising and promotion	147,707	130,147
Office	633	1,718
Research	-	2,205
Interest expense	53,002	63,960
Amortization expense	150,915	150,915
Bad debt expense	1,200	19,091
<u>Total Expenses</u>	1,099,483	865,476
Loss before other income	(34,967)	(12,864)
SBA grant	13,500	78,697
Net (loss) income	(21,467)	65,833
Member's capital - beginning	72,865	(90,968)
Member's contribution	-	98,000
Member's capital - ending	\$ 51,398	\$ 72,865

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

DRYJECT MANAGEMENT, LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net (loss) income	\$ (21,467)	\$ 65,833
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	150,915	150,915
Amortization of interest expense	4,287	4,287
(Increase) decrease in:		
Accounts receivable	80,378	3,457
Increase (decrease) in:		
Accounts payable	37,626	(64,645)
Accrued expenses	762	(6,009)
	252,501	153,838
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on long term debt	(140,528)	(130,743)
Member contributions	-	98,000
	(140,528)	(32,743)
<u>Net cash used by investing activities</u>	(140,528)	(32,743)
Net increase in cash	111,973	121,095
Cash at beginning of period	134,514	13,419
Cash at end of period	\$ 246,487	\$ 134,514

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



DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

Note 1 - Summary of Significant Accounting Policies -

Nature of Operations - The Company, organized in Delaware, operates in Pennsylvania. The Company sells franchises and patented machinery used in a unique soil aeration service. Franchises and licensees as of December 31, 2021 are reflected in the table below. There were 3 franchises that were transferred during 2021.

	January 1, 2021	Additions	Drops	December 31, 2021
United States - Franchises	28	-	-	28
International - Franchises & licensees	9	1	( 1 )	9
Total	37	1	( 1 )	37

Accounts Receivable - The Company carries its accounts receivable at cost. On a periodic basis, the Company evaluates its accounts receivable and, if necessary, establishes an allowance for credit losses. At December 31, there was no allowance for credit losses in 2021 or 2020.

Revenue Recognition - The Company has adopted the guidance under Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers, which requires the recognition of revenue when promised services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

Franchise Fees - Franchise fees are billed monthly and are reviewed by the Company for the amount earned and, if necessary, adjusted at year end.

Initial Franchise Fees - Initial franchise fees are billed and collected at the signing of the franchise agreement which states that the entire fee is earned in full upon signing the agreement. Initial franchise fees are recognized when all the initial and substantial services of the franchise agreement have been performed and as other material conditions or obligations related to the determination of substantial performance exist. The Company evaluates each initial franchise fee at year end for any unfilled obligations. Generally, the Company satisfies the conditions within 60 days of signing the agreement.

Renewal Fees - Renewal fees are billed and earned when a franchise is renewed by the franchisee.

Transfer Fees - Transfer fees are billed and earned when a franchise is transferred between franchisees.

Advertising Fees - The Company uses the gross presentation of advertising fund income of the amount collected from franchises and related advertising and marketing expenses. All advertising costs are expensed in the period they are incurred. For the year ended December 31, advertising revenue was \$148,800 in 2021 and \$148,000 in 2020, and expense was \$147,707 in 2021 and \$130,147 in 2020.

Miscellaneous Fees - Miscellaneous fees are billed when service is rendered and are reviewed by the Company for the amount earned and, if necessary, adjusted at year end.

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

Note 1 - (continued)

Foreign Currency Transactions - All fees are billed and paid in US dollars. There are no foreign currency gains or losses. There are no foreign assets or liabilities.

Income Tax - The Company is a limited liability company. The limited liability company itself is not a taxpaying entity for purposes of federal and state income taxes. Federal and state income taxes of the member is computed on his total income from all sources; accordingly, no provision for income taxes is made in these statements.

The Company evaluates its uncertain tax positions and accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2021, the Company recognized no liability on uncertain tax positions.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation.

Concentrations of Credit Risk - The Company maintains its cash balances at a financial institution where balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2021, the Company had no insured cash balances.

Note 2 - Goodwill - The accounting of the purchase of 100% of the membership units in 2016 resulted in the recognition of goodwill of \$1,509,159. The Company adopted ASC 350-20-35-63 which allows private companies the option of amortizing goodwill over ten years on a straight-line basis.

Note 3 - Transfer of membership - In August 2016, 100% of the ownership of the LLC was transferred to a new member. The purchase was financed with a note from Bryn Mawr Trust Company, guaranteed by the SBA, for \$1,547,800 and a seller financed note of \$300,000. The purchase price was \$1,500,000 for 100% of the ownership of the LLC and \$500,000 for the assets in DryJect Inc. The debt and cost of the financing is allocated 75% to the Company and 25% to DryJect Inc. Acquisition Corporation. The loan is collateralized by the assets of the Company and DryJect Inc. Acquisition Corporation. The note is guaranteed by the member.

Note 4 - Long-term debt - As stated in Note 3, the Company reports 75% of the debt for the purchase on its books.

The Company has adopted the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the statement of functional expenses.

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

Note 4 - (continued)

Long-term debt allocated to the Company at December 31, consists of the following:

	2021	2020
Note payable to Bryn Mawr Trust Company, due in monthly installments of \$13,034, interest at 2.5% above prime, due in August 2026. . . . .	\$ 648,433	\$ 763,785
Note payable to the former members of the LLC, due in monthly installments beginning in September 2018 of \$2,629, interest at 5.0%, due in September 2028 . . . . .	205,281	230,457
Total Notes Payable	\$ 853,714	\$ 994,242
Less: Unamortized debt issuance costs	( 19,649)	( 23,936)
Long-term debt, less unamortized debt issuance costs	834,065	970,306
Less: current portion	( 144,199)	( 136,301)
Total long-term debt, less current portion	\$ 689,866	\$ 834,005

Maturities of long-term debt are as follows:

Year ending December 31,	Amount
2022	\$ 144,199
2023	152,423
2024	161,177
2025	170,427
2026	142,688
Thereafter	63,151
	\$ 834,065

Note 5 - SBA Grant - The SBA, as part of the CARES Act, paid \$18,000 in 2021 and \$104,929 in 2020 for principle and interest to Bryn Mawr Trust Company, debt which was guaranteed by the SBA. The Company reported \$13,500 in 2021 and \$78,697 in 2020, which was 75% of the total grants, as other income.

Note 6 - Cash Flow Information - The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents. For the year ended December 31, the amounts paid for income taxes and interest were as follows:

	2021	2020
Interest	\$ 49,369	\$ 61,535
Income taxes	\$ -	\$ -

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020

- Note 7 - Line of Credit - The Company and DryJect Inc. Acquisition Corporation have a \$300,000 revolving line of credit with Bryn Mawr Trust Company, with interest at 2.5% over prime, of which none was outstanding as of December 31, 2021 and 2020. The line of credit is due to expire in August 2023.
- Note 8 - Transactions with Related Parties - For the year ended December 31, the Company incurred management fees of \$680,351 in 2021 and \$450,000 in 2020 and reimbursed expenses of \$24,649 in 2021 and \$38,000 in 2020 to DryJect Inc. Acquisition Corporation. At December 31, the Company had an account payable of \$173,128 in 2021 and \$134,348 in 2020 to DryJect Inc. Acquisition Corporation. The Company and DryJect Inc. Acquisition Corporation have a common owner.
- Note 9 - Settlement - In March 2016, the Company filed suit for unspecified damages against a licensee for breach of contract and misappropriation of trade secrets. The Company and the licensee settled in 2018 for \$70,000, with \$10,000 paid in 2018 and \$15,000 payable in January of each year through 2022.
- Note 10 - Contingencies - In April 2020, by executive order, the State of Pennsylvania mandated non-essential businesses to close until further notice due to the Coronavirus pandemic and some restrictions continue as of the report date. The Company is still in operation and has received assistance through the SBA Coronavirus relief programs. Management has determined that although there has been some impact to operations, there are no material adjustments necessary as of the report date.
- Note 11 - Subsequent Events - The Company has evaluated subsequent events through March 30, 2022, which is the date the financial statements were available to be issued. No subsequent events have been identified that require recognition or disclosure in the financial statements were identified by management.

**DRYJECT MANAGEMENT, LLC**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**ROGER K. STEIN**  
CERTIFIED PUBLIC ACCOUNTANT  
2300 STATE ROUTE 66, SUITE 202  
NEPTUNE, NEW JERSEY 07753

Phone: 732-869-1170  
Fax: 732-869-1130  
www.rogersteincpa.com

MEMBER:  
NEW JERSEY SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS  
  
LICENSED:  
NEW JERSEY & NEW YORK

Independent Auditor's Report

TO: DRYJECT MANAGEMENT, LLC  
HATBORO, PENNSYLVANIA

**Opinion**

I have audited the accompanying financial statements of DryJect Management, LLC (a single member LLC) which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of income and member's capital, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DryJect Management, LLC as of December 31, 2020 and 2019, 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**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of DryJect Management, LLC and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DryJect Management, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DryJect Management, LLC's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.



ROGER K. STEIN  
Certified Public Accountant

Neptune, New Jersey

April 13, 2021

DRYJECT MANAGEMENT, LLC  
BALANCE SHEETS  
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 134,514	\$ 13,419
Accounts receivable	213,772	217,229
<u>Total Current Assets</u>	348,286	230,648
Intangible Assets:		
Goodwill	1,509,159	1,509,159
Organization costs	9,618	9,618
	1,518,777	1,518,777
Less: Accumulated Amortization	(676,163)	(525,248)
<u>Net Intangible Assets</u>	842,614	993,529
<u>Total Assets</u>	\$ 1,190,900	\$ 1,224,177
 <u>LIABILITIES AND MEMBER'S CAPITAL</u>		
Current Liabilities:		
Accounts payable	\$ 136,097	\$ 200,742
Accrued expenses	11,632	17,641
Current portion of long-term debt	136,301	121,296
<u>Total Current Liabilities</u>	284,030	339,679
Other Liabilities:		
Long term debt - net of current portion	834,005	975,466
<u>Total Liabilities</u>	1,118,035	1,315,145
Member's Capital	72,865	(90,968)
<u>Total Liabilities and Member's Capital</u>	\$ 1,190,900	\$ 1,224,177

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



DRYJECT MANAGEMENT, LLC  
STATEMENTS OF INCOME AND MEMBER'S CAPITAL  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Revenue:		
Franchise fees	\$ 661,167	\$ 664,341
Initial and transfer fees	43,445	37,969
Advertising fees	148,000	136,700
Miscellaneous income	-	16,361
<u>Total Revenue</u>	852,612	855,371
Expenses:		
Legal and professional	35,354	86,075
Bank and credit card fees	12,086	10,924
Management fees	450,000	342,000
Advertising and promotion	130,147	149,029
Advertising - trade shows	-	1,050
Franchise meeting	-	3,151
Office	1,718	897
Research	2,205	3,206
Interest expense	63,960	86,541
Amortization expense	150,915	150,916
Bad debt expense	19,091	101,647
<u>Total Expenses</u>	865,476	935,436
Loss before other income	(12,864)	(80,065)
SBA grant	78,697	-
Net income (loss)	65,833	(80,065)
Member's capital - beginning	(90,968)	(10,903)
Member's contribution	98,000	-
Member's capital - ending	\$ 72,865	\$ (90,968)

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

DRYJECT MANAGEMENT, LLC  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income (loss)	\$ 65,833	\$ (80,065)
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization	150,915	150,916
Amortization of interest expense	4,287	4,287
(Increase) decrease in:		
Accounts receivable	3,457	45,071
Increase (decrease) in:		
Accounts payable	(64,645)	(211,670)
Accrued expenses	(6,009)	4,466
	153,838	(86,995)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments on long term debt	(130,743)	(115,359)
Member contributions	98,000	-
	(32,743)	(115,359)
<u>Net cash used by investing activities</u>	(32,743)	(115,359)
Net increase (decrease) in cash	121,095	(202,354)
Cash at beginning of period	13,419	215,773
Cash at end of period	\$ 134,514	\$ 13,419

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

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

Note 1 - Summary of Significant Accounting Policies -

Nature of Operations - The Company, organized in Delaware, operates in Pennsylvania. The Company sells franchises and patented machinery used in a unique soil aeration service. Franchises and licensees as of December 31, 2020 are reflected in the table below. There were no franchises that were transferred during 2020.

	<u>January 1, 2020</u>	<u>Additions</u>	<u>Drops</u>	<u>December 31, 2020</u>
United States - Franchises	27	1	-	28
International - Franchises & licensees	<u>11</u>	<u>1</u>	<u>( 3)</u>	<u>9</u>
Total	<u>38</u>	<u>2</u>	<u>( 3)</u>	<u>37</u>

Accounts Receivable - The Company carries its accounts receivable at cost. On a periodic basis, the Company evaluates its accounts receivable and, if necessary, establishes an allowance for credit losses. At December 31, there was no allowance for credit losses in 2020 or 2019.

Revenue Recognition - Effective January 1, 2019, the Company retrospectively changed its accounting methods for revenue recognition and financial instruments as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 606, Revenue from Contracts with Customers. The new revenue recognition guidance requires the recognition of revenue when promised services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services. The Company adopted the simplified approach under ASC 606 which is a modified retrospective application with a cumulative effect adjustment to retained earnings in the year of adoption. Management determined the net effect was not material and passed on the modification to the financial statements.

Franchise Fees - Franchise fees are billed monthly and are reviewed by the Company for the amount earned and, if necessary, adjusted at year end.

Transfer Fees - Transfer fees are billed and earned when a franchise is transferred between franchisees.

Advertising Fees - The Company uses the gross presentation of advertising fund income of the amount collected from franchises and related advertising and marketing expenses. All advertising costs are expensed in the period they are incurred. For the year ended December 31, advertising revenue was \$148,000 in 2020 and \$136,700 in 2019, and expense was \$130,147 in 2020 and \$150,079 in 2019.

Miscellaneous Fees - Miscellaneous fees are billed when service is rendered and are reviewed by the Company for the amount earned and, if necessary, adjusted at year end.

Initial Franchise Fees - Initial franchise fees are billed and collected at the signing of the franchise agreement which states that the entire fee is earned in full upon signing the agreement. Initial franchise fees are recognized when all the initial and substantial services of the franchise agreement have been performed and as other material conditions or obligations related to the determination of substantial performance exist. The Company evaluates each initial franchise fee at year end for any unfilled obligations. Generally, the Company satisfies the conditions within 60 days of signing the agreement.



DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

Note 1 - (continued)

Foreign Currency Transactions - All fees are billed and paid in US dollars. There are no foreign currency gains or losses. There are no foreign assets or liabilities.

Income Tax - The Company is a limited liability company. The limited liability company itself is not a taxpaying entity for purposes of federal and state income taxes. Federal and state income taxes of the member is computed on his total income from all sources; accordingly, no provision for income taxes is made in these statements.

The Company evaluates its uncertain tax positions and accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. As of December 31, 2020, the Company recognized no liability on uncertain tax positions.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation.

Concentrations of Credit Risk - The Company maintains its cash balances at a financial institution where balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2020, the Company had no insured cash balances.

Note 2 - Goodwill - The accounting of the purchase of 100% of the membership units in 2016 resulted in the recognition of goodwill of \$1,509,159. The Company adopted ASC 350-20-35-63 which allows private companies the option of amortizing goodwill over ten years on a straight-line basis.

Note 3 - Transfer of membership - In August 2016, 100% of the ownership of the LLC was transferred to a new member. The purchase was financed with a note from Bryn Mawr Trust Company, guaranteed by the SBA, for \$1,547,800 and a seller financed note of \$300,000. The purchase price was \$1,500,000 for 100% of the ownership of the LLC and \$500,000 for the assets in DryJect Inc. The debt and cost of the financing is allocated 75% to the Company and 25% to DryJect Inc. Acquisition Corporation. The loan is collateralized by the assets of the Company and DryJect Inc. Acquisition Corporation. The note is guaranteed by the member.

Note 4 - Long-term debt - As stated in Note 3, the Company reports 75% of the debt for the purchase on its books.

The Company has adopted the requirements in FASB ASC 835-30 to present debt issuance costs as a reduction of the carrying amount of the debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense in the statement of functional expenses.

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

Note 4 - (continued)

Long-term debt allocated to the Company at December 31, consists of the following:

	2020	2019
Note payable to Bryn Mawr Trust Company, due in monthly installments of \$13,034, interest at 2.5% above prime, due in August 2026. . . . .	\$ 763,785	\$ 870,337
Note payable to the former members of the LLC, due in monthly installments beginning in September 2018 of \$2,629, interest at 5.0%, due in September 2028 . . . . .	230,457	254,648
Total Notes Payable	\$ 994,242	\$ 1,124,985
Less: Unamortized debt issuance costs	( 23,936)	( 28,223)
Long-term debt, less unamortized debt issuance costs	970,306	1,096,762
Less: current portion	( 136,301)	( 121,296)
Total long-term debt, less current portion	\$ 834,005	\$ 975,466

Maturities of long-term debt are as follows:

Year ending December 31,	Amount
2021	\$ 136,301
2022	144,140
2023	152,423
2024	161,177
2025	170,427
Thereafter	205,838
	\$ 970,306

Note 5 - SBA Grant - The SBA, as part of the CARES Act, paid six months of principal and interest which totaled \$104,929, to Bryn Mawr Trust Company, debt which was guaranteed by the SBA. The Company reported \$78,697, 75% of the total grant, as other income.

Note 6 - Cash Flow Information - The Company considers all short-term investments with an original maturity of three months or less to be cash equivalents. For the year ended December 31, the amounts paid for income taxes and interest were as follows:

	2020	2019
Interest	\$ 61,535	\$ 82,150
Income taxes	\$ -	\$ -

DRYJECT MANAGEMENT, LLC  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019

- Note 7 - Line of Credit - The Company and DryJect Inc. Acquisition Corporation have a \$300,000 revolving line of credit with Bryn Mawr Trust Company, with interest at 2.5% over prime, of which none was outstanding as of December 31, 2020 and 2019. The line of credit is due to expire in August 2023.
- Note 8 - Transactions with Related Parties - For the year ended December 31, the Company incurred management fees of \$450,000 in 2020 and \$342,000 in 2019 and reimbursed expenses of \$38,000 in 2020 and \$36,000 in 2019 to DryJect Inc. Acquisition Corporation. At December 31, the Company had an account payable of \$134,348 in 2020 and \$200,742 in 2019 to DryJect Inc. Acquisition Corporation. At December 31, 2019, the Company had an account receivable of \$5,753 for unreimbursed expenses from Dryject Inc. Acquisition Corporation. The Company and DryJect Inc. Acquisition Corporation have a common owner.
- Note 9 - Settlement - In March 2016, the Company filed suit for unspecified damages against a licensee for breach of contract and misappropriation of trade secrets. The Company and the licensee settled in 2018 for \$70,000, with \$10,000 paid in 2018 and \$15,000 payable in January of each year through 2022.
- Note 10 - Contingencies - In April 2020, by executive order, the State of Pennsylvania mandated non-essential businesses to close until further notice due to the Coronavirus pandemic and some restrictions continue as of the report date. The Company is still in operation and has received assistance through the SBA Coronavirus relief programs. Management has determined that although there has been some impact to operations, there are no material adjustments necessary as of the report date.
- Note 11 - Subsequent Events - The Company has evaluated subsequent events through April 13, 2021, which is the date the financial statements were available to be issued. No subsequent events have been identified that require recognition or disclosure in the financial statements were identified by management.

**EXHIBIT I**

**LIST OF FRANCHISE OWNERS/FORMER FRANCHISE OWNERS**

**LIST OF FRANCHISE OWNERS**

<b>STATE</b>	<b>TERRITORY</b>	<b>**</b>	<b>NAME</b>	<b>ADDRESS</b>	<b>PHONE NUMBER</b>
AL	AL, AR (Northeast Corner Only)TN & MS <sup>1</sup>	P	DryJect Tennessee, LLC Chad Gamble & Chris Young	2197 Prestwick Avenue Germantown, TN 38139	(901) 356-6184
AR	AL, AR (Northeast Corner Only)TN, & MS <sup>12</sup>		DryJect Tennessee, LLC Chad Gamble & Chris Young	2197 Prestwick Avenue Germantown, TN 38139	(901) 356-6184
AZ	AZ & NM <sup>2</sup>	P	Heartland Golf and Turf Services LLC James Naudet	10908 Elmwood Drive Kansas City, MO 64137	(913) 927-9738
CA	CA (South)	P	DryJect Southwest, LLC Larry Lane & Will Reardon	24312 Barbados Drive Dana Point, CA 92629	(800) 994-0004 (215) 605-7977
	CA (North)	P	Four Fleming, LLC Jerry Fleming	3340 Woodmont Meridian, ID 83642	(208) 906-6725
CO	CO	P	Mark Shoemaker	2367 South Homan Circle Lakewood, CO 80228	(307) 909-7446
CT	NY (Southeast) & CT (West) <sup>8</sup>		DryJect Northeast Steve Jordan	P.O. Box 525 Delaware Water Gap, PA 18327	(914) 602-2857
	MA, RI, NH, ME & CT (East) <sup>7</sup>		Colonial Turf Services Kevin McDonough	28 Early Red Circle Plymouth, MA 02360	(508) 320-2858
DE	MD & DE <sup>6</sup>		Mid-Atlantic Turf Solutions Chris Cannatelli	299 Lea Avenue Frederica, DE 19946	(443) 669-3910
FL	FL (Except Panhandle, West & Southeast)	P	DryJect Technologies Frank Sbarro	2230 Santiago Avenue Fort Myers, FL 34608	(954) 529-5548
	GA (South), SC (East) & FL (Panhandle & West) <sup>3</sup>		East Coast Turf Solutions Matt Spatara	327 Southern Rose Drive Jacksonville, FL 32225	(904) 615-0288
	FL (Southeast)	P	Atlantic DryJect James Sprankle & Sean O'Reilly	121 Magnolia Way Tequesta, FL 33469	(561) 262-5794
GA	GA (South), SC (East) & FL (Panhandle & West) <sup>3</sup>	P	East Coast Turf Solutions Matt Spatara	327 Southern Rose Drive Jacksonville, FL 32225	(904) 615-0288
	NC (West), GA (North) & SC (West) <sup>9</sup>		Palmetto Turf Masters, LLC Steven Owings	948 May Road Saluda, SC 29138	(864) 941-6328
ID	ID, WA, OR & MT (West) <sup>4</sup>	P	Northwest DryJect, Inc. Doug Roberts	2031 S. Elkhound Meridian, ID 83642	(208) 890-9535
IL	IL (Northeast) & WI <sup>6</sup>		DryJect Great Lakes Mark Frever & Al Lefere	5240 Lansing Avenue Jackson, MI 49201	(517) 262-8282
IN	OH & IN (Southern) <sup>10</sup>		Specialized Turf Solutions Phil Majernik	18440 Western Road North Benton, OH 44449	(330) 206-7581
LA	LA & TX (Southwest) <sup>16</sup>		Total Turf Solutions Joe Anderson	1093 County Road Tenaha, TX 75974	(936) 590-1270
MA	MA, RI, NH, ME & CT (East) <sup>7</sup>	P	Colonial Turf Services Kevin McDonough	28 Early Red Circle Plymouth, MA 02360	(508) 320-2858
MD	MD & DE <sup>5</sup>	P	Mid-Atlantic Turf Solutions Chris Cannatelli	299 Lea Avenue Frederica, DE 19946	(443) 669-3910
ME	MA, RI, NH, ME & CT (East) <sup>7</sup>		Colonial Turf Services Kevin McDonough	28 Early Red Circle Plymouth, MA 02360	(508) 320-2858
MI	MI	P	DryJect Great Lakes Mark Frever & Al Lefere	5240 Lansing Avenue Jackson, MI 49201	(517) 262-8282
MN	MN	P	AP Golf & Turf Solutions, Inc. Aaron Porter	16970 Blakeman Road Brainerd, MN 56401	(218) 290-5575
MO	MO	P	Heartland Golf and Turf	10908 Elmwood Drive	(913) 927-9738



STATE	TERRITORY	**	NAME	ADDRESS	PHONE NUMBER
			Services LLC James Naudet	Kansas City, MO 64137	
MS	AL & MS <sup>1</sup>		DryJect Tennessee, LLC Chad Gamble & Chris Young	2197 Prestwick Avenue Germantown, TN 38139	(901) 356-6184
MT	ID, WA, OR & MT (West) <sup>4</sup>		Northwest DryJect, Inc. Doug Roberts	2031 S. Elkhound Meridian, ID 83642	(208) 890-9535
NC	NC (West), GA (North) & SC (West) <sup>9</sup>	P	Palmetto Turf Masters, LLC Steven Owings	948 May Road Saluda, SC 29138	(864) 941-6328
NC	VA & NC (East) <sup>15</sup>		Virlina Turf, LLC Craig Thompson	303 Hawks Nest Way Apex, NC 27502	(919) 530-0546
NH	MA, RI, NH, ME & CT (East) <sup>7</sup>		Dryject Colonial Turf Services Kevin McDonough	28 Early Red Circle Plymouth, MA 02360	(508) 320-2858
NJ	NJ	P	DryJect NJ Dennis Granahan	7 Seagull Lane Lincroft, NJ 07738	(917) 617-8827
NM	AZ/NM <sup>2</sup>		Heartland Golf and Turf Services LLC James Naudet	10908 Elmwood Drive Kansas City, MO 64137	(913) 927-9738
NV	UT & NV <sup>13</sup>		Four Fleming, LLC Jerry Fleming	340 Woodmont Drive Meridian, ID 83642	(208) 906-6725
NY	NY (Southeast) & CT (West) <sup>8</sup>	P	DryJect Northeast Steve Jordan	P.O. Box 525 Delaware Water Gap, PA 18327	(914) 602-2857
	NY & VT <sup>14</sup>	P	Finger Lake Turf Services, LLC Jeremy Batz	5531 Hagen Trail, Canandaigua, New York 14424	(610) 721-9791
OH	OH & IN (Southern) <sup>10</sup>	P	Specialized Turf Solutions Phil Majernik	18440 Western Road, North Benton, OH 44449	(330) 206-7581
OK	OK & TX (Northeast) <sup>17</sup>		North Texas DryJect Paul Hagy	702 Easy Street Garland, TX 75042	(469) 450-3257
OR	ID, WA, OR & MT (West) <sup>4</sup>		Northwest DryJect, Inc. Doug Roberts	2031 S. Elkhound Meridian, ID 83642	(208) 890-9535
PA	PA (Eastern)	P	DryJect Eastern PA Mike Zellner	121 Old Company Road Barto, PA 19504	(484) 357-9197
	PA (Western) & WV <sup>11</sup>	P	DryJect Western PA Ben Little	2021 Gay Avenue Greensburg, PA 15601	(412) 610-9001
RI	MA, RI, NH, ME, CT (East) <sup>7</sup>		Colonial Turf Services Kevin McDonough	28 Early Red Circle Plymouth, MA 02360	(508) 320-2858
SC	GA (South), SC (East) & FL (Panhandle) <sup>3</sup>		East Coast Turf Solutions Matt Spatara	327 Southern Rose Drive Jacksonville, FL 32225	(904) 615-0288
	NC (West), GA (North) & SC (West) <sup>9</sup>		Palmetto Turf Masters, LLC Steven Owings	948 May Road, Saluda, SC 29138	(864) 941-6328
TN	TN, AR (Northeast) Corner Only) <sup>12</sup>	P	DryJect Tennessee LLC Chad Gamble & Chris Young	2197 Prestwick Avenue Germantown, TN 38139	(901) 356-6184
TX	TX (Northeast) & OK <sup>17</sup>	P	North Texas DryJect Paul Hagy	702 Easy Street Garland, TX 75042	(469) 450-3257
	TX (Southwest) & LA <sup>16</sup>	P	Total Turf Solutions Joe Anderson	1093 County Road 4644 Tenaha, TX 75974	(936) 590-1270
UT	UT & NV <sup>13</sup>	P	Four Fleming, LLC Jerry Fleming	340 Woodmont Drive Meridian, ID 83642	(208) 906-6725
VA	VA & NC (East) <sup>15</sup>	P	Virginia Turf, LLC Craig Thompson	303 Hawks Nest Way Apex, NC 27502	(919) 530-0546
VT	NY & VT <sup>14</sup>		Finger Lake Turf Services, LLC Jeremy Batz	5531 Hagen Trail, Canandaigua, New York 14424	(610) 721-9791
WA	ID, WA, OR & MT (West) <sup>4</sup>		Northwest DryJect, Inc. Doug Roberts	2031 S. Elkhound Meridian, ID 83642	(208) 890-9535
WI	IL (Northeast) & WI <sup>6</sup>	P	DryJect Great Lakes Mark Frever & Al Lefere	5240 Lansing Avenue Jackson, MI 49201	(517) 262-8282

<b>STATE</b>	<b>TERRITORY</b>	<b>**</b>	<b>NAME</b>	<b>ADDRESS</b>	<b>PHONE NUMBER</b>
WV	PA (Western) & WV <sup>11</sup>		DryJect Western PA Ben Little	2021 Gay Avenue Greensburg, PA 15601	(412) 610-9001

\*\* "P" represents the Primary Territory.

Each of the following are under single unit franchise agreements in which the territory includes all or part of multiple states. Primary territory designates listing in Item 20, Table 3.

1. Primary territory listed under AL; territory also includes MS.
2. Primary territory listed under AZ; territory also includes NM.
3. Primary territory listed under GA; territory also includes FL & SC as noted.
4. Primary territory listed under ID; territory also includes WA, OR & MT as noted.
5. Primary territory listed under MD; territory also includes DE.
6. Primary territory listed under WI; territory also includes IL as noted.
7. Primary territory listed under MA; territory also includes CT, RI, NH & ME as noted.
8. Primary territory listed under NY; territory also includes CT as noted.
9. Primary territory listed under NC; territory also includes GA & SC as noted.
10. Primary territory listed under OH; territory also includes IN as noted.
11. Primary territory listed under PA; territory also includes WV.
12. Primary territory listed under TN; territory also includes AR as noted.
13. Primary territory listed under UT; territory also includes NV.
14. Primary territory listed under NY; territory also includes VT.
15. Primary territory listed under VA; territory also includes NC as noted.
16. Primary territory listed under TX; territory also includes LA as noted.
17. Primary territory listed under TX; territory also includes OK as noted.

### LIST OF FORMER FRANCHISES

The name and last known address and telephone number of every franchisee who has had a unit terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or has not communicated with us within 10 weeks of the disclosure document issuance date: NONE

<b>STATE</b>	<b>TERRITORY</b>	<b>NAME</b>	<b>CITY/STATE</b>	<b>PHONE NUMBER</b>
CA	CA (North)	Professional Turf Management Mike Basile	P.O. Box 700142 San Jose, CA 95170	(408) 315-3865
KY	KY	Keene Trace Golf Club Evan Mossenberger & William Frye	5600 Harrodsburg Road Nicholasville, KY 40356	(854) 806-8000

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

**EXHIBIT J**  
**SPECIFIC STATE ADDENDA TO DISCLOSURE DOCUMENT**

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

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

Item 5 ‘Initial Fees’ shall amended by the addition of the following paragraph: The Department has determined that we, the franchisor, have not demonstrated we are adequately capitalized and/or that we must rely on franchise fees to fund our operations. The Commissioner has imposed a fee deferral condition, which requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and you are open for business.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Disclosure Document 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchise owners concerning termination, transfer or non-renewal for a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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. The Franchise Agreement requires application of the law of the State of Pennsylvania. This provision may not be enforceable under California law.

Neither we nor any person or franchise broker in Item 2 of the UFOC 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.

The franchise agreement requires binding arbitration. The arbitration will occur in the community in which the Franchisor’s headquarters are then located, which currently is Hatboro, Pennsylvania, with the costs being borne by the party(ies) as determined by the arbitrator.

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 liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

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.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

Any condition, stipulation or provision in the Franchise Agreement which would result in your waiver of compliance with any provision of the California Franchise Relations Act is void to the extent that such provision violates such law.

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).

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

- (a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.
- (b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.
- (c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.
- (d) Violations of any provision of this division.

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

Franchisor's website address: [www.dryject.com](http://www.dryject.com)

**ADDENDUM TO  
THE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF HAWAII**

**THIS FRANCHISE HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OR 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.**

**ADDENDUM TO  
FRANCHISE DISCLOSURE DOCUMENT FOR  
STATE OF ILLINOIS**

Illinois law governs the Franchise Agreement.

Based on Section 15 of the Illinois Franchise Disclosure Act of 1987 and Section 200.508 of the Administrative Rules and Regulations, the Illinois Attorney General's office imposed this deferral requirement due to Franchisor's financial condition requiring that until such time as there is a change in Franchisor's financial condition, Item 5 is amended as follows: The initial franchise fee paid shall be deferred until all initial pre-obligations owed to you by us have been completed and you have commenced doing business.

Item 7 is amended as follows: The initial franchise fee shall be deferred until all initial pre-opening obligations owed to you by us have been completed and you have commenced doing business.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or** any other law of Illinois is void.

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.

**THIS ILLINOIS ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE  
RESIDENTS OF ILLINOIS OR LOCATE THEIR FRANCHISES IN ILLINOIS.**



**ADDENDUM TO  
FRANCHISE DISCLOSURE DOCUMENT FOR  
STATE OF INDIANA**

**Amendment to Item 17 of the FDD:**

Item 17 of the Disclosure Document, Sections (u), (v), and (w), is amended to omit any reference to selection of an out-of-Indiana forum or choice of law.

The franchise agreement requires application of the laws of Pennsylvania. This provision is deleted from the Indiana Franchise Agreement.

The franchise agreement requires you to sign a general release of claims as a condition of renewing or transferring the franchise. Under the law of Indiana any provision that purports to bind a person acquiring a franchise to waive compliance with the franchise laws of Indiana is void. Item 17 of the Disclosure Document, Sections (c) (renewal) and (m) (transfer), is amended to omit the requirements that an Indiana Franchisee sign a general release of claims as a condition of renewal or transfer. This will not prevent Franchisor from requiring you to sign a general release of claims as part of a settlement of a dispute.

**ADDENDUM  
TO FRANCHISE DISCLOSURE DOCUMENT FOR  
STATE OF MARYLAND**

The Franchise Disclosure Document for DryJect Management, LLC offering franchises under the "DryJect®" mark for use in the State of Maryland shall be amended as follows:

Item 5, "Initial Fee" shall be amended by the addition of the following paragraph:

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

Item 17(v), "Choice of Forum", shall be amended by adding the following paragraph:

Section 4-216(c)(25) of the Maryland Franchise Registration and Disclosure Law requires a franchisor to file an irrevocable consent to be sued in Maryland. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within three years after the franchise is granted.

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 THE  
FRANCHISE DISCLOSURE DOCUMENT FOR  
DRYJECT MANAGEMENT, LLC**

**STATE OF MINNESOTA**

1. Item 13 is amended to add the following:

DRYJECT MANAGEMENT, LLC will protect your right to use the DryJect® Mark and Trade Name or will indemnify you against any loss, costs, or expenses arising out of any claim, suit, or demand regarding your use of the Marks or Trade Name.

2. Item 17, summary column for (c) is amended to add the following:

Any release signed as a condition of renewal will not apply to any claims you may have under the Minnesota Franchise Act.

3. Item 17, summary column for (f) is amended to add the following:

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the franchise agreement and that consent to transfer of the franchise will not be unreasonably withheld.

4. Item 17, summary column for (m) is amended to add the following:

Any release signed as a condition of transfer will not apply to any claims you may have under the Minnesota Franchise Act.

5. Item 17, summary columns for (v) and (w) are amended to add the following:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in this Disclosure Document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Minn. Stat. 80C.17, subdivision 5 prohibits any action commencing section more than three years after the cause of action accrues.

ADDENDUM TO DRYJECT MANAGEMENT, LLC  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NEW YORK

The franchisor has represented the following:

- 1) That no portion of the initial franchise fee has been allocated to the trademark or intellectual property; and
- 2) That the initial franchise fee consists only of payments for initial training, advertising, manuals, uniforms and legal costs, which are distinct from and not brand or trademark related to the franchisor; and
- 3) That only the royalty fee is related to the trademark and intellectual property.

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

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

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

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

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

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

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

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

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

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

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

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

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

THIS NEW YORK ADDENDUM APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF NEW YORK OR LOCATE THEIR FRANCHISES IN NEW YORK.

**ADDENDUM TO**  
**FRANCHISE DISCLOSURE DOCUMENT**  
**FOR**  
**STATE OF RHODE ISLAND**

The Rhode Island Securities Division requires the following specific disclosures to be made to prospective Rhode Island franchisees:

In spite of the provisions of Item 17v and Item 17w of the Disclosure Document, any litigation or arbitration arising under the Franchise Agreement will take place in Rhode Island or other place mutually agreed to by the franchisee and franchisor. In spite of the provisions of Section 17 of the Franchise Agreement and to the extent required by Section 19-28.1-14 of the Rhode Island Franchise Investment Act, the Franchise Agreement will be governed by the laws of the State of Rhode Island.

**Item 17 is amended as follows:**

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 this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.”

**ADDENDUM TO DRYJECT MANAGEMENT, LLC**  
**FRANCHISE DISCLOSURE DOCUMENT FOR**  
**STATE OF VIRGINIA**

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

The Summary column of Item 17 Paragraph (h) of the Virginia Disclosure Document is modified by adding the following at the end of the sentence:

“Pursuant to Section 13.1.564 of the Virginia Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable.”

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 THE  
FRANCHISE DISCLOSURE DOCUMENT FOR  
STATE OF WASHINGTON**

Item 5, "Initial Fee" shall be amended by the addition of the following paragraphs:

"In lieu of an impound of franchise fees, we will not require or accept the payment of the initial franchise fee until we have provided all our pre-opening obligations under the Franchise Agreement and the franchisee is open for business."

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

The State of Washington has a statute, RCW 19.100.180, that 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 the 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.

In Washington, provisions of the Franchise Agreement which unreasonably limit the statute of limitations or remedies under the Washington Franchise Investment Act, such as the right to jury trial, may not be enforceable.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the 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, rights or remedies under the Act such as a right to a jury trial may not be enforceable

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.

Transfer fees may be collected only to the extent that they reflect the franchisor's reasonable estimated or actual costs in connection with the transfer.

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 THE  
FRANCHISE DISCLOSURE DOCUMENT FOR  
DRYJECT MANAGEMENT, LLC  
THE STATE OF WISCONSIN**

Franchise Disclosure Document for DRYJECT MANAGEMENT, LLC for use in the State of Wisconsin shall be amended as follows:

State Cover Page:

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE WISCONSIN FRANCHISE INVESTMENT LAW. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF SECURITIES OF WISCONSIN OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE WISCONSIN FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

**THIS DISCLOSURE DOCUMENT AND THE FRANCHISE AGREEMENTS ARE SUBJECT TO THE WISCONSIN FRANCHISE INVESTMENT LAW.**

1. Item 17, Renewal, Termination, Transfer and Dispute Resolution, shall be amended by the addition of the following paragraphs at the conclusion of the Item 17 disclosures:

“To the extent that the provisions regarding renewal described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants You the right, in most circumstances, to 90 days prior written notice of termination and 60 days within which to remedy any claim deficiencies), the renewal provisions will be superseded by the requirements of the

Wisconsin Fair Dealership Law and will have no force or effect.”

“To the extent that the provisions regarding termination described in this section are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants You the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claim deficiencies), the termination provision will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.”

“To the extent that the provisions regarding termination described in the Franchise Agreement regarding repurchase of inventory are inconsistent with the requirements of § 135.045 of the Wisconsin Fair Dealership Law, the above-mentioned provisions will be superseded by the Law's requirements, which states that if DRYJECT MANAGEMENT, LLC, at the option of DRYJECT MANAGEMENT, LLC, repurchases inventory which was sold by DRYJECT MANAGEMENT, LLC to You, fair market value must be paid for all merchandise bearing a name, trade name, label or other mark which identifies DRYJECT®.”

“Covenants not to compete during the term of and upon termination or expiration of a Franchise Agreement are enforceable only under certain conditions according to Wisconsin Law.”

**EXHIBIT K**  
**SPECIFIC STATE RIDERS**  
**TO FRANCHISE AGREEMENT**

As to any state law described in this Addenda that declares void or unenforceable any provision contained in the DryJect Management, LLC Franchise Agreement, DryJect Management, LLC reserves the right to challenge the constitutionality of the state law by bringing an appropriate legal action or raising the claim in a legal action or arbitration that you initiate.

**CALIFORNIA RIDER TO THE  
DRYJECT MANAGEMENT, LLC  
FRANCHISE AGREEMENT**

The Franchise Agreement is modified as follows: part of the Agreement. This Rider is being executed because the Licensed Business to be operated by you pursuant to the Agreement will be located in the State of California and/or because you are a resident of the State of California.

1. Termination/Non-renewal of Agreement by Franchisor. The California Business and Professions Code Sections 20000 through 20043 provide rights to the franchise owner concerning termination or non-renewal for a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, California law will control. Section 32 of the Agreement may not be enforceable under federal bankruptcy law.
2. Rights and Obligations upon Termination or Expiration. Section 35 contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
3. Choice of Law. Section 48 requires application of the law of the State of Pennsylvania. This provision may not be enforceable under California law.
4. Material Modification. California Corporations Code, Section 31125 requires the franchisor to give the franchise owner a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

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.

DRYJECT MANAGEMENT, LLC

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

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

FRANCHISE OWNER

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

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

**ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT**

This Addendum to the Franchise Agreement is effective as of the date Franchisor and Franchise Owner execute the Franchise Agreement, and amends the Franchise Agreement as follows:

Illinois law governs the Franchise Agreement.

The following sentence is added to the end of Section 6(a):

Notwithstanding the foregoing, the Illinois Attorney General’s Office requires Us to defer payment of the initial franchise fee owed by You to Us until We have completed Our pre-opening obligations under this Agreement and You have commenced doing business.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or** any other law of Illinois is void.

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.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum as of the date first stated above.

“FRANCHISOR”  
DRYJECT MANAGEMENT, LLC  
BY: \_\_\_\_\_  
OFFICE HELD: \_\_\_\_\_

WITNESSED BY: \_\_\_\_\_

“FRANCHISE OWNER”  
\_\_\_\_\_

WITNESSED BY: \_\_\_\_\_

**MARYLAND ADDENDUM TO FRANCHISE AGREEMENT**

This Addendum to Franchise Agreement is effective as of the date Franchisor and Franchise Owner execute the Franchise Agreement, and amends the Franchise Agreement as follows:

Section 7 (a) of the Franchise Agreement is amended by adding the following:

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

Sections 6(f) and 28(d)(viii) of the Franchise Agreement say that the we may require you to sign a general release of claims as a condition of renewal or transfer of your franchise. Under Maryland law (COMAR 02.02.08.16L), this condition will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement and the Franchise Compliance Questionnaire are amended as follows:

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

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

Any claims arising under the Maryland Franchise Registration and Disclosure law must be brought within three years after the franchise is granted.

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.

IN WITNESS WHEREOF, each of the undersigned has executed this Addendum as of the date first stated above.

“FRANCHISOR”  
DRYJECT MANAGEMENT, LLC  
BY: \_\_\_\_\_

WITNESSED BY: \_\_\_\_\_



OFFICE HELD: \_\_\_\_\_

“FRANCHISE OWNER”  
\_\_\_\_\_

WITNESSED BY: \_\_\_\_\_

**AMENDMENT TO DRYJECT MANAGEMENT, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA**

**THIS RIDER** (the “**Rider**”) is effective as of \_\_\_\_\_, 20\_\_ (the “Agreement Date”), and amends the Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “Agreement”), between DRYJECT MANAGEMENT, LLC (hereinafter referred to as “DryJect” or “Company”), with its principal office at 307 Lincoln Ave., Hatboro, PA 19040 and \_\_\_\_\_ (“Franchise Owner”), whose mailing address is \_\_\_\_\_.

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.
2. **Renewal.** Sub-section 6 (f) of the Agreement is amended by deleting that Subsection in its entirety.
3. **Commencement of Operations.** Section 3 of the Agreement is amended by deleting the last sentence in its entirety and replacing it with the following:

“In the event Franchise Owner does not commence operating the Franchised Business within the time period set forth herein, this Agreement shall be deemed terminated, and the Initial Franchise Fee may be kept by the Company to reimburse itself for lost opportunity costs, costs and/or expenses.”

4. **Termination.** Section 32 of the Agreement is amended to add the following:

With respect to franchises governed by Minnesota Law, DryJect® will comply with Minn. Stat. Sec. 80c.14, subds. 3, 4, and 5, which require, except in certain specified cases, that Franchise Owner be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and that consent to the transfer of the franchise will not be unreasonably withheld.

5. **Marks.** Section 19 of the Agreement entitled “Marks” shall be supplemented by the addition of the following language:

“DryJect will protect Franchise Owner’s right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify Franchise Owner from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.”

6. **Waiver of Rights and Injunctive Relief.** Under Minn. Rule 2860.4400J, the Agreement is amended to include that it shall be unfair and inequitable for any person to require a franchisee to waive his or her rights to a jury trial or waive rights to any procedure, forum, or remedies provided by the laws of the jurisdiction, or to consent to liquidated damages, termination procedures, or judgment notes; provided that the foregoing shall not bar an exclusive arbitration clause. Under Minn. Rule 2860.4400J, a franchisee cannot waive any rights or consent to the franchisor obtaining injunctive relief (although the franchisor may seek injunctive relief). Each reference in the Agreement to the phrase “Franchise Owner consents that DryJect is entitled to injunctive relief” or words of similar import shall be deleted and the phrase “DryJect may seek injunctive relief” shall be inserted in its place.
7. **Jurisdiction.** The following is added to Section 48:

Minn. Stat. Sec. 80C.,21 and Minn. Rules 2860.4400J prohibit DryJect from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or franchise agreement can abrogate or reduce any of 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. Intending to be bound, DryJect signs and delivers this Rider in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

8. **Limitation on Claims.** The following is added to Section 40:  
Minn. Stat. § 80C.17, subdivision 5 prohibits any action commencing section more than three years after the cause of action accrues.

Each provision of this Agreement shall be effective only to the extent that the jurisdictional requirements of Minnesota law applicable to the provision are met independent of this Rider. This Rider shall have no force or effect if such jurisdictional requirements are not met. As to any state law described in this Rider that declares void or unenforceable any provision contained in the Agreement, DryJect reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action that Franchise Owner has initiated.

“FRANCHISOR”  
 DRYJECT MANAGEMENT, LLC  
 BY: \_\_\_\_\_  
 OFFICE HELD: \_\_\_\_\_

WITNESSED BY: \_\_\_\_\_

“FRANCHISE OWNER”  
 \_\_\_\_\_

WITNESSED BY: \_\_\_\_\_

**AMENDMENT TO DRYJECT MANAGEMENT, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF RHODE ISLAND**

**THIS AMENDMENT** (the “Amendment”) is effective as of \_\_\_\_\_, 20\_\_ (the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”), between **DRYJECT MANAGEMENT, LLC** (the “**Franchisor**”), and \_\_\_\_\_ (“**Franchisee**”), whose mailing address is \_\_\_\_\_.

**RHODE ISLAND LAW MODIFICATIONS**

1. The Rhode Island Securities Division requires that certain provisions contained in franchise documents be amended to be consistent with Rhode Island law, including the Franchise Investment Act, R.I. Gen. Law. Ch. 395 Sec. 19-28.1-1 – 19-28.1-34. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

- a. If the Agreement requires litigation to be conducted in a forum other than the State of Rhode Island, the requirement is void under Rhode Island Franchise Investment Act Sec. 19-28.1-14.
- b. If the Agreement requires that it be governed by a state’s law, other than the State of Rhode Island, to the extent that such law conflicts with Rhode Island Franchise Investment Act it is void under Sec. 19-28.1-14.
- c. If the Franchisee is required in this Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate the Act, or a rule of order under the Act, such release shall exclude claims arising under the Rhode Island Franchise Investment Act, and such acknowledgements shall be void with respect to claims under the Act.

2. Section 19-28.1-8 of the Rhode Island Franchise Investment Act requires a franchisor to give you a copy of the Franchise Disclosure Document at the earlier of: (i) the first personal meeting; (ii) 10 business days before the execution of the Franchise Agreement; or (iii) 10 business days before the payment of any consideration that relates to the franchise relationship.

3. Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Rhode Island Franchise Investment Act, with respect to each such provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

IN WITNESS WHEREOF, the parties intending to be bound legally have fully executed,

sealed and delivered this Amendment to the Agreement as of the day and year contained in the Agreement.

DRYJECT MANAGEMENT, LLC

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

\_\_\_\_\_  
Witness

FRANCHISEE(S):

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

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

**AMENDMENT TO DRYJECT MANAGEMENT, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF VIRGINIA**

**THIS AMENDMENT** (the “Amendment”) is effective as of \_\_\_\_\_, 20\_\_\_\_  
(the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_  
(the “**Agreement**”), between **DRYJECT MANAGEMENT, LLC** (the “**Franchisor**”),  
and \_\_\_\_\_ (“**Franchisee**”),  
whose mailing address is \_\_\_\_\_.

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Agreement for DryJect Management, LLC for use in the Commonwealth of Virginia shall be amended as follows:

1. Section 32 is modified by adding the following at the end of the sentence:

“Pursuant to Section 13.1.564 of the Virginia Franchising Act, it is unlawful for a franchisor to cancel a franchise agreement without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute “reasonable cause” as that term may be defined in the Virginia Retail Franchising Act or laws of Virginia, that provision may not be enforceable.”

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.

IN WITNESS WHEREOF, the parties intending to be bound legally have fully executed, sealed and delivered this Amendment to the Agreement as of the day and year contained in the Agreement.

DRYJECT MANAGEMENT, LLC

\_\_\_\_\_  
Witness

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

FRANCHISEE(S):

\_\_\_\_\_  
Witness

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

\_\_\_\_\_  
Witness

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

**WASHINGTON ADDENDUM TO THE FRANCHISE AGREEMENT, , AND  
RELATED AGREEMENTS**

**THIS ADDENDUM** (the “**Addendum**”) is effective as of \_\_\_\_\_, 20\_\_ (the “**Agreement Date**”), and amends the Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Agreement**”), between **DRYJECT MANAGEMENT, LLC** (the “**we,**” “**us,**” “**our**” or “**Franchisor**”) with its principal office at 307 Lincoln Ave., Hatboro, PA 19040 and (“**you,**” “**your**” or “**Franchisee**”), whose mailing address is \_\_\_\_\_.

1. **Precedence and Defined Terms.** This Addendum is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Addendum supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement.
2. **Washington Franchise Investment Protection Act.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act (the “**Act**”), Chapter 19.100 RCW, will prevail.
3. **Relationship.** Section RCW 19.100.180 of the Act may supersede this Agreement in your relationship with us, including the area of termination and renewal of your franchise. There may also be court decisions which may supersede this Agreement in your relationship with us including the area of termination and renewal of your franchise.
4. **Arbitration.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
5. **Transfer Fees.** Transfer fees may be collected to the extent that they reflect our reasonable estimated or actual costs in effectuating a transfer.
6. **Deferral of Initial Franchise Fee.** Section 7(a) of the Franchise Agreement is hereby amended to provide that the Initial Franchise Fee shall be due and payable when Franchisor has provided to Franchisee the initial training and other items pursuant to Section VIII (A), and the Franchisee is open for business.

7. **Release or Waiver.** 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
  
8. **Noncompetition Covenants.** 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.
  
9. 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.

Intending to be bound, you and we sign and deliver this Addendum in 2 counterparts effective on the Agreement Date, regardless of the actual date of signature.

**FRANCHISOR:**  
**DRYJECT MANAGEMENT, LLC**  
 By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_

**FRANCHISEE:**  
 By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: \_\_\_\_\_  
 Date: \_\_\_\_\_



**AMENDMENT TO DRYJECT MANAGEMENT, LLC  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF WISCONSIN**

In recognition of the Wisconsin Fair Dealership Law, Wisconsin Statutes, §§ 135.01 -135.07, the parties to the attached DRYJECT MANAGEMENT, LLC Franchise Agreement (the “Agreement”) agree as follows:

1. Section 6 of the Agreement, under the heading “RENEWAL”, shall be supplemented by the addition of a new final paragraph as follows:

“To the extent that the provisions of § 6. regarding renewal are inconsistent with the requirements of the Wisconsin Fair Dealership Law (which, among other things, grants Franchise Owner the right, in most circumstances, to 90 days prior written notice to termination and 60 days within which to remedy any claims deficiencies), said renewal provision will be superseded by the requirement of the Wisconsin Fair Dealership Law and will have no force or effect.”

2. Section 32 of the Agreement under the heading “TERMINATION OF FRANCHISE”, shall be supplemented by the following new subparagraph 32 (h). entitled “Termination Rights under Wisconsin Law”:

“To the extent that the provision of §32 regarding termination are inconsistent with requirements of the Wisconsin Fair Dealership Law (which, among other things, grants Franchise Owner the right, in most circumstances to 90 days prior written notice of termination and 60 days within which to remedy any claimed deficiencies), said termination provisions will be superseded by the requirements of the Wisconsin Fair Dealership Law and will have no force or effect.”

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Amendment to the Franchise Agreement in duplicate on the day and year first above written.

ATTEST:

DRYJECT MANAGEMENT, LLC

\_\_\_\_\_  
Witness

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

ATTEST:

\_\_\_\_\_  
Witness

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

ATTEST:

\_\_\_\_\_  
Witness

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

**EXHIBIT L TO THE DISCLOSURE DOCUMENT**

**DRYJECT MANAGEMENT, LLC  
FRANCHISE COMPLIANCE QUESTIONNAIRE**

As you prepare to enter into a Franchise Agreement with Franchisor, it is important to determine whether any statements or promises were made to you, either orally or in writing, which were not authorized by Franchisor and which may be untrue, inaccurate or misleading.

Please provide honest and complete responses to each of the following:

1. Have you received and personally reviewed our Franchise Agreement and all its attachments? Yes \_\_\_ No \_\_\_

**CONSIDER THE FOLLOWING QUESTIONS IN REGARD TO INFORMATION PROVIDED DIRECTLY FROM FRANCHISOR OR ITS REPRESENTATIVES (NOT ITS FRANCHISEES):**

2. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the revenues, profits or operating costs of a **DRYJECT** franchise? Yes \_\_\_ No \_\_\_

3. Has any employee, broker or other person representing Franchisor made any statements or promises, other than those disclosed at Item 19 of the Franchise Disclosure Document (“FDD”), concerning the amount of money you may earn in the operating of a **DRYJECT** franchise? Yes \_\_\_ No \_\_\_

4. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the likelihood of success that you should or might expect to achieve from operating a **DRYJECT** franchise? Yes \_\_\_ No \_\_\_

5. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the advertising, marketing, training or support service or assistance that we will furnish to you that contradicts any information in the FDD? Yes \_\_\_ No \_\_\_

6. Has any employee, broker or other person representing Franchisor made any statements or promises concerning the costs you may incur in starting or operating a **DRYJECT** franchise that contradicts any information in the FDD? Yes \_\_\_ No \_\_\_

7. Has any employee, broker or other person representing Franchisor made any statements or promises or agreements relating to a **DRYJECT** franchise that contradicts any information in the FDD? Yes \_\_\_ No \_\_\_

If you have answered Yes to any of the questions numbered 2 through 7 above, please provide a full explanation *for each*. Attach additional pages if necessary.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

8. I signed the Franchise Agreement and Addendum (if any) on \_\_\_\_\_, \_\_\_\_\_, and acknowledge that no Agreement or Addendum is effective until signed and dated by Franchisor.

RESIDENTS OF THE STATE OF CALIFORNIA AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN CALIFORNIA ARE NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE.

NOTE FOR RESIDENTS OF THE STATE OF MARYLAND AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN MARYLAND: Any representations requiring prospective

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

RESIDENTS OF THE STATE OF WASHINGTON AND FRANCHISEES WITH A BUSINESS TO BE LOCATED IN WASHINGTON ARE NOT REQUIRED TO COMPLETE THIS QUESTIONNAIRE: This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

*Your answers are important to us and we will rely on them; by signing this Questionnaire, you are representing that you have responded truthfully to all of the above questions.*

**Date:** \_\_\_\_\_ **Prospective Franchisee:** \_\_\_\_\_

### **State Effective Dates**

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>State</b>	<b>Effective Date</b>
California	August 15, 2023
Illinois	April 26, 2023
Indiana	August 25, 2023
Maryland	May 17, 2023
New York	May 3, 2023
Virginia	April 26, 2023
Washington	June 16, 2023

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT M**

**RECEIPT**

## RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If DryJect Management, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

**New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan, Oregon and Wisconsin require that we give you this Disclosure Document at least 10 business days before the execution of any franchise or other agreement or the payment of any consideration, whichever occurs first.**

If DryJect Management, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

Franchisor: John Paddock, DryJect Management, LLC, 307 Lincoln Avenue, Hatboro, Pennsylvania 19040; Telephone: 215-444-0310

Other Sellers: \_\_\_\_\_  
Name/Address/Telephone Number

Issuance Date: April 30, 2023

We authorize the agent listed in Exhibit B to receive service of process for us.

I have received a Franchise Disclosure Document dated April 30, 2023. This Disclosure Document included the following Exhibits:

A	List of Administrators	H	Audited Financial Statements of Franchisor
B	Agents for Service of Process	I	List of Franchise Owners/Former Franchise Owners
C	Standard Franchise Agreement	J	State Specific Addenda
D	Operations Manual Table of Contents	K	State Specific Rider
E	Non-Disclosure, Non-Solicitation and Non-Competition Agreement	L	Franchise Compliance Questionnaire
F	Spousal Non-Disclosure and Non-Competition Agreement	M	Receipt
G	Equipment Package		

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Prospective Franchisee's signature)

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

\_\_\_\_\_  
Date

\_\_\_\_\_  
(Prospective Franchisee's signature)

**Do not leave blank**

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

KEEP THIS COPY FOR YOUR RECORDS

## RECEIPT

This Disclosure Document summarizes provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If DryJect Management, LLC offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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If DryJect Management, LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed on Exhibit A.

Franchisor: John Paddock, DryJect Management, LLC, 307 Lincoln Avenue, Hatboro, Pennsylvania 19040; Telephone: 215-444-0310

Other Sellers: \_\_\_\_\_  
Name/Address/Telephone Number

Issuance Date: April 30, 2023

We authorize the agent listed in Exhibit B to receive service of process for us.

I have received a Franchise Disclosure Document dated April 30, 2023. This Disclosure Document included the following Exhibits:

A	List of Administrators	H	Audited Financial Statements of Franchisor
B	Agents for Service of Process	I	List of Franchise Owners/Former Franchise Owners
C	Standard Franchise Agreement	J	State Specific Addenda
D	Operations Manual Table of Contents	K	State Specific Riders
E	Non-Disclosure, Non-Solicitation and Non-Competition Agreement	L	Franchise Compliance Questionnaire
F	Spousal Non-Disclosure and Non-Competition Agreement	M	Receipt
G	Equipment Package		



\_\_\_\_\_  
Date

By: \_\_\_\_\_  
(Prospective Franchisee's signature)

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

\_\_\_\_\_  
Date

By: \_\_\_\_\_  
(Prospective Franchisee's signature)

**Do not leave blank**

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

Please sign this copy of the receipt, date your signature, and return it to DryJect Management, LLC, 307 Lincoln Avenue, Hatboro, Pennsylvania 19040, Telephone 215-444-0310, Facsimile 215-444-0797.