

## FRANCHISE DISCLOSURE DOCUMENT

**U GOT STINK FRANCHISING, LLC**  
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We offer franchises to qualified individuals and entities to operate U Got Stink franchises under the “U Got Stink?” service marks, trade names, programs, and systems. We authorize our franchisees to promote, advertise, sell, and provide quality odor removal products and services to the public using our distinctive business formats, systems, methods, procedures, designs, layouts, standards and specifications (the “Method of Operation”).

The total investment necessary to begin operation of a standard U Got Stink franchise ranges from \$18,400 to \$83,515. This includes \$2,600 to \$15,625 that must be paid to the franchisor or its affiliate

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our President, Clifton Roberts, PO Box 187, Brush Prairie, Washington 98606, (855) GOT-STNK.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance Date: December 1, 2021

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

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Washington. 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 Washington than in your own state.
2. **Minimum Sales Requirement.** If you fail to achieve at least \$8,000 of average monthly Gross Sales during any consecutive 3-month period, we may revoke or modify your exclusive Territory or terminate the franchise agreement.
3. **Payment of Commissions.** We collect payments from your customers and then pay 75% of it to you in the form of a commission.

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.

## Table of Contents

### ITEM

1. THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES (p. 1)
2. BUSINESS EXPERIENCE (p. 2)
3. LITIGATION (p. 3)
4. BANKRUPTCY (p. 3)
5. INITIAL FEES (p. 3)
6. OTHER FEES (p. 6)
7. ESTIMATED INITIAL INVESTMENT (p. 8)
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES (p. 10)
9. FRANCHISEE'S OBLIGATION (p. 12)
10. FINANCING (p. 13)
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING (p. 14)
12. TERRITORY (p. 18)
13. TRADEMARKS (p. 21)
14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION (p. 22)
15. OBLIGATION OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS (p. 23)
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL (p. 23)
17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION (p. 24)
18. PUBLIC FIGURES (p. 28)
19. FINANCIAL PERFORMANCE REPRESENTATIONS (p. 28)
20. OUTLETS AND FRANCHISEE INFORMATION (p. 29)
21. FINANCIAL STATEMENTS (p. 34)
22. CONTRACTS (p. 34)
23. RECEIPTS (p. 35)

### **EXHIBITS**

Exhibit A	Financial Statements
Exhibit B	Franchise Agreement
Exhibit C	List of State Agencies /Agents for Service of Process
Exhibit D	Cancellation of Assumed or Fictitious Business Name
Exhibit E	FDD and Franchise Agreement State Law Addendum
Exhibit F	Form of General Release
Exhibit G	Franchisee Closing Questionnaire
Exhibit H	SBA Franchise Agreement Addendum
Exhibit I	State Effective Dates
Exhibit J	Receipts

APPLICABLE STATE LAW MAY REQUIRE ADDITIONAL DISCLOSURES RELATED TO THE INFORMATION CONTAINED IN THIS DISCLOSURE DOCUMENT. THESE ADDITIONAL DISCLOSURES, IF ANY, APPEAR IN THE STATE LAW ADDENDUM EXHIBIT.

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

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We are U GOT STINK FRANCHISING, LLC (“we,” “us,” or “our”). U GOT STINK FRANCHISING, LLC is called “we” or “us” in this Disclosure Document. “You” means the prospective purchase of a U Got Stink franchise, whether a person, corporation, partnership, or other entity and includes owners or partners of a corporation, partnership, or other legal entity that purchases a U Got Stink franchise from us. If you are a corporation, partnership or other entity, your owners must sign the Franchise Agreement directly in their individual capacities, which means that all of the provisions of our Franchise Agreement also will apply to your owners. (See Item 15)

Who We Are

We were organized in Oregon as a limited liability company in 2011. We re-domiciled to the State of Washington in 2014. Our principal business address is 2924 E Evergreen Blvd., Vancouver, Washington 98661, and our mailing address is PO Box 187, Brush Prairie, Washington 98606. Our telephone number is (855) GOT-STNK. We operate under our corporate name, the name “U Got Stink?”, and the Marks, as defined below. (See Item 13) We are the franchisor of the U Got Stink franchise system. We license our franchises to own and operate franchises under the “U Got Stink?” names and the Marks.

We have offered franchises since February 2011. We have not and do not offer franchises in any other line of business. As of the end of our latest fiscal year we operated one business of the type being franchised in Washington. We may be an approved or designated supplier of products and services for our franchisees. Other than as provided in this disclosure document, we do not have any other business activities. We may attempt to negotiate group discount rates for the benefit of our franchisees for advertising products and services and marketing and sales materials.

Our registered agents for service of process are outlined in Exhibit C to this Disclosure Document.

Our predecessor, Fresh Scent, Inc., an Oregon corporation (our “predecessor”) conducted operations similar to the franchises we are offering from July 2010 to December 2010. Our predecessor does not offer franchises in this or any other line of business. Our predecessor’s principal business address is the same as ours. We do not have any affiliate or parent company required to be disclosed in this Disclosure Document.

We and our predecessor have never been involved in any line of business other than as disclosed in this Disclosure Document.

The U Got Stink Franchise

U Got Stink franchises promote, advertise, sell, and provide quality odor removal products and services to the public using our Method of Operations and Marks. We grant franchises for one or more of the following customer market segments (referred to as “Market Segments” in this disclosure document): (1) hotels and motels, (2) commercial buildings, apartments and other residences, and (3) vehicle dealerships and other vehicle customers (including cars, trucks, boats and RVs). Initial Franchise Fees vary depending upon the number of Market Segments you are granted the right to service. You will sign a separate Franchise Agreement for each separate Market Segment you purchase. (See Item 5)

You will operate your Franchised Operation in an area that we designate (the “Territory”) using our Method of Operation and approved services and our proprietary trademarks, service marks, logos, trade dress and slogans, including U Got Stink™ and the U Got Stink Logo™ (the “Marks”).

We may offer to qualified prospects the opportunity to purchase multiple franchises simultaneously. Such franchises would be opened within a Development Area and subject to a Development Schedule as described and defined in a Multiple Franchise Purchase Addendum (attached to the Franchise Agreement as Exhibit 3). You would sign all the multiple Franchise Agreements and corresponding Multiple Franchise Purchase Addendums simultaneously up front.

We are consistently seeking ways to evolve and improve. As we continue to grow, you should expect to see changes in our business operations, philosophies and programs.

### Market and Competition

The market for odor removal and related products and services is developing. Your primary customers will include owners of automobiles (including dealerships), motor homes, homes, hotels and apartments. You will compete with national and local odor removal companies. Another form of indirect competition is carpet and upholstery cleaning companies. Sales typically are not seasonal.

### Laws and Regulations

We are not currently aware of any laws or regulations specific to the industry in which the franchise business operates. It is your responsibility to identify and comply with any and all laws applicable to your U Got Stink Franchise and we urge you to investigate these laws and regulations before becoming a U Got Stink franchisee.

This Disclosure Document contains a summary of some material provisions of the franchise agreement (the “Franchise Agreement”, see Exhibit B). However, the Franchise Agreement expresses and governs the actual legal relationship between us and you.

The Franchise Agreement does not make you our agent, legal representative, joint venturer, partner, employee, or servant for any purpose. You will be an independent contractor and will not be authorized to make any contract, agreement, warranty or representation or to create any obligation, express or implied, for us.

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## **ITEM 2 BUSINESS EXPERIENCE**

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### Clifton Roberts – President

Clifton Roberts has been our owner since our inception in 2011. He has been owner and President of our predecessor, Fresh Scent, Inc., since its inception July 2010. Mr. Roberts founded the business concept upon which the U Got Stink? franchise system is based in 2002 (under the name “Fresh Scent”). He has owned and operated the U Got Stink? business concept since 2007.

### Stephanie Mowrey – Operations Manager

Stephanie Mowrey has been our Operations Manager since our inception in 2011. She has been Operations Manager of our predecessor, Fresh Scent, Inc., since September 2010.

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**ITEM 3  
LITIGATION**

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No litigation is required to be disclosed in this Item.

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**ITEM 4  
BANKRUPTCY**

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

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**ITEM 5  
INITIAL FEES**

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A. Initial Franchise Fees.

You pay us an Initial Franchise Fee for your first and each additional franchise. The amount of Initial Franchise Fee depends upon the type of franchise you purchase (in other words, the type of *Market Segment* to which your franchise relates); the number of relevant units in your Territory; and the size of your Territory based on the following tables:

<u>Market Segment: Vehicles</u> (number of vehicle dealerships)	<u>More than 100</u>	<u>75 to 100</u>	<u>35 to 75</u>	<u>Less than 35</u>
Less than 25-mile radius	\$15,000	\$14,000	\$12,000	\$10,000
25 to 35-mile radius	\$14,000	\$13,000	\$11,000	\$9,000
35 to 40-mile radius	\$13,000	\$12,000	\$10,000	\$8,000
40 to 50-mile radius	\$12,000	\$11,000	\$9,000	\$7,000



<u>Market Segment: Hotels and Motels (number of rooms)</u>	<u>More than 10,000</u>	<u>7,500 to 10,000</u>	<u>3,500 to 7,500</u>	<u>2,500 to 7,500</u>	<u>Less than 2,500</u>
Less than 10-mile radius	\$10,000	\$9,000	\$8,000	\$7,000	\$5,000
10 to 15-mile radius	\$9,000	\$8,000	\$7,000	\$6,000	\$4,000
15 to 25-mile radius	\$8,000	\$7,000	\$6,000	\$5,000	\$3,000
25 to 40-mile radius	\$7,000	\$6,000	\$5,000	\$4,000	\$2,000

<u>Market Segment: Commercial Buildings, Apartments, Other Residences (number of units within commercial buildings; number of units within apartment buildings; and number of residences)</u>	<u>More than 500,000</u>	<u>350,000 to 500,000</u>	<u>250,000 to 350,000</u>	<u>150,000 to 250,000</u>	<u>Less than 150,000</u>
Less than 10-mile radius	\$10,000	\$9,000	\$8,000	\$7,000	\$5,000
10 to 15-mile radius	\$9,000	\$8,000	\$7,000	\$6,000	\$4,000
15 to 25-mile radius	\$8,000	\$7,000	\$6,000	\$5,000	\$3,000
25 to 40-mile radius	\$7,000	\$6,000	\$5,000	\$4,000	\$2,000

**Table Note:** Your Territory will be based on relevant sections of the above table (type of Market Segment; number of vehicle dealerships or units; and relevant approximate mileage radius) and other factors, including population; growth trends; affluence of nearby population; topography; geography; density; demographics and other relevant factors. The specific boundaries of your Territory will be delineated by political and geographic boundaries such as zip codes, cities, counties, streets and other geographic markers. The radius figures in the above tables are intended as approximate benchmarks for determining the appropriate Initial Franchise Fee. The Initial Franchise Fee is lower for Territories that cover larger geographic areas because of increased drive times.

The Initial Franchise Fee is paid when you sign the Franchise Agreement. Or, you may choose to pay one-half of the Initial Franchise Fee upon signing the Franchise Agreement and the remaining balance in equal installments for 6 months beginning 2 months after you sign the Franchise Agreement. If you choose to make installment payments, then an amount equal to 10% of the Initial Franchise Fee will be added to your total installment payments. For example, if the Initial Franchise Fee is \$10,000, then you may choose to pay \$5,000 upon signing the Franchise Agreement. You will then pay the remaining balance of \$5,000, plus an additional \$1,000 (10% of \$10,000), in equal installments of \$1,000 per month for 6 months beginning 2 months after you sign the Agreement (for a total payment of \$11,000).

The Initial Franchise Fee is reduced by 10% for your second or any additional franchise.

If you have not opened your Franchised Operation within 90 days of signing the Franchise Agreement, then we may terminate the Franchise Agreement upon refunding 25% of the Initial Franchise Fee. If we determine that your managing owner or Manager (as defined in Item 15) has not successfully completed the initial training program, then we may terminate the Franchise Agreement upon refunding 75% of the Initial Franchise Fee. You must return to us the initial equipment package included in the Initial Franchise Fee.

We may offer franchises for reduced or no initial franchise fees to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises. Occasionally, we may grant new franchises to our owners, affiliates, and employees and their family members with reduced or no initial fees.

The initial franchise fee includes initial training for your first franchise, excluding your travel and related expenses. Training will be provided for up to three individuals and must include your Franchised Operation's managing owner and/or Manager, who may be the same person. If you request or need additional training or assistance in operating your Franchised Operation, then you must pay us for this training. (See Item 6) You also must pay for the travel and related expenses of each individual you have attend the training.

B. Required Purchases from Us.

You must purchase a vehicle vinyl wrap from us, the cost of which is \$550 as of the issuance date of this disclosure document plus shipping, which we estimate to cost \$50 to \$75. In addition, you must have it installed by a local installer at your cost.

If you are purchasing a franchise from an existing franchisee, then you must purchase a marketing package from us. As of the issuance date of this disclosure document, the marketing package costs \$140 and includes business cards, trifold brochures, two shirts and one hat.

C. Multiple Franchise Purchases.

If you purchase multiple franchises simultaneously, then the initial franchise fee for the second and subsequent franchises will be paid to us as follows. One-half of the initial franchise fee will be paid upon execution of the Multiple Franchise Purchase Addendum. The remaining one-half of the initial franchise fee will be paid before you commence operations under each subsequent Franchise Agreement. The Initial Franchise Fee is reduced by 10% for your second or any additional franchise. You may choose to pay one-half of the Initial Franchise Fee up front and to make installment payments for the balance as described in the "Table Notes" to Section A, above.

D. Transfer Fee.

If you obtain a franchise by purchasing the business of one of our existing franchisees, you must pay us our then-current fees for our initial training programs. These payments relieve you of your obligation to pay the initial fees. In the event that you sell your Franchised Operation, a separate transfer fee will apply.

E. Franchisee Referral Fee (Payable by Us).

An existing franchisee who refers a new franchisee to us receives a referral fee of 5% of the initial franchise fee paid by the new franchisee. We pay this referral fee after the *later* of: (1) the date we receive the entire initial franchise fee in full from the new franchisee, or (2) 90 days after the date the new franchisee signs a franchise agreement. The referral fee is paid only for the first franchise purchased by the new franchisee. We reserve the right to terminate this program at any time.

No initial fees are refundable or transferable in whole or in part except under the specific circumstances listed above.

**ITEM 6  
OTHER FEES**

**OTHER FEES**

<b>TYPE OF FEE<sup>1</sup></b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Commission (we pay you)	75% of Gross Customer Receipts <sup>2</sup>	Monthly as outlined in our Confidential Operations Manual	Your customers make payments directly to us. We retain 25% of Gross Customer Receipts and then pay a 75% commission to you.
Additional Training or Assistance	\$1,000 per person plus travel expenses	Payment is due when services are provided	Paid to us. This fee is subject to change at any time and is applied to train people beyond the three individuals included in our initial training. (See Items 5 and 11)
Additional On-Site Training or Assistance	\$500 per day per trainer plus our travel and lodging expenses	Before training	Paid to us. This fee is subject to change at any time. (See Items 5 and 11) This refers to additional or supplemental training you request. (See Item 11)
Software User Fee	Currently \$40 per month (per user)	Monthly as outlined in our Confidential Operations Manual	This is for the customer relationship management and invoicing software we require. This fee is paid to us. This fee is subject to change at any time. The initial set-up costs for this software are included in your Initial Franchise Fee.
Transfer Fee <sup>3</sup>	\$2,500	At time of permitted transfer	Paid to us if you transfer your franchise (see Franchise Agreement, Section 14). The transfer fee covers our administrative and professional fees related to the transfer. The transfer fee is subject to state law.
Extension/Renewal Fee	Franchisor's out of pocket costs (minimum \$750)	Upon renewal	Paid to us. This fee will reimburse us for our reasonable administrative, legal, and other expenses that result from the renewal.
Cure Fee	\$500 for the first breach, \$1,000 for the second breach, and \$1,500 for the third breach and any breach thereafter.	On demand	Paid to us. We may charge this fee if you breach any of the terms, conditions, or policies outlined in the Franchise Agreement or the Operations Manual, otherwise fail to comply with our standards and specifications, or use unauthorized products, suppliers, or vendors.

TYPE OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS
Accounting and Legal Fees	Will vary under circumstances	As incurred	Payable to us if you fail to comply with the Franchise Agreement. These protect our system by not diverting money from support services.
Product and Service Purchases	As incurred	As incurred	You must purchase (or lease) certain items from us or from other designated or approved suppliers, or under our standards and specifications. For example, you must purchase all odor removal products and formulas, customer relationship management software, and any U Got Stink™ branded items from us and/or designated suppliers.
Liquidated Damages <sup>4</sup>	The greater of (i) 25% of Franchisee's Gross Sales during the 12-month period immediately preceding the termination date, or (ii) \$50,000	Within 15 days of termination as described in Note 4, below	See Note 4, below.
Audit Fees <sup>5</sup>	As incurred	As incurred	See Note 5, below.

Explanatory Notes:

1. All fees are non-refundable, non-transferable and are uniformly imposed.
2. "Gross Customer Receipts" means all customer payments we receive related to your Franchised Operation, including the sale of goods and services sold by you from business conducted under the Franchise Agreement, including the sale of products or services, whether in cash or credit transactions, but excluding all federal, state or municipal excise, sales or service taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits.
3. The Transfer Fee is payable by you if you transfer your franchise (see Franchise Agreement, Section 14). If you obtain a franchise by purchasing the business of one of our existing franchisees, you must pay us our then-current fees for our initial training programs. We note that you may also incur certain equipment costs associated with bringing your Franchised Operation into compliance with our requirements.
4. Any termination of the Franchise Agreement by you that is not in accordance with the terms of the Franchise Agreement, or any termination of the Franchise Agreement by us in accordance with the Franchise Agreement, may result in lost future revenue and profits to us, harm to the goodwill associated with the Licensed Marks, and increased costs to us to re-develop or re-franchise the market in which the Franchised Operation is located. Accordingly, in the event of such termination, you will pay to us the liquidated damages described in this table.
5. We and our designated agents shall have the right to examine and audit your records, accounts, books and data upon reasonable notice and during regular business hours. Audits will be conducted at our expense unless you fail to deliver any required report or any required financial statement. In the event of a failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>ESTIMATED AMOUNT OR LOW-HIGH RANGE<sup>1</sup></b>	<b>METHOD OF PAYMENT</b>	<b>WHEN DUE</b>	<b>TO WHOM PAID</b>
Initial Franchise Fee <sup>2</sup>	\$2,000 - 15,000	Lump Sum	When you sign the Franchise Agreement <sup>2</sup>	Us
Inventory to Begin Operating <sup>3</sup>	\$300 – 600 per month (\$1,800 - \$3,600 first 6 months)	Lump Sum per order	Paid upon placing order	Us or Designated Suppliers
Training Expenses <sup>4</sup>	\$500 – 3,500	As Arranged	As Incurred	Vendors, Travel Agents, etc.
Vehicle <sup>5</sup>	\$0 - \$25,000	As Arranged	As Incurred	Vendor
Vehicle Vinyl Wrap and Shipping	\$600 - 625	Lump Sum	Prior to Shipping	Us
Vehicle Vinyl Wrap Installation	\$250 - 500	As Arranged	As Incurred	Installer
Insurance <sup>6</sup>	\$75 – 150 per month (\$450 - \$900 first 6 months)	As Arranged	As Incurred	Insurance Companies
Grand Opening Advertising <sup>7</sup>	\$0 – 1,000	As Arranged	First 3 Months of Operation	Vendors
Marketing Package <sup>7</sup>	\$0 - 140	As Arranged	As Incurred	Us
Legal and Accounting <sup>8</sup>	\$1,500 – 2,500	As Arranged	As Incurred before opening	Attorney, Accountant
Finance Costs <sup>9</sup>	\$0 – 2,000	As Arranged	As Incurred	Vendors
Personal Computer, Portable Printer (recommended), Cell Phone; Internet Capable Tablet (and internet and cell phone service) <sup>10</sup>	\$800 – 2,750	As Arranged	As Incurred	Approved Vendors

TYPE OF EXPENDITURE	ESTIMATED AMOUNT OR LOW-HIGH RANGE <sup>1</sup>	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAID
Office lease, security deposit and utilities (if zoning laws do not permit operation from home office) <sup>11</sup>	\$0 - \$4,000 (6 months)	As Arranged	As Incurred	Landlord, Suppliers
Miscellaneous Costs - 6 months (may include business licenses, miscellaneous supplies, etc.)	\$500 - 2,000	As Arranged	As Incurred	Vendors or Agencies
Additional Funds - 6 months (includes working capital & other initial startup expenses) <sup>12</sup>	\$10,000 – 20,000	As Arranged	As Incurred	Vendors, Employees, Us
TOTAL <sup>13</sup>	\$18,400 – 83,515	N/A	N/A	N/A

Explanatory Notes:

1. Except as otherwise provided in this Disclosure Document, none of the amounts payable to us or our affiliates is refundable. Amounts payable to other third parties may be refundable depending on the arrangement you have with the third parties. The termination of your Franchise Agreement will not relieve you of any of your obligations under any leases or contracts you enter into with third parties and we will not be responsible for any damages you incur as a result of your failure to comply with any of those obligations.
2. See Item 5 for a description of Initial Franchise Fees.
3. You must purchase and maintain in inventory “Products” as needed to meet reasonably anticipated consumer demand. “Products” means the equipment, products, product mixtures and other goods, products and services designated or approved by U Got Stink from time to time for use, sale or otherwise to be provided at the Franchised Operation.<sup>4</sup> The initial training program is included in your initial franchise fee. These estimates cover out-of-pocket expenses that you incur associated with the training. These estimates are based on two people attending training. The low-end accounts for expenses incurred if both trainees live within Washington. We charge an additional \$1,000 to train each person in excess of the three individuals included in your initial training.
5. You must use a vehicle in your Franchised Operation that meets our specifications for color, make, model and other standards as outlined in our Operations Manual. If you do not already own a vehicle that meets our standards, then you must purchase or lease one that does.
6. You must purchase at least the types and minimum amounts of insurance required in the Franchise Agreement.
7. You may, but are not required, to conduct a Grand Opening advertising campaign. If you are purchasing a franchise from an existing franchisee, then you must purchase a marketing package from us, which includes business cards, trifold brochures, shirts and a hat (subject to change).

8. You should hire an attorney, an accountant and other consultants to assist you in establishing your Franchised Operation. These fees may vary from location to location depending on the prevailing rates of local attorneys, accountants and consultants.

9. You could incur these costs if you finance your initial investment. Except as disclosed in Item 10 below, we do not offer financing directly or indirectly for any part of the initial investment. The availability and terms of financing will depend on many factors, including the availability of financing generally, your creditworthiness and collateral and lending policies of financial institutions from which you request a loan.

10. Currently, you must use a personal computer; a tablet with wireless internet connectivity; and a cell phone that meet our minimum specifications outlined in our Operations Manual. We recommend that you have a portable printer. We reserve the right to modify these requirements. If you do not already own these items, then you must purchase them. (See Item 11 for more information)

11. Most U Got Stink franchisees will operate from a home office. Therefore, the low-end range of the table does not reflect any lease-related expenses. The disclosed low-high range also does not include estimated costs to purchase land and building (because we do not require you to purchase your premises). It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary greatly based upon square footage, cost per square foot and required maintenance costs.

12. Additional funds are provided only as estimates and apply only to your initial six-months of operations. We believe that these figures provide an accurate minimum estimate of the additional funds necessary for the initial six-month phase of operations

13. To compile these estimates, we relied on our and our predecessor's knowledge and experience. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

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## ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

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### Products, Equipment and Services

You must develop and operate your Franchised Operation under the types, models and brands of required or authorized equipment, signs, Products and supplies that we specify for you to use in your Franchised Operation (the "Standards"). (See Item 11) You may only use the Products that we authorize, and you may only purchase these items from us or suppliers that we designate or approve, all of which are subject to change by us. You must purchase and maintain in inventory Products as needed to meet reasonably anticipated consumer demand. Required purchases or leases are estimated to make up approximately **50 to 60%** of a franchisee's total initial investment and **30 to 35%** of a franchisee's annual operating expenses. We are not obligated to reveal our trade secrets, specifications and/or formulas of Products to you or any third party (if applicable).

We may approve a single supplier (including us, our predecessor and/or affiliates) for any Product and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers

to obtain favorable prices and/or advertising support and/or services for any group of U Got Stink operations. Other than as provided in this Disclosure Document, we do not own an interest in any supplier.

All odor removal products and formulas and any U Got Stink™ branded items that you must use in your Franchised Operation must be purchased from us and/or designated suppliers. Currently, we are the only approved supplier of business cards; uniform shirts, hats and coats; and vehicle vinyl wraps. You must also purchase our required customer relationship management software only from us. We may derive revenue from the sales of these products. Our founder, Clifton Roberts, has ownership interests in us. None of our officers own any ownership interest in any of our other designated or approved suppliers.

You must use the other software, applications and communications systems we periodically specify. Computer hardware and software must meet our standards and specifications. They may be purchased from suppliers of your choosing except as otherwise disclosed in this Item. Currently, we require that you use a personal computer, tablet with wireless internet connectivity (for mobile invoicing), and cell phone that meet our specifications. We recommend that you have a portable printer. You must also have computer software that meets our specifications. These currently include at a minimum the following software programs: our required customer relationship management and invoicing software (which must be purchased from us), Microsoft Office, and Adobe Acrobat Reader. You must purchase a license to the most current software version of each required software package.

#### Approval of Suppliers

You must purchase all odor removal products and formulas, customer relationship management software, and any U Got Stink™ branded items from us and/or designated suppliers. Other than those items, if you wish to purchase brands and types of equipment, fixtures, furnishings, products, materials, signs and supplies from suppliers other than those approved by us, then you must submit a written request to us describing the name of the supplier, your reasons for wanting to use that particular supplier and any additional information we request. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards may relate to quality, durability, value, cleanliness, texture, composition, strength, finish and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may modify these standards and specifications in our discretion. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. Our confidential standards, requirements, designs, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We may amend these standards and specifications and will notify designated and approved suppliers of any such changes, usually in writing. We may provide you with our standards and specifications for products, materials and supplies in our Operations Manual, which we may amend.

If we determine that the supplier meets our standards and specifications for products, materials and supplies used in operating a U Got Stink Franchise, written approval may be granted for you to use that supplier. If the supplier does not meet our standards and specifications for products, materials and supplies used in operating a U Got Stink Franchise, approval will be denied. We plan to notify you of our approval or disapproval of your request no later than one month from the date we receive all information regarding your request. You must reimburse us for our expenses incurred in evaluating all suppliers that you request. We reserve the right to revoke a supplier that you requested at any time upon notice to you.

We may derive revenue from providing products directly to you. In our fiscal year ended April 30, 2021, we received \$8,018 from providing products to our franchisees, which was 4.68% of our total revenues of \$171,493 (as reflected on our most recent audited financial statements).



In addition, we may receive rebates, credits, fees or any payments from approved suppliers.

As of the issuance date of this disclosure document, we do not receive rebates based on franchisee purchases from approved suppliers. However, we reserve the right to do so in the future. For example, in the future we may receive rebates from our approved supplier of chemicals. Currently, we anticipate that such rebates would be calculated based on 5% to 10% of purchases made.

We reserve the right to negotiate volume purchasing and discount arrangements in the future and to require you to participate in these programs. We do not provide material benefits to a franchisee for using designated or approved sources (except that the right to continue to operate as a franchisee requires you to comply with our requirements related to suppliers and supplies, as outlined above).

We may negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. As of the issuance date of this disclosure document, there are no purchasing or distribution cooperatives for U Got Stink operations. We reserve the right to institute these cooperatives in the future.

Insurance

You must maintain at your own expense the insurance coverage that we periodically require from acceptable underwriters and brokers we have approved. Insurance policies are subject to our approval. Our requirements for insurance coverage are in the Franchise Agreement and our Operations Manual. This coverage must insure us and you against any liability from the Franchised Operation.

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**ITEM 9  
FRANCHISEE’S OBLIGATIONS**

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

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT AND MULTIPLE FRANCHISE PURCHASE ADDENDUM</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
(a) Site selection and acquisition/lease	Franchise Agreement (“FA”) Section 4	Items 7, 8, 11 and 12
(b) Pre-opening purchases/leases	FA Sections 4, 9	Items 5, 7, 8 and 11
(c) Site development and other pre-opening requirements	FA Sections 4	Items 5, 7, 8, 11 and 12
(d) Initial and ongoing training	FA Sections 4, 5 and 9; Multiple Franchise Purchase Addendum (“Addendum”) Section 5	Items 6 and 11
(e) Opening	FA Sections 4	Item 11
(f) Fees	FA Sections 4, 5, 6 and 7	Items 5, 6 and 7
(g) Compliance with standards and policies/operating manual	FA Sections 4, 5, 9 and 10	Items 8, 11 and 16

<b>OBLIGATION</b>	<b>SECTION IN FRANCHISE AGREEMENT AND MULTIPLE FRANCHISE PURCHASE ADDENDUM</b>	<b>DISCLOSURE DOCUMENT ITEM</b>
(h) Trademarks and proprietary information	FA Sections 8, 12 and 13	Items 11, 13 and 14
(i) Restrictions on products/services offered	FA Sections 2, 4 and 9	Items 8, 11, 12 and 16
(j) Warranty and customer service requirements	FA Section 9	Item 9
(k) Territorial development and sales quotas	FA Section 9; Addendum Section 2 and 3	Item 12
(l) On-going product/service purchases	FA Sections 4 and 9	Items 8, 11, and 12
(m) Maintenance, appearance and remodeling requirements	FA Sections 2 and 9	Items 11
(n) Insurance	FA Section 17	Items 7 and 8
(o) Advertising	FA Sections 5, 8 and 11	Items 6 and 11
(p) Indemnification	FA Section 19	Item 9
(q) Owner's participation/management/staffing	FA Section 9	Item 11 and 15
(r) Records/reports	FA Sections 4 and 7	Items 6, 11 and 12
(s) Inspections/audits	FA Sections 7, 9 and 20	Item 6
(t) Transfer	FA Section 14	Items 5, 6 and 17
(u) Renewal	FA Section 3	Item 17
(v) Post-termination obligations	FA Sections 13 and 16; Addendum Section 4	Item 17
(w) Non-competition covenants	FA Section 13	Item 17
(x) Dispute resolution	FA Sections 16 and 20	Item 17

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## **ITEM 10 FINANCING**

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The Initial Franchise Fee is paid when you sign the Franchise Agreement. Or, you may choose to pay one-half of the Initial Franchise Fee upon signing the Franchise Agreement and the remaining balance in equal installments for 6 months beginning 2 months after you sign the Franchise Agreement. If you choose to make installment payments, then an amount equal to 10% of the Initial Franchise Fee will be added to your total installment payments. For example, if the Initial Franchise Fee is \$10,000, then you may choose to pay \$5,000 upon signing the Franchise Agreement. You will then pay to us the remaining balance of \$5,000, plus an additional \$1,000 (10% of \$10,000), in equal installments of \$1,000 per month for 6 months beginning 2 months after you sign the Agreement (for a total payment of \$11,000). These obligations will be described in Section 6(a) of your Franchise Agreement. There are no additional finance charges. There is no prepayment penalty.

We do not require a security interest on collateral to secure the financing. We do require all of your owners (if you are an entity) to sign the Franchise Agreement directly so that they are personally bound by all of its obligations, including but not limited to payment obligations.

A late charge will be added to any Initial Franchise Fee installment payments that remain unpaid after the date due. The late charge will equal 18% per annum (10% in California). Late charges and penalties will not exceed any limits imposed by applicable laws.

In addition to the late charge described above, we will have the right to terminate your Franchise Agreement (and other agreements between the parties) if you fail to make payment of any amount due and do not correct such failure within ten (10) days after we deliver written notice of such failure to you (see Franchise Agreement, Section 15(c)(ii)). Upon such termination, all past due and unpaid amounts will become immediately due and payable.

You must pay upon demand any and all expenses, including reasonable attorneys' fees, incurred or paid by us (or our affiliate) with or without suit or action in attempting to collect funds due.

The Franchise Agreement requires you to waive defenses and related legal rights, including presentment for payment, notice of dishonor, protest, notice of protest, and diligence in collection.

We (or our affiliate) do not intend to sell, assign, or discount to a third party all or any part of the financing arrangement.

Except as described above, we do not offer direct or indirect financing. We do not guarantee any of your notes, leases or financial obligations.

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## **ITEM 11**

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

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

Before you open your U Got Stink franchise, we will:

1. Designate your Territory. (Franchise Agreement - Section 4) (See also Item 12, below)
2. Provide you with certain initial equipment, products and marketing materials (Franchise Agreement – Sections 4 and 5)
3. Provide you with a list of products, signs and equipment, including standards and specifications needed in the operation of the Franchised Operation and a list of approved designated and suppliers for these items, which lists we may update periodically in our sole discretion. (Franchise Agreement – Sections 4 and 5)
4. Loan you a copy of our Confidential Operations Manual, or provide to you access to the manual, as amended periodically. (Franchise Agreement – Section 5(a))
5. Provide you with forms for reporting transactions to us. (Franchise Agreement – Section 5(a))

6. Provide initial training for your managing owner and/or Manager, for a total of up to three persons. We describe this training later in this Item (Franchise Agreement – Section 5(a)).

During your operation of your franchise, we will provide you with:

1. Periodic assistance in local advertising and marketing.
2. Advice and guidance with respect to new and improved methods of operation or business procedures as may be developed by U Got Stink, use of the Confidential Operations Manual, management materials, promotional materials, advertising formats and the Marks.
3. The opportunity to participate in group purchasing programs for inventory, supplies, insurance and equipment that we may periodically use, develop, sponsor or provide and upon the terms and conditions as may be determined solely by us.
4. Issue and modify the System for U Got Stink franchises.
5. Inspect and observe the Franchised Operation's operations to assist you in complying with the Franchise Agreement and the System.

#### Franchised Operation Opening.

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the franchise and the opening of the franchise for business is about 30 to 90 days. The factors that may affect the time required to open the Franchised Operation after you sign the Franchise Agreement include the delivery schedule for equipment and supplies, shortages, securing financing, completing training and your compliance with local laws and regulations. You cannot open the Franchised Operation until: (1) we approve the Franchised Operation (and any lease related to it if applicable); (2) pre-opening training is complete to our satisfaction; (3) you have paid all amounts due to us; (4) we have received copies of all required insurance policies or other evidence of insurance coverage and payment of premiums; and (5) we have received verification that you comply with all applicable laws, regulations, code and ordinances and that you have received all necessary permits. Subject to these requirements, you must begin operating the Franchised Operation within 90 days after you sign the Franchise Agreement. If you do not meet these requirements to open and begin operation of your Franchised Operation, we can terminate your Franchise Agreement and retain the initial fees. (Franchise Agreement – Section 4(f))

#### Marketing Fees.

Currently we do not have an advertising fund and do not require franchisees to pay us Marketing Fees. We may promote our brand and our franchise operations through print, internet, public relations, and direct mail media. We are not required to spend any amount on advertising in your area or Territory. This may be done locally and regionally through advertising cooperatives. We may use in-house advertising departments and may use regional or national advertising agencies. We may provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts. (Franchise Agreement – Section 11)

At the moment, there are no advertising cooperatives for U Got Stink operations. We reserve the right to institute one or more of these cooperatives in the future and thereafter change, dissolve or merge one or more of these cooperatives.

#### Local Advertising Obligations.

You must spend at least 2% of gross sales (beginning on the first day of the second month after the Franchised Operation opens) for advertising and marketing the Franchised Operation. Your local

advertising must comply with our standards and specifications outlined in the Confidential Operations Manual. You may only use advertising or promotional materials that we have approved. You must send us for approval samples of all advertising and promotional materials that we have not prepared or previously approved. All advertising and promotional materials must include the copyright and trademark registration notices we require.

Upon our request, you must provide us with itemized reports detailing your local advertising initiatives and expenditures. If you fail to meet your local advertising obligations, we may assess and collect from you for any deficiency, which we can then spend on national or regional advertising of U Got Stink operations. (Franchise Agreement – Section 11)

You may not advertise on the Internet or a worldwide web page without our approval, which we can condition or withhold in our business judgment. This restriction on advertising on the Internet or a worldwide web page includes a restriction on establishment of any independent website, domain name, e-mail address or similar presence for use in connection with the Franchised Operation. This restriction on advertising on the Internet also includes social media for use in connection with our brand or the Franchised Operation. We may require you to follow our online, approved advertising initiatives.

#### Advisory Council.

We do not currently have an advertising council composed of franchisees that advises us on advertising policies. (Franchise Agreement – Section 9(j))

#### Computer and Software Standards.

You must use computer, software and point of sale systems that comply with our computer and software standards in operating your Franchised Operation. Currently, we require that you use a personal computer, tablet with wireless internet connectivity (for mobile invoicing), and cell phone that meet our specifications. We recommend that you have a portable printer. You must also have computer software that meets our specifications. These currently include at a minimum the following software programs: our required customer relationship management and invoicing software, Microsoft Office, and Adobe Acrobat Reader. You must purchase a license to the most current software version of each required software package. The estimated cost of purchasing the required computer hardware and software, internet service, cell phone and related service is approximately \$800 to \$2,750.

We may, but are not obligated to, update the computer and software standards periodically to adjust for availability, model, brand, technology, or price changes. You must upgrade or update to the latest computer and software standards as we direct. There are no contractual limitations on the frequency and cost of this obligation. We estimate that any required updates or upgrades will cost you approximately \$0 to \$500 per year.

We may have independent access to information that you generate or store on your computer systems, which we can use to track sales and for other purposes. There is no contractual limitation on our ability to access and use this information. (Franchise Agreement – Section 9(n))

#### Confidential Operations Manual.

Our Confidential Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards, and procedures. We may modify the Confidential Operations Manual, but the modifications will not alter your basic status and rights under the franchise agreement. (Franchise Agreement – Section 10)

Following is the Table of Contents of the current version of the Confidential Operations Manual (with number of pages in each section):

## Operations Manual Table of Contents

(total pages: 20)

Introduction	(1 page)
Sales Calls	(2 pages)
Chemical Preparation & Usage Directions	(1 page)
On-Site Process - Vehicles	(2 pages)
Treating Vehicles: Cars, Trucks & RV's	(1 page)
Treating Apartments, Homes, Hotels & Commercial Buildings	(1 page)
Invoicing & Accounting Activities	(3 pages)
Administrative Matters	(3 pages)
<i>Exhibit 1 – Sample Insurance Form (1 page)</i>	
<i>Exhibit 2 – Form of Confidentiality Agreement for Franchisee's Personnel (5 pages)</i>	

### Training.

Before you open your Franchised Operation, we require your managing owner and/or Manager, who may be the same person, to attend a training program sponsored by us. Up to three individuals, including your managing owner and/or Manager, may attend this initial training. Training will begin after you sign the Franchise Agreement and while you are developing the franchise. The training program will last for approximately 5 days at a location to be designated by U Got Stink. Your managing owner, Manager and any other employees attending initial training must complete all phases of the training program to our satisfaction. Despite the foregoing, it is solely your responsibility to select your Manager and other employees; we do not have the right or duty to select or approve of your personnel. At least two weeks before the Franchised Operation's opening, but no more than 90 days after signing the Franchise Agreement, your managing owner and/or Manager must complete all initial training. We can terminate the Franchise Agreement upon refunding 75% of initial fees we collected from you if your managing owner and/or Manager (or replacement) does not successfully complete initial training to our satisfaction. (Franchise Agreement Sections 5(a)(iii), 5(a)(iv) and 9(b)) You must pay all expenses that your attendees incur, including, without limitation, meals, entertainment, and salary. We charge a fee of one thousand dollars (\$1,000) to train each replacement and other employee that you want trained in addition to the initial three included in our initial training. (Franchise Agreement Sections 4(e), 5(e) and 9(b)) (See Item 6)

We do not schedule training on any regular recurring basis; we schedule training based on the number of franchisees which need training at any given time and our logistic needs, such as scheduling, travel, etc. We strive to make training available when convenient for the trainees.

We may periodically offer additional training and conventions and require you to attend. You will not be required to pay a training fee for such additional training that we require.

We may provide additional or supplemental training to you upon your reasonable request. Such supplemental training will be scheduled based upon our availability. You must pay a reasonable training fee for additional training that you request and must pay all expenses that your attendees incur, including, without limitation, meals, entertainment, and salary.

As of the date of this disclosure document, our initial training program consists of the following training:

## INITIAL TRAINING PROGRAM

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON THE JOB TRAINING	LOCATION
Business Philosophy	2	2	Vancouver, Washington or another location we designate (which may include the location of your Franchised Operation)
Products & Equipment	4	10	Same as above
U Got Stink Policies	2	4	Same as above
Operation Procedures	2	10	Same as above
Advertising and Marketing	2	2	Same as above

**Explanatory Notes:**

1. The hours provided above are approximate and are subject to change.
2. Our training supervisor is our Founder, Clifton Roberts. He has served as our Founder since our inception January 2011 and as Founder of our predecessor since its inception July 2010. He has worked in the odor removal service business since 2002. We may use other training personnel under Mr. Robert's supervision for aspects of the training program.

Other background information for our trainer is disclosed in Item 2, above. Instructional materials will include the Confidential Operations Manual.

## ITEM 12 TERRITORY

### Your Territory

We will grant you an exclusive territory within which you will operate your Franchised Operation (the "Territory"). The size and dimensions of a typical Territory depend on the type of Market Segment you are purchasing; the density of potential customers for your specific Market Segment in your geographic area; and other factors, including population; growth trends; affluence of nearby population; topography; geography; density; demographics and other relevant factors. As general benchmarks, the Territory may consist of a geographic territory with an area within the following range:

- 5 to 50-mile radius for a vehicle Market Segment franchise;
- 5 to 40-mile radius for a hotel/motel Market Segment franchise; or
- 5 to 40-mile radius for a Market Segment franchise for commercial buildings, apartments and other residences.

The specific geographic boundaries of the Territory will be delineated by political and geographic boundaries such as zip codes, cities, counties, streets and other geographic markers. See Item 5 of this disclosure document for information about the relationship between your Territory and your Initial Franchise Fee.

Before the Franchise Agreement is signed, the geographical boundaries of the Territory will be described in the Franchise Agreement. The exact determination of the Territory will depend upon your approval and our market analysis, market penetration plans and franchise placement strategies.

We will not place or authorize anyone else to place a U Got Stink Operation within your Territory. You cannot operate the Franchised Operation outside the Territory without our prior written consent. You may not service customers outside of your permitted Market Segment(s) without our prior written consent. Even after we have granted such written consent, you may be required to transfer customers outside of your Territory or permitted Market Segment(s) to us or our designees immediately at our discretion.

We retain all rights not specifically granted to you in the Franchise Agreement. We reserve all rights to operate and to authorize others to operate U Got Stink franchises outside your Territory. Neither we nor any affiliate has used or reserves the right to use (or to authorize others to use) other channels of distribution (such as the Internet sales, catalog sales, telemarketing, or other direct marketing) to make sales within your Territory of products or services under our Marks or under trademarks different from the ones you will use under the franchise agreement. You may not sell Products through the Internet or through other channels of distribution without our written consent.

We further reserve the right to merge with, acquire, license, enter into co-branding agreements with or engage in other business arrangements with other parties, which may or may not be competitive with your Franchised Operation.

You must receive our written permission before you relocate your franchise. Our approval will not be unreasonably withheld. Any relocation will be at your sole expense. You must not be in breach of the Franchise Agreement and must satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual.

#### Minimum Sales Requirement

You do not receive the right and you have no options, rights of first refusal or similar rights to acquire additional franchises or grant sub franchises in any territory. We may revoke your Territory or terminate your franchise agreement if you fail achieve at least \$8,000 average monthly gross sales during any consecutive 3-month period (as evidenced by monthly Gross Customer Receipts we receive from customers you service). This minimum sales requirement does not apply during your first two months of franchise operations. This minimum sales requirement also applies to each of your franchise agreements purchased pursuant to a Multiple Franchise Purchase Addendum, if applicable (see below).

#### Multiple Franchise Purchases

If you purchase multiple franchises simultaneously, then the terms of the Franchise Agreement and its Multiple Franchise Purchase Addendum will apply. You will sign separate franchise agreements for each franchise. If there is no Territory defined in the Addendum for each specific franchise, then the Territory will be considered “to-be-determined” and must be placed within the Development Area subject to our approval. The Territory must be in compliance with our contractual commitments with other U Got Stink franchisees and our placement, market, development, and demographic criteria.



## Multiple Franchise Purchases – Development Schedule

If you purchase multiple franchises simultaneously, then the Multiple Franchise Purchase Addendum will describe your franchise opening schedule. Your first Franchised Operation must be opened within 90 days from the date you sign the relevant franchise agreement. If the first Franchised Operation is not opened within this 90-day period, then we may terminate this Agreement upon refunding 25% of the Initial Franchise Fee.

For your second and subsequent franchises purchased simultaneously, the time to open the Franchised Operation will be (“Opening Date”):

1 <sup>st</sup> Franchised Operation	90 days
2 <sup>nd</sup> Franchised Operation	6 months
3 <sup>rd</sup> Franchised Operation	9 months
4 <sup>th</sup> Franchised Operation	12 months
5 <sup>th</sup> Franchised Operation	15 months
[6 <sup>th</sup> and subsequent Franchised Operations	[additional 3-month increments]

from the date of the relevant franchise agreement. If the Franchised Operation is not opened for business by the Opening Date, then we may terminate the Franchise Agreement upon refunding 25% of the Initial Franchise Fee collected for this franchise.

We retain the sole right to market on the Internet, including all use of web sites, domain names, URL's, linking, meta-tags, advertising, auction sites, e-commerce, and co-branding arrangements. You will provide us content for our Internet marketing, and follow our Intranet and Internet usage requirements. We also retain the sole right to use the Marks on the Internet, including on web sites, as domain names, directory addresses, meta-tags, and in connection with linking, advertising, co-branding, and other arrangements. We retain the right to approve any linking or other use of our web site. You may not establish a presence on or market using the Internet except as we may specify, and only with our prior written consent.

We maintain a website located at [www.ugotstink.com](http://www.ugotstink.com) to provide the public with information regarding our products and services and to sell franchises. We will provide basic information regarding your Franchised Operation on our website including location and contact information. You will need to provide us with certain information for your Franchised Operation before opening and you will have an ongoing obligation to update us regarding any changes to your Franchised Operation's information. We intend that any franchisee web site, if any, be accessed only through our home page. Subject to the terms of use on our web site, we may gather, develop and use in any lawful manner information about any visitor to the web site, including but not limited to your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the web site or were otherwise in contact with you.


Only we or our affiliates may place national or regional advertising.

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**ITEM 13  
TRADEMARKS**

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We have registered our “U Got Stink? The True Odor Eliminators” mark on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”) as follows:

Mark	Registration Number	Registration Date
	4118073	March 27, 2012
U Got Stink (standard characters)	5691631	March 5, 2019

We have filed (or anticipate filing as they come due) all required affidavits and registration renewals in respect to registrations of our principal marks with the USPTO.

In addition to the foregoing, we use certain names, marks, logos, slogans, designs, and trade dress that are protected under common law.

We will grant you a license to use the Marks in operating the Franchised Operation. You must follow our rules when you use the Marks. You cannot use any Mark (i) as part of your entity or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than the logos licensed to you), (iii) in performing or selling any unauthorized services or products, (iv) as part of any domain name, electronic address, or search engine listing that you maintain or control on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery systems, unless and then only if we authorize you to do so, or (v) in any other manner we have not expressly authorized in writing.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks.

There are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks listed in this section in a manner material to the franchise.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any claim by any person of any rights in any Mark, and you may not communicate with any person other than us and our attorneys in any infringement, challenge or claim. We have sole discretion to take whatever action we choose (or no action) and the right to control exclusively any litigation, USPTO proceeding or

any other administrative proceeding resulting from the infringement, challenge or claim or otherwise involving any Mark. You must sign any documents, provide any assistance and take any action that, in the opinion of our attorneys, are reasonably necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or otherwise to protect and maintain our interests in the Marks.

If it becomes advisable in our sole discretion for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks, you must comply with our directions within a reasonable time. Any expenses or costs associated with the use, modification or discontinuance of any Mark will be your responsibility.

We do not know of any superior prior rights or infringing uses that could materially affect your use of our Marks in any state. We are not required to protect your rights to use the Marks and do not have any obligation to indemnify you against a claim of intellectual property infringement or unfair competition arising out of your use of the Marks. The Franchise Agreement does not require us to take affirmative action when notified of such uses or claims or to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks, or if the proceeding is resolved unfavorably to you.

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

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There are no patents material to the franchise.

We claim copyrights in the Confidential Operations Manual, printed advertising and promotional materials, training materials and similar items used in operating the franchise. We have not registered these copyrights with the United States Copyright Office.

Certain of the Products, including our methods of operation and Confidential Operations Manual, as well as certain other information disclosed to you as a franchisee, are confidential and proprietary information. You cannot use this confidential information in an unauthorized manner and you must protect it from use by or disclosure to others. You agree, as part of the Franchise Agreement, that we own this confidential and proprietary information and the intellectual property rights associated with this confidential and proprietary information. We have no obligation to, and will not, disclose our trade secrets to you or any third party.

There currently are no effective determinations of the Copyright Office (Library of Congress) or any court regarding any of the copyrighted materials. There are no agreements currently in effect which significantly limit our right to use or authorize franchisees to use the copyrighted materials. Furthermore, we do not actually know of any infringing uses which could materially affect a franchisee's use of the copyrighted materials in any state. We need not protect or defend copyrights or confidential information, although we intend to do so when this action is in the best interests of the U Got Stink franchise system. We do not have any obligation to indemnify you against a claim of intellectual property infringement.

We may change or discontinue any part of the copyrighted materials at any time at our sole discretion. You will modify or discontinue use of any copyrighted materials, or will use one or more substitute copyrighted materials, if we so direct in writing at any time. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution.

All obligations or requirements imposed upon you relating to the copyrighted materials will apply with equal force to any modified or substituted copyrighted materials.

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

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You are required to be actively engaged in your Franchised Operation on a full-time basis for at least the first 3 months of operation. We strongly encourage you to continue to be actively engaged on a full-time basis thereafter. However, after the first 3 months of operation, your Franchised Operation may be operated either by a managing owner or a Manager. You may not engage in any other business or activity that conflicts with your obligations to the Franchised Operation.

If you are an entity, you must designate one of your owners or a full-time employee as the “Manager.” The managing owner or Manager must manage the Franchised Operation and personally supervise the Franchised Operation’s day-to-day operations and must have successfully completed our training program. The Manager must be an individual who has the necessary authority to run the Franchised Operation. If at any time you fail to have a managing owner or Manager who has successfully completed training, then U Got Stink can terminate your Franchise Agreement.

Any employees who have access to our confidential information must sign non-disclosure agreements.

If you are an entity, each of your owners must agree to be bound jointly and severally by all of the provisions of the Franchise Agreement and any other agreements between you and us (or our affiliates). Our “Owner’s Guaranty” is part of the Franchise Agreement. If your spouse or one of your owners’ spouses has any property interest in the Franchise Agreement, your ownership or the Franchised Operation due to a state’s community property laws, we can require that spouse to consent to all of the terms and conditions of the Franchise Agreement.

If you own multiple U Got Stink operations, the managing owner or Manager of each Franchised Operation must successfully pass our training.

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

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You must offer and sell all services and products that we periodically require for U Got Stink franchisees. You cannot offer or sell any services or products that we have not authorized. (See Item 8) Our Standards, including the Confidential Operating Manual, regulate the goods and services required or authorized for the Franchised Operation. We can change the Standards and the Confidential Operations Manual at any time, which may require you to expend reasonable sums to comply. You are prohibited from engaging directly or indirectly in any business that is competitive with U Got Stink. There are no limitations on our right to make changes in the types of authorized goods and services.

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

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**THE FRANCHISE RELATIONSHIP**

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

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
(a) Length of the franchise term	Section 3	5 years
(b) Renewal or extension of the term	Section 3(b)	If you are in good standing, you can renew for one additional 5-year term.
(c) Requirements for franchisee to renew or extend	Section 3(b)	You (1) are not in default under the Franchise Agreement, (2) have the right to maintain possession of the Franchise Central Location, and (3) you provide U Got Stink with at least 6 months' notice that you are renewing, (4) pay the renewal fee, (5) sign the then-current franchise agreement, (6) sign a release of claims against us (subject to state law) and (7) renovate and refurbish the Franchised Operation to be consistent with then-current standards.  If you renew, you may be asked to sign a franchise agreement with materially different terms and conditions than in your original franchise agreement.
(d) Termination by franchisee	Section 15(a)	If we materially breach the agreement and do not cure the default within 60 days after notice from you (subject to state law).
(e) Termination by franchisor without cause	Not Applicable	Our Franchise Agreement does not contain this provision.
(f) Termination by franchisor with cause	Sections 15(b) and 15(c); Multiple Franchise Purchase Addendum Section 4	We can terminate only if you or your owners commit one of several violations. We can also terminate if you or your owners commit one of these several violations with respect to any other agreement between you and U Got Stink.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(g) "Cause" defined – curable defaults	Sections 15(c); Multiple Franchise Purchase Addendum Section 4	You have 72 hours to cure violations of health, safety, cleanliness or sanitation standards or laws; 10 days to cure Gross Sales reporting or monetary defaults, 15 days to cure violations of laws and regulations relating to operation of the Franchised Operation, and 30 days to cure non-compliance with the Franchise Agreement or Standards.
(h) "Cause" defined – non-curable defaults	Section 15(b); Multiple Franchise Purchase Addendum Section 4	Non-curable defaults include failure to open the Franchised Operation within 90 days after the Franchise Agreement is signed; failure to complete training to our satisfaction; abandonment or failure to operate the Franchised Operation for 5 business days without our written approval; unapproved transfers; materially false statements to us; conviction of a felony; dishonest or unethical conduct; loss of occupancy and failure to relocate and reopen the Franchised Operation at an approved site within 90 days of closing the Franchised Operation at the Franchised Location; unauthorized use or disclosure of confidential information, the Confidential Operations Manual or proprietary Product; failure to transfer upon death or permanent disability; intentionally understating Gross Sales; failure to pay taxes; repeated defaults (even if cured); an assignment for the benefit of creditors and an appointment of a trustee or receiver. U Got Stink also has the right to terminate the Franchise Agreement if one of these non-curable defaults occurs in connection with another agreement between you (or any owner) and U Got Stink.

PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(i) Franchisee's obligations on termination/nonrenewal	Section 16; Multiple Franchise Purchase Addendum Section 4	Obligations include not operating the Franchised Operation and no longer representing that you are associated with us; paying outstanding amounts due within 15 days; returning all Confidential Operations Manual and confidential information; transfer to us, disconnect or discontinue all telephone numbers, directory listings and advertisements; canceling or transferring to us all rights in any Internet or website pages; ceasing use of the System, the Licensed Marks and other similar marks, software, programs, content, passwords and electronic devices or information; and de-identifying and de-characterizing the store within 30 days.
(j) Assignment of contract by franchisor	Section 14(a)	No restriction on our right to assign.
(k) "Transfer" by franchisee – defined	Section 14(b)	Includes transfer of Franchise Agreement, the Franchised Operation, the Site, an equity or voting interest or management change.
(l) Franchisor's approval of transfer by franchisee	Sections 14(b) and 14(c)	All transfers must be submitted for our prior written approval.
(m) Conditions for franchisor approval of transfer	Section 14(c)	We will not unreasonably withhold consent to transfer if you are not in default, you provide us with notice and request that we provide the new franchisee with the disclosure document; the new franchisee qualifies and agrees to sign the then-current franchise agreement and other documents; you pay us all amounts due and submit all required documents; the new franchisee pays for and completes training to our satisfaction; you pay us the transfer fee; we approve the transfer terms; you sign a general release of claims against us (subject to state law); you subordinate amounts due to you; you sign a non-competition agreement; you agree not to identify yourself as a current or former U Got Stink Franchise; and you submit to us additional information that we require.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 14(h)	We can match any offer for your Franchised Operation or an ownership interest in your owner.

<b>PROVISION</b>	<b>SECTION IN FRANCHISE OR OTHER AGREEMENT</b>	<b>SUMMARY</b>
(o) Franchisor's option to purchase franchisee's business	Section 16(c)	We have an option to buy your Franchised Operation (including real estate) at fair market value after the Franchise Agreement terminates.
(p) Death or disability of franchisee	Section 14(d)	Any interest in the Franchisee must be transferred to a party approved by us within 6 months of the death or disability.
(q) Non-competition covenants during the term of the franchise	Section 12 and Section 13(a)(vi)	Subject to state law, you will not engage, directly or indirectly, as an owner, operator or manager in any other business, including an odor removal business, without our consent. Subject to state law, you will enter into confidentiality and non-competition agreements with your personnel using forms we specify. It is solely your obligation to ensure that such forms comply with applicable laws in your jurisdiction.
(r) Non-competition covenants after the franchise is terminated or expires	Sections 13(b) and 13(c).	Subject to state law, for 2 years, no direct or indirect interest in a business that offers odor removal products or services (or products or services that are essentially the same as, or substantially similar to, the products and services that are part of our Method of Operation) located within your Territory, or within the Territory of any of our other franchisees, or within a 30-mile radius of any of our company or affiliate owned operations.
(s) Modification of the agreement	Section 21(d)	No modifications except by written agreement signed by you and us.
(t) Integration/merger clause	Section 21(j)	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement or in any related agreement is intended to disclaim the representations we make in this Franchise Disclosure Document.
(u) Dispute resolution by arbitration or mediation	Section 20(f)	Subject to state law, before taking any other legal action, the parties agree to mediate most types of disputes in the county in which our headquarters are then located (currently Clark County, Washington).



PROVISION	SECTION IN FRANCHISE OR OTHER AGREEMENT	SUMMARY
(v) Choice of forum	Section 20(d)	The county in which our headquarters are then located (currently Clark County, Washington <sup>1</sup> ) (subject to applicable state law)
(w) Choice of law	Section 20(c)	Washington law applies <sup>1</sup> (subject to applicable state law)

Explanatory Notes:

1. Some states do not allow franchisees to give up their right to bring or defend lawsuits in the courts of their state, or to have the franchise agreement governed by the laws of a different state. See Exhibit E to this Disclosure Document for a state-specific Addendum to this Item.

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**ITEM 18  
PUBLIC FIGURES**

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We do not use any public figure to promote our franchise.

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**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS**

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

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 Clifton Roberts, President, PO Box 187, Brush Prairie, Washington 98606,

(855) GOT-STNK (855-468-7865), the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

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**Table No. 1**  
**SYSTEMWIDE OUTLET SUMMARY\***  
**For the fiscal years ending April 30, 2019, 2020 and 2021**

Outlet Type	Year (Ending April 30)	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised*	2019	21	18	-3
	2020	18	16	-2
	2021	16	13	-3
Company Owned	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
<b>Total Outlets</b>	<b>2019</b>	<b>21</b>	<b>18</b>	<b>-3</b>
	<b>2020</b>	<b>18</b>	<b>16</b>	<b>-2</b>
	<b>2021</b>	<b>16</b>	<b>13</b>	<b>-3</b>

\* Several of our franchisees have signed multiple franchise agreements for multiple Market Segments (as defined in Item 1 of this disclosure document). The above table and other tables in this Item 20 account for each separate Franchise Agreement for each separate Market Segment.

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For the fiscal years ending April 30, 2019, 2020 and 2021**

State	Year (Ending April 30)	Number of Transfers*
California	2019	0
	2020	0
	2021	1
Oregon	2019	0

State	Year (Ending April 30)	Number of Transfers*
	2020	0
	2021	0
Nevada	2019	0
	2020	0
	2021	0
Virginia	2019	1
	2020	0
	2021	0
<b>Total</b>	<b>2019</b>	<b>1</b>
	<b>2020</b>	<b>0</b>
	<b>2021</b>	<b>1</b>

**Table No. 3**  
**Status of Franchised Outlets\***  
**For the fiscal years ending April 30, 2019, 2020 and 2021**

<u>Column 1</u> State	<u>Column 2</u> Year (Ending April 30)	<u>Column 3</u> Outlets at the Start of the Year	<u>Column 4</u> Outlets Opened	<u>Column 5</u> Terminations	<u>Column 6</u> Non- Renewals	<u>Column 7</u> Reacquired by Franchisor	<u>Column 8</u> Ceased Operations – Other Reasons	<u>Column 9</u> Outlets at End of the Year
Arizona	2019	2	0	0	0	0	2	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
California	2019	5	0	0	0	0	1	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Florida	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	1	2
	2021	2	0	0	0	0	0	2
Michigan	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Nevada	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	1	1
	2021	1	0	1	0	0	0	0
Oregon	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

<u>Column 1</u> State	<u>Column 2</u> Year (Ending April 30)	<u>Column 3</u> Outlets at the Start of the Year	<u>Column 4</u> Outlets Opened	<u>Column 5</u> Terminations	<u>Column 6</u> Non-Renewals	<u>Column 7</u> Reacquired by Franchisor	<u>Column 8</u> Ceased Operations – Other Reasons	<u>Column 9</u> Outlets at End of the Year
Texas	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Utah	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Virginia	2019	4	0	0	0	0	0	4
	2020	4	0	0	0	0	0	4
	2021	4	0	0	2	0	0	2
Wisconsin	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
<b>Total</b>	<b>2019</b>	<b>21</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3</b>	<b>18</b>
	<b>2020</b>	<b>18</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>16</b>
	<b>2021</b>	<b>16</b>	<b>0</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>13</b>

\* Several of our franchisees have signed multiple franchise agreements for multiple Market Segments (as defined in Item 1 of this disclosure document). The above table accounts for each separate Franchise Agreement for each separate Market Segment.

**Table No. 4**  
**Status of Company-Owned Outlets**  
**For the fiscal years ending April 30, 2019, 2020 and 2021**

State	Year (Ending April 30)	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
All States	2019	0	0	0	0	0	0
	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
<b>Total</b>	<b>2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 5**  
**Projected Openings as of April 30, 2021**  
**through April 30, 2022**

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets	Projected New Company-Owned Outlets
All States	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* NOTE: These are projections of the number of new franchises we expect will open in the next fiscal year. These projections are based on Market Segments as defined in Item 1 of this disclosure document. These are, however, only projections. The chart shows those states which we consider priority states, however, we do not plan to sell franchises in all of those states in the upcoming year. We continue to look for new franchisees throughout the United States and will open locations in any state in which we find qualified purchasers. Therefore, the actual number of new franchisees in any state that open in the next fiscal year could vary from the number described above.

The following is a complete listing of all of our current franchisees and the addresses and telephone numbers of all of their operations as of April 30, 2021. Several of our franchisees have signed multiple franchise agreements for multiple Market Segments (as defined in Item 1 of this disclosure document). The above tables account for each separate Franchise Agreement for each separate Market Segment:

<u>Name*</u>	<u>Business Address</u>	<u>Phone</u>
E M Expert Solutions Inc. (contact: Eric Mendoza)	1805 E. Chelsea Dr. Anaheim, CA 92805	855-468-7865 x 39
James Woods II	14750 Big Bear Dr Moreno Valley, CA 92555	855-468-7865 x 58
James Woods (Owns 2 Franchises)	14750 Big Bear Dr Moreno Valley, CA 92555	855-468-7865 x 58
U Got Stink Tampa Inc. (contact: Jeremy Lansing) (Owns 2 Franchises)	17818 Deerfield Dr. Lutz, FL 33558	855-468-7865 x 23
Trevor's Odor Removal LLC (contact: Trevor Hukill)	9007 Nina Rd Conroe, TX 77304	855-468-7865 x 65
A TWO Z L.L.C. (contact: James Calveri)	1433 Sapphire CT St. George, UT 84770	855-468-7865 x 52
No-Scent LLC (contact: Stefanie Hubbell)	4520 Brandon Ln Fredericksburg, VA 22408	855-468-7865 x 60
Jones Joint Enterprises, Inc. Lee Jones	621 W. 4 <sup>th</sup> St. Salem, VA 24153	855-468-7865 x 14
John & Tiffany Kirkish	PO Box 481 Ridgefield, WA 98642 (Portland, OR Franchise)	855-468-7865 x 16

<u>Name*</u>	<u>Business Address</u>	<u>Phone</u>
Bob & Peg's Stink'n Business (contact: Robert & Margaret Zynski) (Owns 2 Franchises)	230 Hilldale Dr. #1211 Hartford, WI 53027	855-468-7865 x 12

The following is a list of the name, city and state, and the current telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who has not communicated with us within **10** weeks of the date of this Disclosure Document.

Termination:

<u>Name</u>	<u>City, State</u>	<u>Phone</u>
Travis' Odor Elimination LLC (contact: Travis Thornberry)	5640 Granollers Dr Las Vegas, NV 89135	501-944-2899

Ceased Operations – Other Reasons: None

Transfer to New Owner:

<u>Name</u>	<u>City, State</u>	<u>Phone</u>
Glens Odor Removal LLC (contact: Glen Lake)	1750 Delta Waters Rd 102-337 Medford, OR 97504 (Los Angeles, CA Franchise)	702-683-3478

Not Renewed:

<u>Name</u>	<u>City, State</u>	<u>Phone</u>
Old Dominion Odor Removers, LLC (contact: Anthony Giordano)	104 Gordon Clan Lane Huntly, VA 22640	540-379-5631
Northern Virginia Odor Removers LLC (contacts: Joe and Andy Giordano)	150 Hideaway Rd. Linden, VA 22642	571-263-2209

### Franchisee Associations

There are no trademark-specific franchisee organizations associated with the franchise system being offered which we have created, sponsored, or endorsed.

There are no independent franchisee organizations that have asked to be included in this disclosure document.

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

During the last three fiscal years, certain franchisees have signed confidentiality clauses with us. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with U Got Stink. You may wish to speak with current and former franchisees, but be aware that not all of these franchisees will be able to communicate with you.

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## **ITEM 21 FINANCIAL STATEMENTS**

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Exhibit A provides our audited financial statements as of April 30, 2019, 2020 and 2021. Our fiscal year end is April 30. Also attached are our unaudited financial statements for the period from May 1, 2021 to November 30, 2021.

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## **ITEM 22 CONTRACTS**

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The following agreements are exhibits:

- (a) Franchise Agreement and exhibits —Exhibit B
- (b) Cancellation of Assumed or Fictitious Business Name - Exhibit D
- (c) State Law Addendum—Exhibit E
- (d) Form of General Release – Exhibit F
- (e) Franchisee Closing Questionnaire—Exhibit G
- (f) SBA Franchise Agreement Addendum – Exhibit H

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**ITEM 23**  
**RECEIPTS**

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Our and your copies of the Franchise Disclosure Document Receipts are located at the last two pages of this Disclosure Document. The Receipt pages are duplicates that evidence your receipt of this Disclosure Document – the first is to be retained by you, the other by us (Exhibit J).



**EXHIBIT A**

**FINANCIAL STATEMENTS**

THE ATTACHED UNAUDITED FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES. SINCE THEY HAVE NOT BEEN AUDITED THEY DO NOT REFLECT THE CORRECTIONS OR ADJUSTMENTS AN AUDIT MIGHT REQUIRE.

10:20 AM  
12/13/21  
Accrual Basis

**U Got Stink?**  
**Balance Sheet**  
As of November 30, 2021

	<u>Nov 30, 21</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
A/R Deposit Account	33,735.44
Chase Business Checking	7,934.32
IQ Credit Union - Business Savi	135,000.00
Total Checking/Savings	176,669.76
Accounts Receivable	
Accounts Receivable	16,084.69
Total Accounts Receivable	16,084.69
Other Current Assets	
Allowance for Doubtful Accounts	-701.25
Inventory Asset	1,675.00
Total Other Current Assets	973.75
Total Current Assets	193,728.20
<b>TOTAL ASSETS</b>	<b>193,728.20</b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Accrued Interest Payable	6,922.19
Accrued Payable	16,292.10
SBA Disaster Relief Loan	130,300.00
Total Other Current Liabilities	153,514.29
Total Current Liabilities	153,514.29
Total Liabilities	153,514.29
Equity	
Member Equity - Clifton Roberts	38,848.70
Members Draw - Clifton Roberts	-17,847.53
Net Income	19,212.74
Total Equity	40,213.91
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>193,728.20</b>

10:19 AM  
12/13/21  
Accrual Basis

**U Got Stink?**  
**Profit & Loss**  
May through November 2021

	<u>May - Nov 21</u>
<b>Ordinary Income/Expense</b>	
Income	
Franchise Fee	750.00
Income - Royalty Fee	102,548.30
Other Income	612.88
Sales	
Marketing Sales	471.00
Service Sales	0.00
Software Fees	3,120.00
Total Sales	<u>3,591.00</u>
Total Income	107,502.18
Cost of Goods Sold	
Cost of Goods Sold	<u>1,018.24</u>
Total COGS	<u>1,018.24</u>
Gross Profit	106,483.94
Expense	
Advertising and Promotion	
Uniforms	743.38
Advertising and Promotion - Other	2,018.05
Total Advertising and Promotion	<u>2,761.43</u>
Automobile Expense	
Auto Lease	3,500.00
Fuel	8,263.20
Maintenance & Repairs	5,674.70
Total Automobile Expense	<u>17,437.90</u>
Bad Debt	118.00
Bank Service Charges	210.00
Commission	
Draw	0.00
Commission - Other	0.00
Total Commission	<u>0.00</u>
Computer and Internet Expenses	
Software - LogicBox	5,553.00
Computer and Internet Expenses - Other	1,713.27
Total Computer and Internet Expenses	<u>7,266.27</u>
Equipment and Supplies	344.04
Insurance Expense	
Health Insurance Premiums	4,288.74
Workers Comp	1,669.98
Total Insurance Expense	<u>5,958.72</u>
Interest Expense	2,850.31
LLC License/Registration Fees	109.00
Meals	4,204.33
Office Space Lease	7,000.00
Postage and Delivery	900.80
Professional Fees	
Franchise Attorney	2,747.27
Professional Fees - Other	21,088.27
Total Professional Fees	<u>23,835.54</u>
Registration Fees - FDD	900.00
Tax	

10:19 AM  
12/13/21  
Accrual Basis

**U Got Stink?**  
**Profit & Loss**  
May through November 2021

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	<u>May - Nov 21</u>
B&O	1,687.16
Total Tax	1,687.16
Telephone Expense	
Cell Phone	<u>1,348.93</u>
Total Telephone Expense	1,348.93
Travel Expense	10,331.05
Utilities	
Cable	<u>7.72</u>
Total Utilities	7.72
Total Expense	<u>87,271.20</u>
Net Ordinary Income	19,212.74
Other Income/Expense	
Other Expense	
Personal Property Expenses	
RV Expenses	<u>0.00</u>
Total Personal Property Expenses	0.00
Total Other Expense	<u>0.00</u>
Net Other Income	<u>0.00</u>
Net Income	<u><u>19,212.74</u></u>

**U GOT STINK FRANCHISING, LLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2021 and 2020**

TABLE OF CONTENTS

	<u>PAGE NO.</u>
REPORT OF INDEPENDENT ACCOUNTANT .....	1
FINANCIAL STATEMENTS	
Balance Sheets .....	3
Statements of Income and Member's Equity .....	4
Statements of Cash Flows .....	6
Notes to Financial Statements .....	7



**PAULA J. PALMER CPA, LLC**

8600 SW Salish Lane, Suite 6  
Wilsonville, Oregon 97070  
503-684-5699 FAX 503-427-0828

**REPORT OF INDEPENDENT ACCOUNTANT**

To the Member  
U Got Stink Franchising, LLC

I have audited the accompanying financial statements of U Got Stink Franchising, LLC (a Limited Liability Company) which comprise the balance sheets as of April 30, 2021 and 2020, and the related statements of income and member's equity and cash flows for the years then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financials statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by



management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U Got Stink Franchising, LLC as of April 30, 2021 and 2020 and the results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

*Paula J Palmer CPA LLC*

December 1, 2021

U GOT STINK FRANCHISING, LLC  
BALANCE SHEETS  
APRIL 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash	\$163,637	\$ 46,477
Accounts receivable (net of allowance for doubtful accounts of \$701 and \$1,151 respectively)	21,090	10,915
Inventory	<u>1,675</u>	<u>1,675</u>
Total Current Assets	<u>186,402</u>	<u>59,067</u>
TOTAL ASSETS	<u>\$186,402</u>	<u>\$ 59,067</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable	\$ 13,181	\$ 29,864
Accrued interest payable	<u>4,072</u>	<u>0</u>
Total Current Liabilities	<u>17,253</u>	<u>29,864</u>
Long Term Debt (Note 3)	130,300	0
Member's Equity	<u>38,849</u>	<u>29,203</u>
Total Member's Equity	<u>38,849</u>	<u>29,203</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$186,402</u>	<u>\$ 59,067</u>

The accompanying notes are an integral part of this statement.

U GOT STINK FRANCHISING, LLC  
STATEMENTS OF INCOME AND MEMBER'S EQUITY  
FOR THE YEARS ENDED APRIL 30, 2021 and 2020

	2021	2020
Revenue		
Franchise fees	\$ 3,250	\$ 3,000
Royalty fees	160,225	224,117
Sales	6,940	29,643
Other income	1,078	1,796
	171,493	258,556
Cost of Goods Sold	0	2,321
Gross Profit	171,493	256,235
Expenses		
Advertising	1,108	155
Auto	16,764	10,922
Bad debt	338	0
Commissions	0	12,483
Vehicle lease	5,500	6,000
Computer & internet expense	7,448	10,239
Insurance	10,452	10,802
Licenses & fees	2,647	2,213
Meals & entertainment	10,699	8,093
Occupancy costs	14,408	16,710
Office expense	2,514	2,143
Professional fees	42,088	56,668
Business taxes	2,866	4,106
Telephone	4,060	4,861
Travel	24,206	11,965
	145,098	157,360
Income from operations	26,395	98,875
Other Income (Expense)		
Grant income	1,000	0
Interest expense	(4,172)	0
	(3,172)	0
Net Income	\$ 23,223	\$ 98,875

The accompanying notes are an integral part of this statement.

U GOT STINK FRANCHISING, LLC  
STATEMENTS OF INCOME AND MEMBER'S EQUITY  
FOR THE YEARS ENDED APRIL 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Member's Equity, beginning of year	\$ 29,203	\$ 44,740
Net income	23,223	98,875
Member draws	<u>(13,577)</u>	<u>(114,412)</u>
Member's equity, end of year	<u>\$ 38,849</u>	<u>\$ 29,203</u>

The accompanying notes are an integral part of this statement.

U GOT STINK FRANCHISING, LLC  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED APRIL 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Net income	\$ 23,223	\$ 98,875
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) decrease in:		
Trade receivables	(10,175)	14,738
Increase (decrease) in:		
Accounts payable	(16,683)	3,585
Accrued interest payable	<u>4,072</u>	<u>0</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>437</u>	<u>117,198</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	130,300	0
Member draw	<u>(13,577)</u>	<u>(114,412)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>116,723</u>	<u>(114,412)</u>
NET INCREASE (DECREASE) IN CASH	117,160	2,786
Cash, beginning of year	<u>46,477</u>	<u>43,691</u>
CASH, END OF YEAR	<u>\$ 163,637</u>	<u>\$ 46,477</u>
SUPPLEMENTAL DISCLOSURE		
Interest paid	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of this statement.

U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

U Got Stink Franchising, LLC is a franchisor located in Brush Prairie, Washington. The Company was organized in January 2011 in the state of Oregon and was re-domiciled to the State of Washington in May 2015. The Company was formed to sell You Got Stink franchises and sell franchises the necessary equipment and product. You Got Stink franchises offer odor removal services primarily to car dealerships and property management companies.

Basis of Accounting

The Company's policy is to prepare its external financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Franchise fee revenue from individual franchise sales is recognized when all material services and conditions relating to the sale have been substantially performed or satisfied by the Company. Direct costs relating to franchise sales are deferred until the revenue is recognized. Continuing franchise fees are recognized as revenue as they are earned and become receivable from the franchisee. Costs relating to continuing franchise fees are expensed as incurred.

Cash

Cash consists of amount on deposit at federally insured financial institutions. From time to time the Company may have funds on deposit in excess of the federally insured amount of \$250,000.

Accounts Receivable

The Company utilizes the reserve method of accounting for doubtful accounts. At April 30, 2021 and 2020 management believes not all balances are fully collectible. Therefore, an allowance for doubtful accounts for accounts receivable of \$701 and \$1,151 for the years ended April 30, 2021 and 2020 respectively has been provided for within this report.

U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at cost using first in first out (FIFO) method of valuation.

Amortization

Cost of intangible assets in excess of \$500 is capitalized. For financial reporting purposes, amortization of intangible assets is provided on the straight-line methods over the estimated useful life of 15 years.

Income Taxes

No provision has been made for income taxes as the Company is a single member limited liability company. Generally, the member is liable for individual federal and state income taxes on the Company's taxable income. Since the Company does not file a separate tax return there are no open audit years for the Company. Open audit years for the sole member are for the years ended December 31, 2018 through 2020.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Advertising

The Company's policy is to expense advertising as it is incurred.

Reclassifications

Certain items in the prior year financial statements have been reclassified to conform to current year presentation.

U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events. The first type consists of events or transactions that provide additional information about conditions that existed at the date of the balance sheet. The second type consists of events that provide evidence about conditions that did not exist at the date of the balance sheet but arose subsequent to that date. Subsequent events have been evaluated through December 1, 2021 which is the date the financial statements were available to be issued.

Recently-Adopted Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) to clarify the principles for recognizing revenue and to improve financial reporting by creating common revenue recognition guidance. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services. Subsequently the FASB deferred the effective date of ASU 2014-09 to years ending after December 15, 2019. In June 2020, the FASB again deferred the effective date of the ASU for non-public businesses that had not yet released financial statements for one year to years beginning after December 15, 2020. The company adopted the new standard for the fiscal year beginning May 1, 2020 using the modified retrospective method. In addition the Company elected to use the practical expedient in paragraph 952-606-25-2 which allows the Company to account for pre-opening services as distinct from the franchise license. Further the Company adopted the accounting policy election to recognize pre-opening services as a single performance obligation as described in paragraph 952-606-50-2



U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently-Adopted Accounting Standards (continued)

The majority of the Company's franchise fee revenue is primarily recognized at a point in time based on the transfer of control with the balance associated with the franchise license and recognized over the life of the agreement, and royalty income is recognized over time as the revenue stream is allocated to the franchise license. The Company has not sold a franchise in several years therefore the adoption of the standard did not have a material effect on the financial statements.

NOTE 2 - REVENUE RECOGNITION

The Company derived its revenue primarily from the sale of franchise agreements and royalty income. Revenues are recognized when control of these products or services is transferred to its franchise owners. The Company does not have any significant financing components as payment is received at or shortly after the signing of a franchise agreement or as franchise outlet sales are collected. For the years ended April 30, 2021 and 2020 revenue recognized for performance obligations that were satisfied at a point in time was \$11,268 and \$34,439 respectively and revenue recognized for performance obligations satisfied over time was \$160,225 and \$224,117 respectively.

In the period ended April 30, 2020 no franchises were sold, two franchises were transferred and two franchises ceased operations. There were sixteen franchises operating at the end of the year. There were no Company-owned franchises operating at the end of the year.

In the period ended April 30, 2021 no franchises were sold, one franchise was transferred, one franchise was terminated, and two franchises ceased operations. There were thirteen franchises operating at the end of the year. There were no Company-owned franchises operating at the end of the year.

U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2021 AND 2020

NOTE 3 - LONG TERM DEBT

During the current fiscal year the Company obtained an Economic Injury Disaster Loan (EIDL) from the SBA. The loan terms are for payments to begin twenty four months from the date of the promissory note with monthly payments of \$635 including interest at 3.75%. The loan is collateralized by all the assets of the Company now owned or acquired in the future.

The following is a schedule of payments required on principal under the long term debt obligation.

Year Ending April 30,

2022	\$	0
2023		0
2024		2,545
2025		2,878
2026		2,988
Later years		<u>121,889</u>
		<u>\$130,300</u>

NOTE 4 - SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a public health state of emergency, ordering the public to stay at home, closing specified businesses and requiring social distancing measures for most public and private facilities. The immediate effect of these measures has led to a reduction of services that can be provided by the franchises. Royalty fees since the start of the pandemic are significantly lower than in previous years.

It is anticipated that the effects of the pandemic will continue for some time, including continuing disruptions to or restrictions on the franchises ability to perform services. At the present time, the ultimate future effects are unknown.

**U GOT STINK FRANCHISING, LLC**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED APRIL 30, 2020 and 2019**

TABLE OF CONTENTS

	<u>PAGE NO.</u>
REPORT OF INDEPENDENT ACCOUNTANT .....	1
FINANCIAL STATEMENTS	
Balance Sheet .....	3
Statement of Income and Member's Equity .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements .....	6

**PAULA J.  
PALMER**  
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97224  
503-684-5699  
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## REPORT OF INDEPENDENT ACCOUNTANT

To the Member  
U Got Stink Franchising, LLC



I have audited the financial statements of U Got Stink Franchising, LLC (a Limited Liability Company) which comprise the balance sheets as of April 30, 2020 and 2019, and the related statements of income and member's equity and cash flows for the years then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financials statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well

as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U Got Stink Franchising, LLC as of April 30, 2020 and 2019 and the results of operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

A handwritten signature in black ink that reads "Paula Palmer CPA LLC". The signature is written in a cursive style with a large initial "P".

August 12, 2020

U GOT STINK FRANCHISING, LLC  
BALANCE SHEETS  
APRIL 30, 2020 and 2019

ASSETS		
	<u>2020</u>	<u>2019</u>
Current Assets		
Cash	\$ 46,477	\$ 43,691
Accounts receivable (net of allowance for doubtful accounts of \$1,151 and \$1,367 respectively)	10,915	25,653
Inventory	<u>1,675</u>	<u>1,675</u>
Total Current Assets	<u>59,067</u>	<u>71,019</u>
TOTAL ASSETS	<u>\$ 59,067</u>	<u>\$ 71,019</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	<u>\$ 29,864</u>	<u>\$ 26,279</u>
Total Current Liabilities	<u>29,864</u>	<u>26,279</u>
Member's Equity	<u>29,203</u>	<u>44,740</u>
Total Member's Equity	<u>29,203</u>	<u>44,740</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	<u>\$ 59,067</u>	<u>\$ 71,019</u>

The accompanying notes are an integral part of this statement.

U GOT STINK FRANCHISING, LLC  
 STATEMENTS OF INCOME AND MEMBER'S EQUITY  
 FOR THE YEARS ENDED APRIL 30, 2020 and 2019

	2020	2019
Revenue		
Franchise fees	\$ 3,000	\$ 17,500
Royalty fees	224,117	255,825
Sales	29,643	20,483
Other income	1,796	4,471
	258,556	298,279
Cost of Goods Sold	2,321	3,233
Gross Profit	256,235	295,046
Expenses		
Advertising	155	2,818
Auto	10,922	11,919
Commissions	12,483	8,169
Vehicle lease	6,000	6,000
Computer & internet expense	10,239	14,121
Incentive expenses	0	7,522
Insurance	10,802	10,076
Licenses & fees	2,213	2,135
Meals & entertainment	8,093	15,028
Occupancy costs	16,710	14,155
Office expense	2,143	1,606
Professional fees	56,668	60,149
Business taxes	4,106	4,252
Telephone	4,861	4,710
Travel	11,965	16,237
	157,360	178,897
Net Income	98,875	116,149
Member's Equity, beginning of year	44,740	28,887
Member draws	(114,412)	(100,296)
Member's equity, end of year	\$ 29,203	\$ 44,740

The accompanying notes are an integral part of this statement.



U GOT STINK FRANCHISING, LLC  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED APRIL 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Net income	\$ 98,875	\$ 116,149
Adjustments to reconcile net income to net cash provided by operating activities		
(Increase) decrease in:		
Trade receivables	14,738	2,816
Inventory	0	(348)
Increase (decrease) in:		
Accounts payable	3,585	4,237
Deferred revenue	<u>0</u>	<u>(15,000)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>117,198</u>	<u>107,854</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Member draw	<u>(114,412)</u>	<u>(100,296)</u>
NET CASH USED BY FINANCING ACTIVITIES	<u>(114,412)</u>	<u>(100,296)</u>
NET INCREASE (DECREASE) IN CASH	2,786	7,558
Cash, beginning of year	<u>43,691</u>	<u>36,133</u>
CASH, END OF YEAR	<u>\$ 46,477</u>	<u>\$ 43,691</u>

The accompanying notes are an integral part of this statement.

U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

U Got Stink Franchising, LLC is a franchisor located in Brush Prairie, Washington. The Company was organized in January 2011 in the state of Oregon and was re-domiciled to the State of Washington in May 2015. The Company was formed to sell You Got Stink franchises and sell franchises the necessary equipment and product. You Got Stink franchises offer odor removal services primarily to car dealerships and property management companies.

Basis of Accounting

The Company's policy is to prepare its external financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Franchise fee revenue from individual franchise sales is recognized when all material services and conditions relating to the sale have been substantially performed or satisfied by the Company. Direct costs relating to franchise sales are deferred until the revenue is recognized. Continuing franchise fees are recognized as revenue as they are earned and become receivable from the franchisee. Costs relating to continuing franchise fees are expensed as incurred.

Cash

Cash consists of amount on deposit at federally insured financial institutions. From time to time the Company may have funds on deposit in excess of the federally insured amount of \$250,000.

Accounts Receivable

The Company utilizes the reserve method of accounting for doubtful accounts. At April 30, 2020 and 2019 management believes not all balances are fully collectible. Therefore, an allowance for doubtful accounts for accounts receivable of \$1,151 and \$1,367 for the years ended April 30, 2020 and 2019 respectively has been provided for within this report.

U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2020 and 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory is stated at cost using first in first out (FIFO) method of valuation.

Amortization

Cost of intangible assets in excess of \$500 is capitalized. For financial reporting purposes, amortization of intangible assets is provided on the straight-line methods over the estimated useful life of 15 years.

Income Taxes

No provision has been made for income taxes as the Company is a single member limited liability company. Generally, the member is liable for individual federal and state income taxes on the Company's taxable income. Since the Company does not file a separate tax return there are no open audit years for the Company. Open audit years for the sole member are for the years ended December 31, 2016 through 2018.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates based on management's knowledge and experience. Due to their prospective nature, actual results could differ from those estimates.

Advertising

The Company's policy is to expense advertising as it is incurred.

Reclassifications

Certain items in the prior year financial statements have been reclassified to conform to current year presentation.

U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2020 AND 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or available to be issued. There are two types of subsequent events. The first type consists of events or transactions that provide additional information about conditions that existed at the date of the balance sheet. The second type consists of events that provide evidence about conditions that did not exist at the date of the balance sheet but arose subsequent to that date. Subsequent events have been evaluated through August 12, 2020 which is the date the financial statements were available to be issued.

Recently-Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606) to clarify the principles for recognizing revenue and to improve financial reporting by creating common revenue recognition guidance. The core principle of the new guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods and services. Subsequently the FASB deferred the effective date of ASU 2014-09 to years ending after December 15, 2019. In June 2020, the FASB again deferred the effective date of the ASU for non-public businesses that had not yet released financial statements for one year to years beginning after December 15, 2020. Therefore the Company has not yet adopted this accounting standard. The LLC has not yet determined the impact of ASU 2014-09 at this time.

U GOT STINK FRANCHISING, LLC  
NOTES TO FINANCIAL STATEMENTS  
APRIL 30, 2020 AND 2019

NOTE 2 - FRANCHISE REVENUE

The Company recognizes franchise fee revenue when all material services or conditions relating to a sale of a franchise have been substantially performed or satisfied.

In the period ended April 30, 2019 no franchises were sold, two franchises were transferred and three franchises ceased operations. There were eighteen franchises operating at the end of the year. There were no Company-owned franchises operating at the end of the year.

In the period ended April 30, 2020 no franchises were sold, two franchises were transferred and two franchises ceased operations. There were sixteen franchises operating at the end of the year. There were no Company-owned franchises operating at the end of the year.

NOTE 3 - SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a public health state of emergency, ordering the public to stay at home, closing specified businesses and requiring social distancing measures for most public and private facilities. The immediate effect of these measures has led to a reduction of services that can be provided by the franchises. Royalty fees for the last two months of the fiscal year are significantly lower than in previous years. The amount of royalty fees has increased after the fiscal year end but are still below the level of prior years.

It is anticipated that the effects of the pandemic will continue for some time, including continuing disruptions to or restrictions on the franchises ability to perform services. At the present time, the ultimate future effects are unknown.

**EXHIBIT B**  
**TO**  
**U GOT STINK**  
**FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE AGREEMENT**

## TABLE OF CONTENTS

### Section Number:

1. PREAMBLES
  2. GRANT OF RIGHTS AND RESTRICTIONS
  3. TERM AND RENEWAL
  4. LOCATION SELECTION AND OPENING
  5. OPERATING ASSISTANCE
  6. FEES AND ROYALTIES
  7. STATEMENTS, RECORDS AND PAYMENTS
  8. LICENSED MARKS
  9. STANDARDS OF OPERATION
  10. CONFIDENTIAL OPERATIONS MANUAL
  11. ADVERTISING AND MARKETING
  12. CONFIDENTIAL INFORMATION
  13. REPRESENTATIONS, WARRANTIES AND COVENANTS
  14. TRANSFER AND ASSIGNMENT
  15. DEFAULT AND TERMINATION
  16. POST TERMINATION OBLIGATIONS AND RIGHTS
  17. INSURANCE
  18. TAXES, PERMITS, INDEBTEDNESS, COMPLIANCE WITH LAWS
  19. INDEMNIFICATION AND INDEPENDENT CONTRACTOR
  20. ENFORCEMENT AND DISPUTE RESOLUTION
  21. GENERAL
- EXHIBIT 1 FRANCHISE LOCATION  
EXHIBIT 2 FRANCHISE OWNER INFORMATION  
EXHIBIT 3 MULTIPLE FRANCHISE PURCHASE ADDENDUM  
EXHIBIT 4 FORM OF CONFIDENTIALITY AND NONCOMPETITION AGREEMENT FOR PERSONNEL

## FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“Agreement”) is entered into effective as of \_\_\_\_\_, 20\_\_ (the “Effective Date”) by and between **U GOT STINK FRANCHISING, LLC** (“U Got Stink” and “we/us” in this Agreement), and \_\_\_\_\_, an individual, and \_\_\_\_\_, a \_\_\_\_\_ [corporation][limited liability company] (jointly and severally “Franchisee” and “you” in this Agreement).

For purposes of this Agreement "Franchisee" may include an individual, corporation, partnership, limited liability company or other legal entity. "Franchisee" includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of Franchisee, or in which Franchisee owns a majority interest. The term "Franchisee" will include all persons who succeed to Franchisee’s interest by transfer or by operation of law.

In consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the parties, intending to be legally bound, hereby agree as follows:

### 1. PREAMBLES

- (a) U Got Stink has developed and has the right to license methods of operating odor removal businesses under the Licensed Marks and in accordance with the System (the “U Got Stink operations”).
- (b) U Got Stink owns or has the right to license certain trade names, trademarks, service marks and other source indicators, including U Got Stink™ and the U Got Stink logo™ and other marks that U Got Stink may introduce from time to time (the “Licensed Marks”), which are used in connection with U Got Stink operations and U Got Stink Products. Franchisee hereby acknowledges the distinctiveness and value of the Licensed Marks. “Products” means the equipment, products, product mixtures and other goods, products and services designated or approved by U Got Stink from time to time for use, sale or otherwise to be provided at the Franchised Operation. “Proprietary Products” includes all products, clothing and goods that bear the Licensed Marks.
- (c) This Agreement provides a license to Franchisee to operate a single U Got Stink Franchise using the Licensed Marks and offering for sale the services under the terms and conditions of this Agreement, which include standards relating to franchise operations, products, advertising, sales and promotional techniques, personnel training and other matters relating to the operation and promotion of U Got Stink operations (the “System”), all of which are designed to enhance the reputation and goodwill of U Got Stink operations.
- (d) This Agreement gives you the right to service the customer market segment (“Market Segment”) indicated in Section 2(a) of this Agreement (entitled “Grant of Rights and Territory”). You may only service Market Segments expressly granted to you in this Agreement.
- (e) U Got Stink may from time to time, add to, amend, or delete any portion of the System (including any of the Licensed Marks) as may be necessary in U Got Stink’s sole discretion. Franchisee acknowledges and agrees that such flexibility to change is critical for all U Got Stink operations and agrees to abide by the System and any changes thereto.



- (f) Franchisee (i) has investigated and become familiar with the System; (ii) recognizes the potential benefits to be derived from being able to utilize the System and the Licensed Marks; and (iii) has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of its own choosing. Based upon such investigation and review of the System and this Agreement, Franchisee desires to be granted a franchise to own and operate a U Got Stink Franchise pursuant to this Agreement and in the territory specified in this Agreement.
- (g) Franchisee acknowledges and agrees that the System is intended and designed to protect U Got Stink's standards, systems and the Licensed Marks, and not to control the day-to-day operation of the Franchised Operation and that the Franchised Operation will at all times be under Franchisee's control and Franchisee will be responsible for the day-to-day operation of the Franchised Operation.

**2. GRANT OF RIGHTS AND RESTRICTIONS**

(a) Grant of Rights and Territory. Subject to all of the terms and conditions of this Agreement, U Got Stink hereby grants to Franchisee the non-exclusive, non-transferable right to own and operate a single U Got Stink Franchise solely with the geographic area to be approved by U Got Stink as provided in this Agreement and set forth on Exhibit 1 (the "Territory") and to use the Licensed Marks and System to operate such business (the "Franchised Operation") in accordance with the terms of the Confidential Operations Manual.

This Agreement gives you the right to service only the following Market Segment within your Territory: *(check the appropriate blank)*

- \_\_\_\_\_ hotels and motels
- \_\_\_\_\_ commercial buildings, apartments and other residences
- \_\_\_\_\_ vehicle dealerships and other vehicle customers (including cars, trucks, boats and RVs)

(b) Restrictions on Grant of Rights. Franchisee acknowledges and agrees that the franchise granted herein relates solely to the Franchised Operation and that Franchisee shall not, without the express written authorization of U Got Stink, (i) conduct the Franchised Operation outside the Territory; (ii) service customers outside of your permitted Market Segment; (iii) conduct any activities through the Franchised Operation other than as expressly permitted hereunder; (iv) sell or distribute Products or services through any means other than through the Franchised Operation, including through the Internet; and (v) engage in direct or indirect sales or distribution of Products to a third party for resale, retail or further distribution through any channel of trade.

Even after we grant written consent, you may be required to transfer customers outside of your Territory or outside of your permitted Market Segment(s) to us or our designees immediately at our discretion.

(c) Reserved Rights. FRANCHISEE ACKNOWLEDGES AND AGREES THAT BEYOND THE "TERRITORY", IT HAS NO EXPECTATION OF ANY RESERVED TERRITORY OR PROTECTED AREA IN WHICH TO OPERATE ITS FRANCHISED OPERATION. We retain all rights not specifically granted to you in the Franchise Agreement. We reserve all rights to operate and to authorize others to operate U Got Stink franchises outside your Territory. Neither we nor any affiliate has used or reserves the right to use (or to authorize others to use) other channels of distribution (such as Internet sales,

catalog sales, telemarketing, or other direct marketing) to make sales within your Territory of competing products or services under our Marks or other trademarks. We reserve the right to merge with, acquire, license, enter into co-branding agreements with or engage in other business arrangements with other parties, which may or may not be competitive with your Franchised Operation. You agree that you have no right to challenge or preclude such activities, even if such activities compete with your Franchised Operation.

(d) Franchisee Office Location. Your residential or commercial office location must be within your Territory. You may not relocate your office location without our prior written approval, which will not be unreasonably withheld. Any relocation will be at your sole expense. You must not be in breach of this Agreement and must satisfy our then current franchise placement and demographics criteria, as expressed in the Operations Manual. Any commercial lease related to your office location must be approved by us in advance.

### **3. TERM AND RENEWAL**

(a) Initial Term. This Agreement, unless previously terminated pursuant to its provisions, shall begin on the Effective Date and continue for an initial period of five (5) years (the "Initial Term").

(b) Renewal. If Franchisee is not in default under this Agreement, Franchisee may renew the franchise for the Franchised Operation for one additional term of five (5) years (the "Renewal Term") upon written notice given by Franchisee to U Got Stink not less than six (6) months in advance of the end of the Initial Term, provided that each of the following are satisfied:

(i) payment to Franchisor, upon the commencement of the Renewal Term, of a renewal fee equal to the Franchisor's reasonable out-of-pocket costs concerning the renewal (including administrative and legal expenses), with a minimum payment of \$750;

(ii) execution of U Got Stink's then-current franchise agreement (as modified to reflect the reduced term and the renewal fee), which may contain different performance standards, fee structures and/or increased fees;

(iii) execution of a general release, in a form satisfactory to U Got Stink, of any and all claims against U Got Stink, its predecessor, parent, subsidiaries or affiliates (if applicable) and their officers, members, directors, attorneys, shareholders and employees; and

(iv) you participate in, and pay to us our then-current fees for, any re-training we deem necessary in our sole discretion.

### **4. INITIAL TRAINING AND OPENING**

(a) Initial Training. Prior to opening the Franchised Operation to the public, Owner and, if applicable, the Manager, shall have completed all training and been certified by U Got Stink as meeting U Got Stink's qualifications for management. "Owner" means any person or entity holding a direct or indirect, legal or beneficial ownership interest or voting rights in Franchisee, including, without limitation, any person or entity who has a direct or indirect interest in this Agreement, or the Franchised Operation, and any person or entity who has any other legal or equitable interest, or the power to vest in himself any legal or equitable interest, in the revenues, profits, rights or assets thereof, including the spouse of Franchisee or an Owner of Franchisee if Franchisee or such Owner resides in a community property law state, and if Franchisee is a trust, including all holders of a beneficial interest in a trust, the grantor of, or other person or entity with the right to revoke or amend, a trust which is revocable or amendable, and the trustee of any

trust. “Manager” means the person who is a full-time employee of Franchisee and has completed U Got Stink training and is responsible for the day-to-day operations of the Franchised Operation. It is solely your responsibility to select your Manager and other employees; we do not have the right or duty to select or approve of your personnel.

(b) Franchised Operation Opening. Franchisee must open the Franchised Operation within 90 days from the date that this Agreement is signed. If the Franchised Operation is not opened within this 90-day period, then U Got Stink may terminate this Agreement upon refunding 25% of the Initial Franchise Fee.

(c) Equipment, Products Supplies and Signs. All vehicles, signs, equipment, Products and supplies for the Franchised Operation must meet the then-current quality standards set forth in U Got Stink’s Confidential Operations Manual or otherwise in writing, and must be procured through an approved supplier.

## 5. OPERATING ASSISTANCE

(a) Pre-Opening Assistance. Prior to Franchisee’s commencement of business, U Got Stink shall provide Franchisee with the following assistance:

- (i) A list of Products, signs and equipment including standards and specifications needed in the operation of the Franchised Operation, and a list of designated or approved suppliers for such items, which lists U Got Stink may update from time to time in its sole discretion;
- (ii) Approximately forty (40) hours of training (and such additional time as U Got Stink may deem necessary) before the opening of the Franchised Operation for up to three (3) individuals, including an Owner and Manager (who may be the same person) in the operation of the Franchised Operation. This initial training may not be available to you if you are an existing licensee or franchisee purchasing an additional franchise. Such training shall be conducted exclusively by U Got Stink or its designee at the U Got Stink headquarters in Washington or a site to be designated by U Got Stink; provided, however, Franchisee shall pay all of its and its employees’ costs incurred in such training, such as travel, meals, room, board, wages and living expenses;
- (iii) One (1) set of the Confidential Operations Manual or access thereto, as amended from time to time; and
- (iv) Forms for reporting transactions to U Got Stink in accordance with this Agreement. Subsequent supplies will be available at U Got Stink’s cost plus handling charges.

(b) Ongoing Assistance. U Got Stink shall provide the following ongoing assistance:

- (i) Advice and guidance with respect to new and improved methods of operation or business procedures as may be developed by U Got Stink, use of the Confidential Operations Manual, management materials, promotional materials, advertising formats and the Licensed Marks;

- (ii) The opportunity to participate in group purchasing programs for inventory, supplies, insurance and equipment that U Got Stink may, from time to time, use, develop, sponsor or provide and upon such terms and conditions as may be determined solely by U Got Stink; and

(c) Website Services. U Got Stink will provide a central website with information regarding U Got Stink operations (the "Central Website") and basic information regarding the Franchised Operation. Franchisee shall provide U Got Stink in a timely manner with all information and content required by U Got Stink for the website, and Franchisee represents that Franchisee has all necessary rights to use such information and content. Franchisee shall not link to or frame the Central Website without U Got Stink's written consent. Franchisee acknowledges and agrees that U Got Stink makes no, and expressly disclaims all, warranties with regard to the availability of the Central Website. U Got Stink shall have sole discretion regarding the look, feel and content of the Central Website and may change, revise and/or eliminate contents, elements and sections of the Central Website in its sole discretion at any time. Franchisee acknowledges and agrees that as between the parties U Got Stink owns all right, title and interest in and to the Central Website and all content, graphics, photographs and other works of authorship included therein, excluding any content provided by Franchisee that does not include or display the Licensed Marks.

(d) Additional Training. Franchisee shall pay U Got Stink a fee of one thousand dollars (\$1,000) per person beyond the initial three individuals included in the initial training, including any replacement Manager, to attend U Got Stink's training program. Franchisee acknowledges and agrees that this fee may change at any time in U Got Stink's discretion by providing Franchisee with sixty (60) days notice.

We may periodically offer additional training and conventions and require you to attend. You will not be required to pay a training fee for such additional training that we require. We may provide additional or supplemental training to you upon your reasonable request. Such supplemental training will be scheduled based upon our availability. You must pay a reasonable training fee for additional training that you request. For all additional training, you must pay all expenses that your attendees incur, including, without limitation, meals, entertainment, and salary.

## 6. FEES AND ROYALTIES

(a) Initial Franchise Fee. In consideration of the execution of this Agreement, Franchisee agrees to pay U Got Stink an initial franchise fee in the amount of \$ \_\_\_\_\_.

[The initial franchise fee has been paid in full by the Effective Date.]

[You have paid \$ \_\_\_\_\_ of the initial franchise fee upon signing this Agreement and will pay \$ \_\_\_\_\_ per month for 6 months beginning two months after signing this Agreement. A late charge will be added to any Initial Franchise Fee installment payments that remain unpaid after the date due. The late charge will equal 18% per annum. Late charges and penalties will not exceed any limits imposed by applicable laws. In addition to the late charge described above, we will have the right to terminate your Franchise Agreement (and other agreements between the parties) if you fail to make payment of any amount due and do not correct such failure within ten (10) days after we deliver written notice of such failure to you (pursuant to Section 15(c)(ii) below). Upon such termination, all past due and unpaid Initial Franchise Fee installment payments will become immediately due and payable. You must pay upon demand any and all expenses, including reasonable attorneys' fees, incurred or paid by us (or our affiliate) with or without suit or action in attempting to collect funds due. You hereby waive all applicable defenses and related legal rights, including presentment for payment, notice of dishonor, protest, notice of protest, and diligence in collection.].

Upon execution of this Agreement by all parties, the initial franchise fee is nonrefundable except as otherwise provided in this Agreement. If you are entering into this Agreement by purchasing the business of one of U Got Stink's existing franchisees, then you will pay us our then-current fees for our initial training programs. These payments relieve you of your obligation to pay the initial franchise fee provided in the first sentence of this Section.

(b) Commissions We Pay You. Customers for whom you provide services make payments directly to us or our affiliate (as further described in our Confidential Operations Manual). We then pay a 75% commission to you monthly (upon such date(s) as provided in the Confidential Operations Manual from time to time) (the "Commission"). The Commission is based on "Gross Customer Receipts", which is defined as all customer payments we receive related to your Franchised Operation, including the sale of goods and services sold by you from business conducted under the Franchise Agreement, including the sale of products or services, whether in cash or credit transactions, but excluding all federal, state or municipal excise, sales or service taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits.

(c) Software User Fee. You will pay to us a Software User Fee (per user) at our current rates as outlined in our Confidential Operations Manual. This is for our required customer relationship management and invoicing software. This fee is due monthly in the manner and at the times specified in our Confidential Operations Manual. This payment may be required to be made by automatic account withdrawal or other automatic processes we reasonably specify, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the Internet, including processes whereby we are authorized by you to remove the payment directly from your bank account.

(d) Customer Payments. You will direct all customers to make payment to us or our affiliate using the forms, standards and processes specified from time to time in our Confidential Operations Manual.

(e) Gross Sales Defined. For purposes of this Agreement, "Gross Sales" means all sales Franchisee derives from operating the Franchised Operation, including the sale of goods and services sold by Franchisee at or from the Franchise Central Location, or elsewhere, or from business conducted under this Agreement, including the sale of products or services, whether in cash or credit transactions, but excluding promotional discounts and all federal, state or local excise, sales or services taxes collected from customers and paid to the appropriate taxing authority, and all customer refunds and credits.

## **7. STATEMENTS, RECORDS AND PAYMENTS**

(a) Records. Franchisee shall, in a manner satisfactory to U Got Stink, and in accordance with generally accepted accounting principles, maintain original, full and complete records, accounts, books, data, licenses, contracts and supplier invoices (collectively "Records") that accurately reflect all particulars relating to Franchisee's business and such statistical and other information or records as U Got Stink may require, during the term of this Agreement and for two (2) years after termination or expiration hereof. Upon U Got Stink's request, Franchisee shall furnish U Got Stink with copies of any or all product supply invoices reflecting purchases by or on behalf of the Franchised Operation. In addition, Franchisee shall compile and provide to U Got Stink any statistical or financial information regarding the operation of the Franchised Operation, the products and services sold by it, or data of a similar nature including, without limitation, any financial data, as U Got Stink may reasonably request for purposes of evaluating or promoting the Franchised Operation or U Got Stink operations in general. All data provided to U Got Stink under this Section 7 shall belong to U Got Stink and may be used and published by U Got Stink in connection with the U Got Stink operations.

(b) Electronic Access. U Got Stink may designate certain systems, including electronic systems that provide access to U Got Stink, to be used in the maintenance of the Records. Such systems may have components or software that is available only through U Got Stink, an affiliate or designated suppliers at a fee. Franchisee acknowledges and agrees that U Got Stink has the right to access and use all such electronic Records and the information and data that are contained therein.

(c) Customer Invoices. You must provide us copies of customer invoice in compliance with time frames, formats and other requirements outlined in the Confidential Operations Manual.

(d) Audit. U Got Stink and its designated agents shall have the right to examine and audit Franchisee's Records, accounts, books and data upon reasonable notice and during regular business hours. Audits will be conducted at our expense unless you fail to deliver any required report or any required financial statement. In the event of a failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit.

(e) Financial Statements and Tax Reports. Upon U Got Stink's request, Franchisee shall furnish U Got Stink with a copy of each of its reports and returns of sales, use and gross receipt taxes and complete copies of any state or federal income tax returns covering the operation of the Franchised Operation, all of which Franchisee shall certify as true and correct. Upon request, Franchisee shall deliver to U Got Stink financial statements, including tax returns and profit and loss statements, in a form satisfactory to U Got Stink. In addition, within ninety (90) days after the close of each fiscal year of Franchisee, Franchisee shall furnish to U Got Stink, at Franchisee's expense, a profit and loss statement prepared on an accrual basis for such fiscal year and a year-end balance sheet. U Got Stink will have the right to disclose data derived from such reports without identifying Franchisee or the address of the Franchised Operation.

## **8. LICENSED MARKS**

(a) Ownership. Franchisee shall not represent in any manner that Franchisee has acquired any ownership rights in the Licensed Marks. Franchisee agrees not to use any of the Licensed Marks or any marks, names or source indicators, including domain names, metatags and other electronic designations that are or may be confusingly similar to the Licensed Marks in its own corporate or business name or in any other manner, except as expressly authorized in this Agreement. Franchisee further acknowledges and agrees that as between Franchisee and U Got Stink any and all goodwill associated with the Franchised Operation or the System and identified by the Licensed Marks (including all future distinguishing characteristics, improvements and additions to or associated with the Franchised Operation or System) is owned solely by U Got Stink and shall inure directly and exclusively to the benefit of U Got Stink and that, upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Licensed Marks.

(b) Quality Standards. Franchisee agrees and covenants to (i) operate and advertise only under the names or marks from time to time designated by U Got Stink for use in connection with the Franchised Operation; (ii) adopt and use the Licensed Marks solely in the manner prescribed by U Got Stink; (iii) not use the Licensed Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject U Got Stink to liability or that may dilute or tarnish the Licensed Marks; (iv) not use the Licensed Marks or any confusingly similar mark in any manner unless expressly approved by U Got Stink; (v) observe all laws with respect to the registration and use of trade names and assumed or fictitious names, to include in any such application a statement that Franchisee's use of the Licensed Marks

is limited by the terms of this Agreement, and to provide U Got Stink with a copy of any such application and other registration document(s); and (vi) observe such standards with respect to trademark and service mark registrations and copyright notices as U Got Stink may, from time to time, require, including, without limitation, affixing “SM”, “TM”, or ®, adjacent to all such Licensed Marks in any and all uses of the Marks, and to use other appropriate notice of ownership, registration and copyright as U Got Stink may require.

(c) Restrictions on Use. Franchisee shall not use the Licensed Marks (i) as part of Franchisee’s entity or legal business name, (ii) with any prefix, suffix or other modifying words, terms, designs or symbols (other than the logos licensed by U Got Stink to Franchisee), (iii) in performing or selling any unauthorized services or products, (iv) as part of any domain name, electronic address, or search engine listing that Franchisee maintains or controls on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery systems, unless and then only to the extent that U Got Stink authorizes Franchisee to do so, or (v) or in any other manner that U Got Stink has not expressly authorized in writing.

(d) Non-Infringement. Franchisee understands and agrees that any use of the Licensed Marks other than as expressly authorized by this Agreement, without U Got Stink’s prior written consent, will constitute a breach of this Agreement and trademark infringement, and that the right to use the Licensed Marks granted herein does not extend beyond the termination or expiration of this Agreement. Franchisee expressly covenants that, during the term of this Agreement and thereafter, Franchisee shall not, directly or indirectly, commit any act of infringement or contest or aid others in contesting the validity of U Got Stink’s right to use the Licensed Marks, attempt to register the Licensed Marks or any mark that is confusingly similar thereto in any territory, or take any other action in derogation thereof.

Franchisee shall promptly notify U Got Stink of any claim, demand or cause of action that U Got Stink may have based upon or arising from any unauthorized attempt by any person or legal entity to use the Licensed Marks, any mark that is confusingly similar thereto, or any other mark, name or source indicator in which U Got Stink has or claims a proprietary interest. Franchisee shall assist U Got Stink, upon request and at U Got Stink’s expense, in taking such action, if any, as U Got Stink may deem appropriate to halt such activities, but shall take no action nor incur any expenses on U Got Stink’s behalf without U Got Stink’s prior written approval. Franchisee shall not communicate with any person or entity other than U Got Stink in any infringement, challenge or claim. U Got Stink shall have sole discretion to take action or not to take action and the right to control exclusively any litigation, Patent and Trademark Office proceeding or any other administrative proceeding resulting from the infringement, challenge or claim or otherwise involving any Licensed Mark. If U Got Stink undertakes the defense or prosecution of any litigation relating to the Licensed Marks, Franchisee agrees to execute any and all documents and to do such acts and things as may, in the opinion of U Got Stink’s legal counsel, be reasonably necessary or advisable to protect and maintain U Got Stink’s interests in any litigation or other proceeding or otherwise to protect and maintain U Got Stink’s interest in the Licensed Marks.

(e) Modification to Licensed Marks. U Got Stink reserves the right, in its sole discretion, to designate, discontinue, modify, substitute or add to one or more of the Licensed Marks for use by Franchisee. Any expenses or costs associated with the use, modification, substitution, addition or discontinuance of such mark shall be the sole responsibility of Franchisee.

## **9. STANDARDS OF OPERATION**

(a) Standards. U Got Stink shall establish and Franchisee shall maintain standards of quality, appearance and operation for the Franchised Operation. For the purpose of giving distinctiveness to the Licensed Marks, enhancing the public image and reputation of businesses operating under the System and for the purpose of increasing the demand for services and products provided by franchise owners and U

Got Stink, Franchisee agrees to operate the Franchised Operation and to use the Licensed Marks in strict conformity with U Got Stink's standards and all rules, regulations and policies that are by their terms mandatory, including, without limitation, those contained in the Confidential Operations Manual. Franchisee acknowledges and agrees that U Got Stink may, from time to time, revise the System to implement new or different requirements for the operation of the Franchised Operation, and Franchisee expressly agrees to comply with all such changed requirements and that the implementation of such revisions may require the expenditure of reasonable sums of money by Franchisee.

(b) Operation of Franchised Operation. You are required to be actively engaged in your Franchised Operation on a full-time basis for at least the first 3 months of operation. We strongly encourage you to continue to be actively engaged on a full-time basis thereafter. However, after the first 3 months of operation, your Franchised Operation may be operated directly either by an Owner or by the Manager (who may be the same person), who has received proper training. Franchisee shall notify U Got Stink in writing at least thirty (30) days prior to employing a proposed manager to arrange for training. You will control your own Manager(s). We shall not have the power to hire or fire your Manager(s). No Manager shall be deemed an employee of U Got Stink for any purpose whatsoever. In connection therewith, Owner and/or Manager shall complete, to U Got Stink's satisfaction, the training programs U Got Stink may reasonably require. One purpose of such training is to protect the goodwill of the System. If any trainee fails to complete the required training program satisfactorily, then U Got Stink shall notify Franchisee of such failure and require Franchisee to designate a substitute trainee. If Franchisee fails to designate a substitute trainee, or if the substitute trainee fails to complete such initial training to U Got Stink's satisfaction, with the result being that neither an Owner who is responsible for day-to-day operations of the Franchised Operation, nor the Manager completes or has completed training to the satisfaction of U Got Stink prior to the time by which the Franchised Operation is required to be open for business in accordance with, or at any time during the term of, this Agreement, then U Got Stink may, in its sole discretion, elect to terminate this Agreement and retain the fees paid thus far. U Got Stink may, at its reasonable discretion, require others of Franchisee's initial and subsequent management employees to attend and satisfactorily complete all or any part of its training programs. All expenses incurred in training, including, without limitation, cost of travel, room, board, meals and wages of the person(s) receiving such training shall be borne by Franchisee. Franchisee shall also bear the cost of any additional training which may be required by U Got Stink.

(c) Maintenance of Franchised Operation. Franchisee agrees to maintain the Franchised Operation and all related signs and equipment in conformity with U Got Stink's then-current standards at all times during the term of this Agreement, and to make such repairs and replacements thereto as U Got Stink may require. Without limiting the generality of the foregoing, Franchisee specifically agrees:

- (i) To keep the vehicle(s) used in the Franchised Operation at all times in a high degree of sanitation, repair, order and condition and in conformity with standards and specifications described in our Confidential Operations Manual;
- (ii) To meet and maintain at all times all governmental standards and ratings applicable to the operation of the Franchised Operation or such higher minimum standards and ratings as set forth by U Got Stink from time to time in its Confidential Operations Manual or otherwise in writing; and
- (iii) To cause its employees to wear apparel that conforms strictly to the specifications, design, color and style approved by U Got Stink from time to time.

(d) Day-to-Day Operations. Franchisee shall be responsible for the day-to-day operations of its Franchised Operation, but agrees to operate the Franchised Operation in conformity with such methods, standards and specifications as U Got Stink may from time to time prescribe in its Confidential Operations



Manual to ensure that U Got Stink's required degree of quality, service and image is maintained; and shall refrain from deviating therefrom and from otherwise operating in any manner that adversely reflects on U Got Stink's name and goodwill, or on the Licensed Marks. Without limiting the generality of the foregoing, Franchisee specifically agrees:

- (i) To purchase and use, at Franchisee's expense, all signs and equipment as may be required by U Got Stink and to refrain from using any item not meeting U Got Stink's standards and specifications.
- (ii) To maintain in sufficient supply, sell and offer for sale, and use at all times, only Products as conform with U Got Stink's then-current standards and specifications, and shall not use non-approved items, products or materials without U Got Stink's prior written consent.
- (iii) To sell and offer for sale all such products, goods and services as U Got Stink may, from time to time require, and only those that U Got Stink may, from time to time, approve in writing, which are not subsequently disapproved as meeting its quality standards and specifications.
- (iv) To the extent permitted by relevant law, to comply with U Got Stink's minimum or maximum allowable prices on the products and services you offer and sell. Except as so specified by us or as otherwise required in this Agreement and in the Confidential Operations Manual, you may determine the prices at which you sell products and services.

(f) Suppliers. Franchisee shall purchase all signs, equipment, inventory, uniforms, advertising materials, services, and other supplies, Products and materials required for the operation of the Franchised Operation solely from suppliers who have been approved for such items in writing by U Got Stink and not thereafter disapproved. Franchisee acknowledges and agrees that because of the proprietary nature of the Proprietary Products, the Proprietary Products and certain odor removal products and formulas can only be purchased from U Got Stink or an approved affiliate of U Got Stink, and Franchisee agrees not to order, procure, obtain or sell any such products from any other supplier. If Franchisee desires to purchase any other Products, including nonproprietary Products, from an unapproved supplier, then Franchisee shall submit a written request to U Got Stink describing the name of the supplier, the reasons for wanting to use that particular supplier and any additional information that U Got Stink requests. U Got Stink will attempt to review the proposed supplier and notify Franchisee of U Got Stink's approval no later than one (1) month from receipt of such all information regarding request. Franchisee shall reimburse U Got Stink for all reasonable expenses incurred in evaluating all suppliers requested by Franchisee. U Got Stink reserves the right to revoke authorization of any supplier at any time. U Got Stink reserves the right to increase or decrease the number of approved suppliers and to designate itself an approved supplier and to make a profit or otherwise receive value in kind or rebates from the designation of approved suppliers and/or from the sale of Products and/or other supplies to Franchisee.

(g) Hours of Operation. Unless otherwise specifically approved by U Got Stink, Franchisee's Franchised Operation shall be open for the conduct of business at such times and for the minimum number of hours specified by U Got Stink in the Confidential Operations Manual, and Franchisee shall at all times operate the Franchised Operation diligently so as to maximize its revenues and profits.

(h) Customer Complaints. You must service your customers in a professional, courteous and timely manner. You must respond promptly to customer complaints and shall take such other steps as may be required to ensure positive customer relations.

(i) Changes to the System: Because complete and detailed uniformity under many varying conditions may not be possible or practical, and in order to remain competitive and respond to new

technology, customer needs and market conditions, U Got Stink specifically reserves the right and privilege, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other conditions that U Got Stink deems to be of importance to the successful operation of Franchisee's business. Franchisee shall have no recourse against U Got Stink on account of any variation from standard specifications and practices granted or denied to Franchisee or to any franchise owner and shall not be entitled to require U Got Stink to grant Franchisee a like or similar variation hereunder.

(j) Advisory Council and Selection. We may elect to form a Franchisee Advisory Council (the "Council") to provide input on the System. If created, the Council will consist of U Got Stink Franchisee franchisees, each of which is in full compliance with the terms of its franchise agreement, and company or affiliate-owned operators or representatives. The number of Council members and advice and feedback processes will be decided by U Got Stink upon creation of the Council, if any.

(k) Non-Compliance and Use of Unauthorized Products or Vendors. You agree that it is in the best interests of the System that all U Got Stink franchisees comply with the standards and specifications outlined in the Confidential Operations Manual. Accordingly, if you breach any provision of the Franchise Agreement (whether it be curable or non-curable), breach any of the terms, conditions, or policies outlined in the Confidential Operations Manual, otherwise fail to comply with our standards and specifications, or use unauthorized products, suppliers, or vendors, in addition to all other rights or remedies we may have under this Agreement and applicable law, we shall have the right to charge to you a Cure Fee. The amount of the Cure Fee shall be **\$500** for your first breach, **\$1,000** for your second breach, and **\$1,500** for your third breach and any other breach thereafter. Payment of any Cure Fee shall be due immediately upon your receipt of notice from us that we are charging you the respective Cure Fee. This fee helps to defray our administrative and corporate costs related to the breach and remedy. Your payment of cure fees does not affect our right to terminate this Agreement if termination is permissible based on the terms of this Agreement.

(l) Minimum Sales Performance. We may revoke or modify your Territory or terminate this Agreement, as we elect, if you fail achieve at least \$8,000 average monthly Gross Sales during any consecutive 3-month period (as evidenced by monthly Gross Customer Receipts we receive from customers you service). This minimum sales requirement does not apply during your first two months of franchise operations.

(m) You Control Your Employees.

- (i) You will control your own employees and contractors. We shall not have the right or duty to hire, fire, direct or supervise your employees.
- (ii) You will maintain employee records to show clearly that you and your employees are not our employees.
- (iii) You are responsible for setting work schedules for your employees.
- (iv) It is your responsibility to comply with federal and state wage and hour laws and to pay your employees properly. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits.
- (v) You must indemnify and hold us legally harmless from any of your violations of federal or state labor laws or similar laws. You acknowledge that you have had

ample opportunity to investigate these and other laws applicable to your business with your own independent legal counsel before signing this Agreement.

- (vi) You must place a prominent, boldface statement at the top of your employee applications that the applicant is applying to work for you, not for us.
- (vii) You must display your entire business entity's name, not just the licensed brand, on your payroll checks.
- (viii) We do not post job openings at your franchise (or at any other franchise location) on our website or otherwise. We do not coordinate the sharing of employees among franchisees.
- (ix) You are responsible for making sure your employees meet the specifications and recommendations outlined in the Operations Manual (as applicable).

(n) Computer and Software Standards. You must use computer, software and point of sale systems that comply with our computer and software standards in operating your Franchised Operation. We may, but are not obligated to, update the computer and software standards periodically to adjust for availability, model, brand, technology, or price changes. You must upgrade or update to the latest computer and software standards as we direct. There are no contractual limitations on the frequency and cost of this obligation. We may have independent access to information that you generate or store on your computer systems, which we can use to track sales and for other purposes. There is no contractual limitation on our ability to access and use this information.

## 10. CONFIDENTIAL OPERATIONS MANUAL

(a) Confidential Operations Manual. To protect the reputation and goodwill of the U Got Stink operations and to maintain standards of operation under the Licensed Marks, Franchisee shall conduct the Franchised Operation operated under the System in accordance with the Confidential Operations Manual, which Franchisee acknowledges shall be on loan from U Got Stink during the term of this Agreement. "Confidential Operations Manual" means the various written instructions and confidential manual(s) as amended from time to time. Franchisee acknowledges and agrees that all right, title and interest in the Confidential Operations Manual, including all copyright and other intellectual property rights therein are the exclusive property of U Got Stink. When any provision in this Agreement requires that Franchisee comply with any standard, specification or requirement of U Got Stink, unless otherwise indicated, such standard, specification or requirement shall be such as is set forth in this Agreement or as may, from time to time, be set forth by U Got Stink in the Confidential Operations Manual.

(b) Revisions to Confidential Operations Manual. Franchisee acknowledges and agrees that U Got Stink may, from time to time, revise the contents of the Confidential Operations Manual to implement new or different requirements for the operation of the Franchised Operation, and Franchisee expressly agrees to comply with all such changed requirements. The implementation of such requirements may require the expenditure of reasonable sums of money by Franchisee.

(c) Obligation to Use Current Version. Franchisee shall at all times ensure that its copy of the Confidential Operations Manual is kept current and up to date. If U Got Stink provides Franchisee with access to the Confidential Operations Manual online or through the Internet, then Franchisee shall have the responsibility to monitor the online version for any changes, additions or deletions. In the event of any dispute as to the contents thereof, the terms and dates of the master copy maintained by U Got Stink at its principal place of business shall be controlling.

## 11. ADVERTISING AND MARKETING

- (a) Our Use of Funds. Franchisee is not required to contribute a separate fee to a marketing fund. U Got Stink may use customer receipts and any initial or ongoing payments from Franchisees in any way it chooses. U Got Stink may, in its sole discretion, elect to use a portion of these funds for local, regional, national, Internet, or international advertising.
- (b) Local Advertising Expenditure. At its expense, Franchisee agrees to expend at least 2% of its Gross Sales per month. (“Local Advertising Requirement”). Amounts spent to fulfill this Local Advertising Requirement shall be used by Franchisee to conduct continuing local advertising in form, content and media as outlined in the Confidential Operations Manual and as approved by U Got Stink. Franchisee shall submit to U Got Stink evidence of such local advertising expenditures no later than ten (10) days following the end of each calendar quarter.
- (c) Deficiency in Local Expenditure or Marketing Fee. In the event that Franchisee shall fail to expend the Local Expenditure during any calendar quarter, U Got Stink may, immediately upon notice provided to Franchisee, assess Franchisee for any such deficiency, which shall be expended by U Got Stink on national or regional advertising of U Got Stink operations.
- (d) Other Advertising Programs. Franchisee agrees to participate in any and all other advertising and marketing programs designated by U Got Stink as mandatory.
- (e) Marketing and Advertising Materials. Franchisee shall use only business stationery, business cards, marketing materials, advertising materials, printed materials, forms or other promotional materials in any medium that have been approved in advance by U Got Stink. Franchisee shall not employ any person to act as a representative of Franchisee or the System in connection with any local or other promotion of the Franchised Operation or the System in any media without the prior written approval of U Got Stink.
- (f) Notice of Franchise. In all advertising displays and materials used with the Franchised Operation, Franchisee shall, in such form and manner as may be specified by U Got Stink in the Confidential Operations Manual, notify the public that Franchisee is operating the business licensed hereunder as a franchise owner of U Got Stink.
- (g) Internet Advertising and Use of Social Media. Franchisee shall cooperate with U Got Stink and provide all requested information for the website provided by U Got Stink. Franchisee shall not register, maintain or use any website domain name, email address or other electronic location or designation without the prior written approval of U Got Stink. Franchisee shall not advertise on the Internet or a worldwide web page without the prior written approval of U Got Stink. This restriction on advertising on the Internet also includes social media for use in connection with our brand or the Franchised Operation. In addition, Franchisee shall not establish any independent website, domain name, email address, or similar presence for use in connection with the Franchised Operation.

## 12. CONFIDENTIAL INFORMATION

- (a) Confidential Information. U Got Stink and its affiliates, licensors and suppliers possess (and will continue to develop and acquire) certain proprietary and confidential information, some of which constitutes trade secrets under applicable law, relating to the development and operation of U Got Stink operations (“Confidential Information”). The Confidential Information includes, without limitation, the following in any form or medium:

- (i) training materials, programs and systems for franchisees and personnel of U Got Stink operations including, without limitation, the Confidential Operations Manual;
- (ii) the System and such other methods, techniques, formats, specifications, standards, systems, procedures, and sales and marketing techniques, and knowledge of and experience in the development and operation of U Got Stink operations as U Got Stink will develop or disclose to Franchisee from time to time;
- (iii) market research and all promotional, marketing and advertising programs for U Got Stink operations;
- (iv) knowledge of specifications for, and suppliers of, certain products, materials, supplies, equipment and services;
- (v) customer mailing lists prepared by U Got Stink for use by Franchisee, and other similar services offered by U Got Stink;
- (vi) all information regarding the Proprietary Products;
- (vii) knowledge of operating results and financial performance of U Got Stink operations other than the Franchised Operation; and
- (viii) all data and records related to customers of the Franchised Operation.

(b) Non-Use and Non-Disclosure Obligations. Franchisee shall not acquire any interest in the Confidential Information, other than the right to utilize the Confidential Information disclosed to Franchisee (or Franchised Operation personnel) in the operation of the Franchised Operation during the term of and in accordance with the terms and conditions of this Agreement. Franchisee acknowledges and agrees that the use, disclosure or duplication of any Confidential Information in any other business or capacity would constitute an unfair method of competition and irreparable injury to U Got Stink. Franchisee further acknowledges and agrees that the Confidential Information is proprietary, includes trade secrets of U Got Stink and its affiliates, licensors and suppliers, and is disclosed to Franchisee solely on the condition that Franchisee agrees, and Franchisee does hereby agree:

- (i) not to use Confidential Information in any business or capacity other than in connection with the operation of the Franchised Operation;
- (ii) to maintain the absolute confidentiality of Confidential Information both during and after the term of this Agreement;
- (iii) to limit access to Confidential Information to those employees of Franchisee who have a need-to-know such information;
- (iv) not to make any unauthorized copies of any portion of Confidential Information; and
- (v) to adopt and implement all reasonable procedures that U Got Stink prescribes from time to time to prevent unauthorized use or disclosure of Confidential Information, including, without limitation, restricting its disclosure to your employees, independent contractors, agents and representatives (your “Franchised Operation personnel”). As may be further described in our Operations Manual, you must obtain Confidentiality and Noncompetition Agreements (to the extent permitted by applicable law), using the form(s) we prescribe periodically, from all your

Franchised Operation personnel who utilize or may have access to any Confidential Information. The current form is attached as Exhibit 4 and is subject to change in our discretion. You are solely responsible to ensure that the form of agreement meets legal requirements in your jurisdiction. You should review the form with your own independent legal counsel and amend it as needed to comply with the laws of your jurisdiction. You must provide signed copies of these agreements to us upon request. You will be solely responsible for protecting our Confidential Information with all your Franchised Operation personnel and for obtaining all necessary Confidentiality and Noncompetition Agreements from such individuals, and you will be liable for any breach of confidentiality obligations by these individuals. You will be responsible to enforce these covenants and agreements by your Franchised Operation personnel. These covenants are for the benefit of us and the U Got Stink franchise system and are enforceable by us. If you become aware of any actual or threatened violations of these covenants by any of your Franchised Operation personnel, then you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any violation. This may include institution or permitting to be instituted in your name any demand, suit or action that we determine is advisable. The demand, suit or action may be maintained and prosecuted by us and you at your expense.

(c) Judicial Order. In the event that Franchisee is legally compelled to disclose Confidential Information in a judicial or government proceeding; Franchisee must first promptly provide U Got Stink with notice of such requirement and afford U Got Stink the opportunity, including cooperating with U Got Stink, to obtain an appropriate protective order or other assurance satisfactory to U Got Stink.

(d) Burden of Proof. Franchisee agrees that if it engages as an owner, operator or in any managerial capacity in any business that includes odor removal products or services or any other related business, it will assume the burden of proving that it has not used Confidential Information. The protection granted hereunder shall be in addition to and not in lieu of all other protections for Confidential Information as may otherwise be afforded in law or in equity.

(e) Survival. Franchisee's obligations under this Section 12 shall survive any termination or expiration of this Agreement.

(f) No Obligation to Disclose. Franchisee acknowledges and agrees that U Got Stink has no obligation to disclose or provide any information that it deems proprietary or confidential regarding the Proprietary Products to Franchisee.

### **13. REPRESENTATIONS, WARRANTIES AND COVENANTS**

(a) Representations, Warranties and Covenants. During the term of this Agreement, Franchisee represents, warrants and covenants:

- (i) No representation, warranty, guarantee or statement made by it in connection with this Agreement contains or will contain any untrue statement of material fact, or omits to state a material fact;
- (ii) Entering into and performance under this Agreement does not and will not violate or breach its certificate of incorporation (or equivalent) or bylaws or any agreement or contract to which it is a party;

- (iii) To use its best efforts in operating the Franchised Operation and in recommending and promoting all U Got Stink operations;
- (iv) The information contained in Franchise Owner Information, as prescribed by Exhibit 2, and as filled out by each Owner, is and shall remain true, accurate, and complete. Further, Franchisee shall notify U Got Stink in writing within seven (7) days of any change to the information set forth in Exhibit 2 and shall submit a revised Exhibit 2, which will be certified by Franchisee as true, correct and complete, and further to cause each of its Owners to execute an Owner's Guaranty in the form attached to this Agreement;
- (v) The information contained in the Franchisee Closing Questionnaire as filled out by Franchisee, is true, accurate, and complete as of the Effective Date; and
- (vi) Not to engage directly or indirectly, for the term of this Agreement as an owner, operator, or in any managerial capacity in any business, including, without limitation, any business specializing in odor removal products or services, other than as a franchise owner of the Franchised Operation unless U Got Stink expressly consents in writing to such ownership or activity; provided, however, that Franchisee shall not be prohibited hereby from owning equity securities of any business, whose shares are traded on a stock exchange or on the over-the-counter market.

(b) Non-Competition Covenant. In the event this Agreement is terminated, expires, or is not renewed, or if Franchisee assigns or transfers its interest herein, then Franchisee covenants, for a period of two (2) years after such termination, expiration, non-renewal, transfer or assignment that it will not hold any direct or indirect interest (through a spouse or child of Franchisee or any Owner or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent, or in any other capacity, in any business that offers odor removal products or services, or offers products or services that are essential the same as, or substantially similar to, the products and services that are part of our Method of Operation, and is, or is intended to be, located with you Franchise Territory, within the Franchise Territory of any of our other franchisees, or within a 30-mile radius of any of our company or affiliate owned operations. The restrictions of this Paragraph are not applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the issued and outstanding securities of that class of securities. Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills, so that enforcement of the covenants made in this Section entitled "Non-Competition Covenant" will not deprive them of their personal goodwill or ability to earn a living.

(c) Employee Non-Disclosure and Non-Competition. Franchisee shall obtain executed from each Manager and other employee who has management responsibilities a non-disclosure and non-competition agreement that is substantially similar to Sections 12 and 13(b) above. Such employee non-disclosure and non-competition agreements shall be subject to the prior written approval of U Got Stink and shall also be for the benefit of U Got Stink. However, it is solely your responsibility to ensure that such agreements comply with applicable laws in your jurisdiction. U Got Stink shall be a third-party beneficiary of such agreements and Franchisee shall not amend, modify or terminate any such agreement without U Got Stink's prior written consent.

(d) Tolling. The running of any period of time specified in this Section 13 shall be tolled and suspended for any period of time in which the Franchisee is found by a court of competent jurisdiction to have been in violation of any restrictive covenant. Franchisee further expressly agrees that the existence

of any claim it may have against U Got Stink whether or not arising from this Agreement, shall not constitute a defense to the enforcement by U Got Stink of the covenants in Sections 12 or 13.

(e) Disclaimer. U GOT STINK MAKES NO WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NON-INFRINGEMENT, WITH RESPECT TO PRODUCTS SOLD, PROVIDED OR APPROVED BY U GOT STINK OR A U GOT STINK AFFILIATE.

#### 14. TRANSFER AND ASSIGNMENT

(a) Transfer or Assignment by U Got Stink. This Agreement and all rights and duties hereunder are fully and freely assignable or transferable by U Got Stink, in whole or in part, without Franchisee's consent, in U Got Stink's sole discretion to any person or entity, including a competitor of U Got Stink, and shall be binding upon and inure to the benefit of U Got Stink's successors and assigns.

(b) Transfer or Assignment by Franchisee. Franchisee understands and acknowledges that the rights and duties created by this Agreement are personal to Franchisee, and its Owners, and that U Got Stink has granted this Franchise in reliance on many factors, including, without limitation, the individual or collective character, skill, aptitude and business and financial capacity of Franchisee and its Owners. Accordingly, Franchisee shall not, without U Got Stink's prior written consent, directly or indirectly sell, assign, transfer, convey, give away, pledge, mortgage or otherwise encumber any interest in; (i) this Agreement or any portion or aspect thereof, (ii) the Franchised Operation, (iii) the franchise location (if applicable), or (iv) any equity or voting interest in Franchisee, or permit the Franchised Operation to be operated, managed, directed or controlled, directly or indirectly, by any person other than Franchisee (any such act or event is referred to as a "Transfer") without the prior written approval of U Got Stink. Any purported Transfer, occurring by operation of law or otherwise, including any Transfer by a trustee in bankruptcy, without U Got Stink's prior written consent, shall be null and void and a material default of this Agreement, but the transferor shall remain obligated under this Agreement until released by U Got Stink, or until this Agreement is terminated and all post-term obligations pursuant to Section 14 are fulfilled. In addition, in the event Franchisee is a corporation, the stock of such corporation shall not be publicly sold or traded on any securities exchange or in the over-the-counter market without the express prior written consent of U Got Stink, which consent may be given or denied in U Got Stink's sole discretion. Any purported Transfer made in violation of this Section 14(b) shall be null and void.

(c) Requirements for Transfer or Assignment. The consent of U Got Stink to a Transfer by Franchisee shall not be unreasonably withheld if Franchisee, the Transfer, and the prospective transferee meet U Got Stink's criteria, which shall include, but is not limited to, the following conditions:

- (i) Franchisee (and each of its Owners) is in full compliance with this Agreement;
- (ii) Franchisee provides timely notice to U Got Stink of the proposed transfer and requests that U Got Stink provide the prospective transferee with U Got Stink's current form of disclosure document required by applicable laws, and a receipt for such document shall be delivered to U Got Stink; provided, however, that U Got Stink shall not be liable for any representations other than those contained in such disclosure document;
- (iii) The proposed transferee and its direct and indirect owners must be persons of good character and reputation, must otherwise meet U Got Stink's then-applicable standards for U Got Stink Franchise franchisees, and must agree to execute U Got Stink's then-current form of franchise agreement with appropriate modifications to reflect the terms of such Transfer.



- (iv) the transferee has sufficient business experience, aptitude and financial resources to operate the Franchised Operation;
- (v) Franchisee has paid all fees and any amounts owed for purchases by Franchisee from U Got Stink and any affiliates, and all other amounts owed to U Got Stink or affiliates or to third-party creditors, and has submitted to U Got Stink all required reports, financial statements, tax returns and other documents requested by U Got Stink;
- (vi) the transferee and/or its management personnel have completed U Got Stink's training program to U Got Stink's satisfaction;
- (vii) Franchisee pays U Got Stink its then-current transfer fee (the "Transfer Fee").
- (viii) the transferee pays U Got Stink its then current costs for training and assistance furnished by U Got Stink to the transferee. Payment of these costs shall relieve the transferee of the obligation to pay the initial franchise fee but does not relieve the transferee of its obligation to make any other payment described herein;
- (ix) Franchisee (and its transferring Owners) have executed a general release, in a form satisfactory to U Got Stink, of any and all claims against U Got Stink and its affiliates and their respective officers, directors, members, employees and agents;
- (x) U Got Stink has approved the material terms and conditions of such Transfer and has determined that the price and terms of payment will not affect adversely the transferee's operation of the Franchised Business;
- (xi) if Franchisee or any Owner finances any part of the sale price of the transferred interest, then Franchisee and/or its Owners have agreed that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by Franchisee or its Owners in the assets of the Franchised Operation are subordinate to the transferee's obligations to pay Royalties, Marketing Fund contributions and other amounts due to U Got Stink and its affiliates and otherwise to comply with this Agreement;
- (xii) Franchisee and each of its transferring Owners (and their respective spouses and any children who have been employed by, or in any way participated in the operation of, the Franchised Operation), have executed a non-competition covenant in favor of U Got Stink and the transferee agreeing that, for a period of two (2) years commencing on the effective date of the Transfer, they will not (except with respect to other Franchised Operations owned and operated by Franchisee) hold any direct or indirect interest (through a spouse or child of Franchisee or any Owner or otherwise) as a disclosed or beneficial owner, investor, partner, director, officer, manager, employee, consultant, representative or agent, or in any other capacity, in any business that offers odor removal products or services, or offers products or services that are essential the same as, or substantially similar to, the products and services that are part of our Method of Operation, and is, or is intended to be, located within you Franchise Territory, within the Franchise Territory of any of our other franchisees, or within a 30-mile radius of any of our company or affiliate owned operations. The restrictions of this Paragraph are not applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent two percent (2%) or less of the issued and outstanding securities of that class of securities. Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting

such skills, so that enforcement of the covenants made in this Section 14(c)(xii) will not deprive them of their personal goodwill or ability to earn a living; and

- (xiii) Franchisee and each of its transferring Owners have agreed that each will not directly or indirectly at any time or in any manner (except with respect to other U Got Stink operations owned and operated by Franchisee) identify himself or any business as a current or former U Got Stink Franchise, or as a franchisee, licensee or dealer of U Got Stink or any of its affiliates, use any Licensed Mark, any colorable imitation thereof or other indicia of a U Got Stink Franchise in any manner or for any purpose, or utilize for any purpose any trade name, trademark or other commercial symbol that suggests or indicates a connection or association with U Got Stink or any of its affiliates.
- (xiv) Franchisee shall submit to U Got Stink prior to any proposed Transfer of any equity or voting interest in Franchisee, and at any other time upon request, a list of all holders of direct or indirect equity and voting interests in Franchisee reflecting their respective present and/or proposed direct or indirect interests in Franchisee, in such form as U Got Stink may require.

(d) Death or Incompetency. Upon the death or mental or physical incompetency (as reasonably determined by an independent third party such as a licensed doctor) of any person with any direct or indirect interest in Franchisee and who has managerial responsibility for the operation of the Franchised Operation, the executor, administrator, or personal representative of such person shall transfer his or her interest to a third party approved by U Got Stink within six (6) months after the death or finding of incompetency. Such transfers shall be subject to the same conditions as any other Transfer. If the heirs or beneficiaries of any such person are unable to meet the conditions in Section 14(c), then U Got Stink may terminate this Agreement. In the event of Franchisee's death or finding of incompetency, Franchisee hereby grants to U Got Stink the right, but not the obligation, to take such steps as are necessary to manage the Franchised Operation for the account of Franchisee, and to receive a reasonable fee for such services.

(e) Initial Transfer to Legal Entity. Notwithstanding the foregoing, it is understood that Franchisee (if an individual) may assign this Agreement, the Franchised Operation, and/or Franchisee's rights and obligations hereunder on one occasion to a legal entity organized by Franchisee for that purpose only and at least a majority of all the issued and outstanding shares of voting stock and/or equity interest of which shall be owned and voted continuously by Franchisee, and further provided that U Got Stink shall have approved in advance all other shareholders of such corporation or others holding equity or voting interests, which consent shall not be unreasonably withheld. U Got Stink shall be given prior written notice of such assignments and delegation, and thereupon such corporation shall have all of such rights and obligations, and the term "Franchisee" as used herein shall refer to such legal entity; provided, however, that such assignment shall in no way affect the obligations hereunder of the individual above designated "Franchisee," who shall remain fully bound by and responsible for the performance of all of such obligations, jointly and severally with such entity.

(f) No Waiver. U Got Stink's consent to a Transfer of any interest in the Franchisee granted herein shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of U Got Stink's right to demand exact compliance with any of the terms of this Agreement by the transferee.

(g) Collateral Agreements. U Got Stink will not require approval of the assignment of all or any part of the assets of the Franchised Operation or the stock or other interests in Franchisee, excluding this Agreement, or any of the rights granted hereunder, to a bank or other lending institution as collateral security for loans made directly to or for the benefit of the Franchised Operation. Such approval, however, will be required for any proposed assignment or hypothecation of this Agreement or any of the rights

granted hereunder, which approval will not permit further transfers or assignments of this Agreement or the Franchise, without compliance with the provisions of this Section 14.

(h) Right of First Refusal. If Franchisee at any time determines to Transfer for consideration an interest in this Agreement and the Franchised Operation, or an ownership interest in Franchisee, then Franchisee or such Owner agrees to obtain a bona fide, executed written offer and earnest money deposit, in an amount of not less than five percent (5%) of the offered price, from a responsible and fully disclosed offeror (such disclosure of the offeror must include lists of the owners of record and beneficially of any corporate or limited liability company offeror and of all general and limited partners or members of any partnership offeror and, in the case of a publicly-held entity, copies of its most recent annual and quarterly reports and Form 10K), and must immediately submit to U Got Stink a true and complete copy of such offer, which includes details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. The offer must apply only to an interest in this Agreement and the Franchised Operation, or in Franchisee, and may not include an offer to purchase any other property or rights of Franchisee. However, if the offeror proposes to buy any other property or rights from Franchisee under a separate, contemporaneous offer, such separate, contemporaneous offer must be disclosed to U Got Stink, and the price and terms of purchase offered to Franchisee, or its Owners for the interest in this Agreement and the Franchised Operation, or in Franchisee, must reflect the bona fide price offered therefor and must not reflect any value for any other property or rights.

- (i) U Got Stink will have the right, exercisable by written notice delivered to Franchisee or its selling Owner(s) within thirty (30) days from the date of delivery to U Got Stink of an exact copy of such offer and of the required disclosures relating to the offeror, to purchase such interest for the price and on the terms and conditions contained in such offer, provided that:
  - (A) U Got Stink may substitute cash for any form of payment proposed in such offer;
  - (B) U Got Stink's credit will be deemed equal to the credit of any proposed purchaser; and
  - (C) U Got Stink will have not less than ninety (90) days after giving notice of its election to purchase, to prepare for closing.
- (ii) In connection with its purchase of such interest, U Got Stink is entitled to receive, and Franchisee and its Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or of the capital stock of or other forms of ownership interest in an Entity, as applicable, including, without limitation, representations and warranties as to:
  - (A) ownership, condition of and title to stock or other form of ownership interest and/or assets;
  - (B) liens and encumbrances relating to the stock or other form of ownership interest and/or assets; and
  - (C) the validity of contracts and the liabilities, contingent or otherwise, of the entity whose ownership interests are being purchased.
- (iii) In addition, U Got Stink will be entitled to a noncompetition covenant from Franchisee and its selling Owners as provided in Section 13(b) hereof with respect to a Transfer.

- (iv) If U Got Stink does not exercise its right of first refusal, Franchisee or its Owners may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to U Got Stink's approval of the Transfer as provided in paragraphs (b) and (c) of this Section, provided that if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to U Got Stink, or if there is a material change in the terms of the sale, U Got Stink will have an additional right of first refusal during the thirty (30) day period following either the expiration of such one hundred twenty (120) day period, or the material change in the terms of the sale, either on the terms originally offered or the modified terms, at U Got Stink's option.

(i) Costs Associated With Transfer. Franchisee shall be responsible for all costs including attorneys' fees incurred by U Got Stink in connection with any transfer under this Agreement other than a transfer pursuant to Section 14(a).

## 15. DEFAULT AND TERMINATION

(a) Termination by Franchisee. If Franchisee and its Owners are in compliance with this Agreement and U Got Stink materially fails to comply with this Agreement and such failure is not corrected within sixty (60) days after written notice of such material failure is received by U Got Stink, then Franchisee may terminate this Agreement effective thirty (30) days after delivery to U Got Stink of notice of termination.

(b) Termination by U Got Stink Without Opportunity to Cure. U Got Stink has the right to immediately terminate this Agreement, effective upon delivery of notice of termination to Franchisee, if Franchisee (or any Owner):

- (i) fails to open the Franchised Operation within 90 days after the execution of this Agreement;
- (ii) fails to successfully complete the initial training program to the satisfaction of U Got Stink;
- (iii) abandons or fails actively to operate the Franchised Operation for 5 or more consecutive business days unless the Franchised Operation has been closed for a purpose approved in writing by U Got Stink;
- (iv) makes, or has made, any materially false statement or report to U Got Stink in connection with this Agreement or application therefore;
- (v) is or has been convicted by a trial court of or pleads or has pleaded no contest to a felony;
- (vi) engages in any dishonest or unethical conduct that may adversely affect the reputation of the Franchised Operation or other U Got Stink operations or the goodwill associated with the Licensed Marks;
- (vii) loses the right of occupancy of the Franchised Location (for a commercial office location, if applicable) and does not relocate and reopen the Franchised Operation at a site approved by U Got Stink within ninety (90) days after the Franchised Operation is closed at the Franchised Location;
- (viii) transfers or attempts to transfer this Agreement, an ownership interest in Franchisee, or the Franchised Operation without complying with Section 14 of this Agreement;

- (ix) in the event of the death or permanent disability of Franchisee or of an Owner of a controlling interest in Franchisee, fails to transfer the interest of Franchisee or such Owner in this Agreement and the Franchised Operation, or in Franchisee, pursuant to the terms of Section 14(d) Agreement;
- (x) makes any unauthorized use or disclosure of any Confidential Information or uses, duplicates or discloses any portion of the Confidential Operations Manual or Proprietary Products in violation of this Agreement;
- (xi) intentionally understates the Franchised Operation's Gross Sales in any report or financial statement; or intentionally fails to provide accurate information about all customer activity to U Got Stink; or receives payments directly from customers and intentionally does not immediately forward that payment to U Got Stink;
- (xii) fails to pay when due any federal or state income, service, sales or other taxes arising from operation of the Franchised Operation, unless Franchisee is in good faith contesting its liability for such taxes;
- (xiii) receives from U Got Stink three (3) or more notices to cure the same or similar defaults or violations of this Agreement during any twelve (12) month period or receives five (5) or more notices to cure any defaults or violations of this Agreement during its term;
- (xiv) fails on three (3) or more separate occasions within any consecutive twelve (12) month period, after receipt of written notice thereof, to submit when due reports or other data, information or supporting records or to pay when due fees or other payments due to U Got Stink or its affiliates or otherwise to comply with this Agreement, whether or not such failures to comply were corrected after such written notice was delivered to Franchisee; or
- (xv) makes an assignment for the benefit of creditors or admits in writing his insolvency or inability to pay his debts generally as they become due; or consents to the appointment of a receiver or trustee or liquidator of all or the substantial part of his property; or the Franchised Operation is attached, seized, subjected to a writ or distress warrant, or levied upon, unless such attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee or liquidator of the Franchised Operation or of Franchisee is not vacated within thirty (30) days following the entry of such order.
- (xvi) fails to meet the Minimum Sales Performance requirements described in Section 9 of this Agreement.

In addition, U Got Stink shall also have the right to terminate this Agreement, effective upon delivery of notice of termination to Franchisee, if any of the foregoing occur in connection with any other agreement between Franchisee (or any Owner) and U Got Stink or its affiliates.

(c) Termination by U Got Stink With Opportunity to Cure. U Got Stink has the right to terminate this Agreement, effective upon delivery of notice of termination to Franchisee if Franchisee (or any Owner):

- (i) fails or refuses to comply with the System or any portion thereof relating to the cleanliness or sanitation of the Franchised Operation or violates any health, safety or sanitation law, ordinance or regulation and does not correct such noncompliance within seventy-two (72) hours after written notice thereof is delivered to Franchisee;

- (ii) fails to report accurately the Franchised Operation's Gross Sales; fails to report accurately all the Franchised Operation's customer activity; receives payments directly from customers and does not immediately forward that payment to U Got Stink; or fails to make payments of any amounts due U Got Stink or affiliates of U Got Stink under this Agreement, and does not correct such failure within ten (10) days after written notice of such failure is delivered to Franchisee;
- (iii) fails to comply with any provision of this Agreement or the System, or any portion thereof, other than those provisions provided for in Section 15(b), and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee; or, if such failure cannot reasonably be corrected within thirty (30) days, fails to provide within thirty (30) days after such notice proof reasonably acceptable to U Got Stink of the commencement and diligent continuation of efforts which are reasonably calculated to correct such failure within a reasonable time, which in no event may be more than sixty (60) days after such notice, or to correct such failure within sixty (60) days after written notice of such failure to comply is delivered to Franchisee; or
- (iv) fails, for a period of fifteen (15) days after notification of non-compliance by appropriate authority to comply with any law or regulation applicable to the operation of the Franchised Operation.

(d) Time Frames Subject to Applicable Laws. The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law.

## 16. POST TERMINATION OBLIGATIONS AND RIGHTS

- (a) Obligations and Rights. Upon the expiration or termination of this Agreement for any reason, Franchisee shall immediately:
- (i) Cease to be a franchise owner of U Got Stink under this Agreement and cease to operate the former Franchised Operation as a U Got Stink Franchise. Franchisee shall not thereafter, directly or indirectly, represent to the public that the former Franchised Operation is or was operated or in any way connected with U Got Stink operations or hold itself out as a present or former franchise owner of U Got Stink;
  - (ii) Pay all sums owing to U Got Stink within fifteen (15) days of termination or expiration, including interest at the rate of 18% per annum (or the highest rate permitted by applicable law), plus fees and expenses we or our affiliates incur (including reasonable attorneys' fees) with or without suit or action in attempting to collect funds due.
  - (iii) Return to U Got Stink, and/or cease all access to, the Confidential Operations Manual and all Confidential Information, including without limitation any customer lists or client lists, equipment and other property owned by U Got Stink, and all copies thereof. Franchisee shall retain no copy or record of any of the foregoing, provided Franchisee may retain its copy of this Agreement, any correspondence between the parties as reasonably required for compliance with any applicable provision of law.
  - (iv) Take such action as may be required by U Got Stink to transfer and assign to U Got Stink or its designee or to disconnect and forward all telephone numbers, white and yellow page telephone references and advertisements, and all trade and similar name registrations and

business licenses to U Got Stink or its designee, and to cancel any interest that Franchisee may have in the same;

- (v) Cancel or assign to U Got Stink all right, title and interest in any Internet and website home pages, domain name listings, electronic addresses and all other registrations or designations that contain the Licensed Marks, or any of them, in whole or in part, and shall notify all applicable domain name registrars and all listing agencies of the termination of Franchisee's right to use such registration or designation, and authorize and instruct that such be cancelled or transferred to U Got Stink, as directed by U Got Stink.
- (vi) Cease to use in any manner whatsoever: (A) the System and/or any methods, procedures or techniques associated with the System; (B) the Licensed Marks and any other marks and source indicator associated with U Got Stink operations; (C) any mark that indicates an association or connection with U Got Stink; (D) software, programs, content or other materials in any medium; and (E) any passwords or electronic access devices or information.
- (vii) If U Got Stink does not exercise its right to purchase the Franchised Operation pursuant to Section 16(c), then remove all signage, trade dress, physical characteristics, color combinations and other indications of operation under the System from your vehicle (including vehicle wrap) and commercial franchise location (if applicable).

(b) Damages and Liquidated Damages. Upon termination pursuant to any default by Franchisee, Franchisee agrees to pay U Got Stink, all actual and consequential damages and any costs and expenses (including reasonable attorneys' fees) incurred by U Got Stink as a result of any occurrence listed in Sections 15(b) or (c). Franchisee acknowledges and agrees that it does not have the right to terminate this Agreement, except as provided in Section 15(a), or as otherwise agreed in writing by the parties, and that any termination of this Agreement by Franchisee that is not in accordance with the terms of Section 15(a), or any termination of this Agreement by U Got Stink in accordance with Sections 15(b) and (c), may result in lost future revenue and profits to U Got Stink, harm to the goodwill associated with the Licensed Marks, and increased costs to U Got Stink to re-develop or re-franchise the market in which the Franchised Operation is located.

Accordingly, in the event that Franchisee terminates this Agreement other than in accordance with the terms of Section 15(a), or if U Got Stink terminates this Agreement pursuant to Sections 15(b) and (c), then Franchisee shall pay to U Got Stink within fifteen (15) days of such termination as liquidated damages, the greater of (i) twenty-five percent (25%) of Franchisee's Gross Sales during the twelve-month (12) period immediately preceding the termination date, or (ii) fifty thousand dollars (\$50,000). The parties hereby acknowledge and agree that the actual damages that would be incurred by U Got Stink in the event of any breach or early termination of this Agreement by Franchisee would be difficult to calculate and that the liquidated damages provided for in this Agreement are fair and reasonable under the circumstances. The parties further acknowledge and agree that the liquidated damages specified in this Section 16(b) are only intended to compensate U Got Stink for the early termination of this Agreement and U Got Stink's loss of revenue resulting therefrom, but not for any other breach of this Agreement by Franchisee or any other damages incurred by U Got Stink, and all remedies applicable thereto remain available to U Got Stink.

(c) Right To Purchase Franchised Operation.

- (i) Upon termination of this Agreement prior to its expiration by U Got Stink in accordance with the terms of this Agreement, or by Franchisee not in accordance with the terms of this Agreement, U Got Stink or its assignee will have the option, exercisable by giving written notice thereof within sixty (60) days from the date of such termination, to purchase from

Franchisee the Franchised Operation (including the fee ownership or leasehold rights to the Franchised Location, if applicable). U Got Stink will have the unrestricted right to assign this option to close the purchase. U Got Stink or its assignee will be entitled to all customary warranties and representations in connection with its asset purchase, including, without limitation, representations and warranties as to ownership, condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

- (ii) The purchase price for the Franchised Operation will be their fair market value, determined in a manner consistent with reasonable depreciation of leasehold improvements owned by Franchisee and the equipment, fixtures, furnishings, signs and inventory of the Franchised Operation, provided that the Franchised Operation will be valued as an independent business and its value will not include any value for: (A) any rights granted by this Agreement; (B) the Licensed Marks; or (C) participation in the network of U Got Stink operations.
- (iii) The fair market value of the Franchised Operation will include the goodwill developed by Franchisee in the market of the Franchised Operation that exists independent of the goodwill of the Licensed Marks and the System.
- (iv) U Got Stink may exclude from the assets purchased hereunder cash or its equivalent and any equipment, fixtures, furnishings, signs and inventory that are not reasonably necessary (in function or quality) to the operation of the Franchised Operation or that U Got Stink has not approved as meeting standards for U Got Stink operations, and the purchase price will reflect such exclusions.
- (v) If U Got Stink and Franchisee are unable to agree on the fair market value of the Franchised Operation, then fair market value will be determined in Vancouver, Washington by three appraisers. Each party must select one appraiser. The two appraisers chosen must then select a third appraiser. Each party will pay for its own appraiser and each party will pay half for the third appraiser. The parties may then present evidence of the value of the Franchised Operation and fair terms for the purchase. The decision of the majority of the appraisers will be conclusive. Any time within thirty days after receiving the appraisers' decision, at our option we may purchase the franchise and your assets at the price and upon the terms determined by the appraisers.
- (vi) The purchase price will be paid at the closing of the purchase, which will take place not later than ninety (90) days after determination of the purchase price. U Got Stink and its affiliates will have the right to set off against and reduce the purchase price by any and all amounts owed by Franchisee or its Owners to U Got Stink and its affiliates. At the closing, Franchisee agrees to deliver instruments transferring to U Got Stink or its assignee: (A) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to U Got Stink or its assignee), with all sales and other transfer taxes paid by Franchisee; and (B) all licenses and permits of the Franchised Operation which may be assigned or transferred. In the event Franchisee cannot deliver clear title to all of the purchased assets as aforesaid, or in the event there are other unresolved issues, the closing of the sale will be accomplished through an escrow.

## 17. INSURANCE

- (a) Required Insurance. Franchisee shall, at its expense and no later than the earliest date on which Franchisee uses any of the Licensed Marks, procure and maintain in full force and effect throughout the



term of this Agreement the types of insurance enumerated in the Confidential Operations Manual or otherwise in writing which shall be in such amounts as may from time to time be required by U Got Stink, and which shall designate U Got Stink as an additional named insured, including at a minimum the following:

- (i) Employer's liability and workers' compensation insurance as prescribed by law; and
- (ii) Comprehensive general liability insurance, including products liability coverage, of at least one million dollars (\$1,000,000) covering two or more persons and two or more incidences.
- (iii) Automobile liability insurance, including owned, non-owned, leased and hired vehicle coverage, with a combined single limit of at least five-hundred thousand dollars (\$500,000) for death, personal injury and property damage.

(b) Delivery of Certificates. Franchisee shall deliver to U Got Stink upon acquisition of and then once annually certificates of all required insurance, showing U Got Stink as an additional insured, each of which shall contain a statement by the insurer that the policy will not be cancelled or materially altered without at least thirty (30) days prior written notice to U Got Stink. The procurement and maintenance of such insurance shall not relieve Franchisee of any liability to U Got Stink under any indemnity requirement of this Agreement.

#### **18. TAXES, PERMITS, INDEBTEDNESS, COMPLIANCE WITH LAWS**

(a) Taxes. Franchisee shall promptly pay when due any and all federal, state and local taxes including without limitation unemployment and sales taxes, levied or assessed with respect to any services or products furnished, used or licensed pursuant to this Agreement and all accounts or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Operation.

Within **10** days after receipt of U Got Stink's relevant invoice, Franchisee agree to pay any and all amounts equal to any sales, gross receipts or similar tax assessed against or payable by U Got Stink and calculated on continuing payments required to be paid under this Agreement, unless the tax is an income tax or an optional alternative to an income tax otherwise payable by U Got Stink.

(b) Compliance with Laws and Ethical Obligations. Franchisee shall operate the Franchised Operation in full compliance with all applicable laws, ordinances and regulations, including but not limited to anti-discrimination laws and practices and shall maintain high standards of honesty, fair dealing and ethical conduct. Franchisee shall notify U Got Stink within five (5) days of receipt of any government or private notice or action that involves the Franchised Operation or Franchisee's or its Owner's involvement therein. Franchisee acknowledges and agrees that it is Franchisee's sole responsibility to identify and obtain all authorizations, licenses, permits and other requirements necessary to operate the Franchised Operation.

(c) Debts. Franchisee hereby expressly covenants and agrees to accept full and sole responsibility for any and all debts and obligations incurred in the operation of the Franchised Operation.

## 19. INDEMNIFICATION AND INDEPENDENT CONTRACTOR

(a) Franchisee Indemnification. Franchisee agrees to protect, defend, indemnify, and hold harmless U Got Stink, its affiliates, and their respective directors, officers, agents, members, attorneys, shareholders, successors and assigns (jointly and severally, "Indemnitees") against and promptly to reimburse Indemnitees for all claims, actions, proceedings, damages, costs, expenses and other losses and liabilities (collectively "Claims"), consequently, directly or indirectly incurred (including without limitation attorneys', experts' and accountants' fees) as a result of, arising out of, or connected with the establishment or operation of the Franchised Operation; and the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee's manager(s), employees, agents, or representatives in connection with the performance or breach of any obligation under this Agreement; and any third party claims relating to content, graphics, photographs or other works of authorship provided by Franchisee to U Got Stink for the website. Your indemnification obligations to the Indemnitees will include any Claims brought by any of your personnel under a theory of "joint employer liability" or any similar legal theory. This indemnity will apply to claims that we (or one or more other Indemnitees) were negligent or failed to train, supervise or discipline you, and to claims that you, your owners, employees, brokers or your independent contractors are our (or another Indemnitee's) employees, agents are part of a common enterprise with us (or another Indemnitee), including claims regarding violations of labor or employment laws or regulations. This indemnity will continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

(b) Independent Contractor. In all dealings with third parties including, without limitation, employees, suppliers and customers, Franchisee shall conspicuously disclose in a manner acceptable to U Got Stink that it is an independent entity licensed by U Got Stink, including placing notices of independent ownership on forms, business cards, stationary, advertising, websites, the Franchised Operation and other locations as U Got Stink may require from time to time. Nothing in this Agreement is intended by the parties hereto to create a fiduciary relationship between them or to make Franchisee an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of U Got Stink for any purpose whatsoever. It is understood and agreed that Franchisee is an independent contractor and is in no way authorized to make any contract, warranty or representation or to create any obligation on behalf of U Got Stink.

(c) Inability to Bind the Other Party. Franchisee agrees not to employ any of the Licensed Marks in signing any contract or applying for any license or permit or in a manner that may result in U Got Stink's liability for any of Franchisee's indebtedness or obligations. Neither U Got Stink nor Franchisee will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name, or on behalf, of the other, represent that their relationship is other than franchisor and franchisee, or be obligated by or have any liability under any agreements or representations made by the other that are not expressly authorized in writing. U Got Stink will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Operation or Franchisee's business conducted pursuant to this Agreement.

## 20. ENFORCEMENT AND DISPUTE RESOLUTION

(a) Access. To ensure compliance with this Agreement and to enable U Got Stink to carry out its obligations under this Agreement, Franchisee agrees that U Got Stink and its designated agents shall be permitted, with or without notice, full and complete access during business hours to inspect the Franchised Operation and all records thereof including, but not limited to, records relating to Franchisee's customers, products, suppliers, employees and agents. Franchisee shall cooperate fully with U Got Stink and its designated agents requesting such access.

(b) Equitable Relief. U Got Stink or its designee shall be entitled to obtain (without posting bond) declarations, temporary and permanent injunctions, and orders of specific performance, to enforce the provisions of this Agreement relating to Franchisee's use of the Licensed Marks, the obligations of Franchisee upon termination or expiration of this Agreement, and assignment of the Franchised Operation and ownership interests in Franchisee or to prohibit any act or omission by Franchisee or its employees or agents that constitutes a violation of any applicable law or regulation, that is dishonest or misleading to prospective or current customers of businesses operated under the System, that constitutes a danger to other franchise owners, employees, customers or the public, or that may impair the goodwill associated with the Licensed Marks. If U Got Stink secures any declaration, injunction or order of specific performance pursuant to this Section 20(b), if any provision of this Agreement is enforced at any time by U Got Stink or if any amounts due from Franchisee to U Got Stink are at any time collected by or through an attorney at law or collection agency, Franchisee shall be liable to U Got Stink for all costs and expenses of enforcement and collection including, but not limited to, court costs and reasonable attorneys' and accountants' fees.

(c) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington, without reference to conflict of law provisions, which laws shall prevail in the event of any conflict. Provided, however, that any law of the State of Washington that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section. Washington laws will prevail in the event of any conflict of law, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of any Washington franchise or business opportunity laws except as they may otherwise apply pursuant to their terms and definitions. No franchise or business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law statute, law or regulation of Washington or any other state is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph. The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Washington, will be construed and enforced according to the laws of that state.

(d) Jurisdiction and Venue. Franchisee consents to the jurisdiction of the state and federal courts of the State of Washington (in or nearest to the county in which our headquarters are then located, currently Clark County, Washington) in all lawsuits relating to or arising out of this Agreement and hereby waives any defense Franchisee may have of lack of jurisdiction or venue in any such lawsuits filed in these courts. In all lawsuits relating to or arising out of the Agreement, Franchisee consents and agrees that it may be served with process outside the State of Washington in the same manner as service may be made within the State of Washington by any person authorized to make service by the laws of the state, territory, possession or country in which service is made or by any duly qualified attorney in such jurisdiction, and Franchisee hereby waives any defense it may have of insufficiency of service of process relating to such service. This method of service shall not be the exclusive method of service available in such lawsuits and shall be available in addition to any other method of service allowed by law.

(e) Waiver of Punitive Damages and Jury Trial. Without limiting Franchisee's obligations to indemnify U Got Stink pursuant to this Agreement, each party waives to the fullest extent permitted by law any right to or claim for any punitive or exemplary damages against the other and agrees that, in the event of a dispute between them, the party making a claim will be limited to equitable relief and to recovery of any actual damages it sustains, except as otherwise provided in Section 20(b). Each party irrevocably waives any right to a jury trial, with respect to any dispute arising out of or relating to this Agreement to the fullest extent permitted by applicable law.

(f) Dispute Resolution. The parties expressly agree that it is preferable to resolve all disputes as effectively and professionally as possible and hereby agree that any dispute, controversy, issue, claim, action and controversy between the parties, their affiliates and respective shareholders, members, managers, officers, directors, agents, employees and attorneys arising out of or relating to this Agreement, or any other agreement between such parties or any provision of such agreements, the Franchised Operation, U Got Stink operations or their relationship that is brought under any theory of law, except as expressly excluded (“Dispute”), will be exclusively processed in the following manner:

1. Mediation. If a Dispute arises, before taking any other legal action, the parties agree to participate in good faith mediation in accordance with the Mediation Procedures of Arbitration Services of Portland, Inc. or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The Parties agree to equally share the costs of mediation. Injunctive relief or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

2. Injunctive Relief and Specific Performance. Either party may obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. Nothing contained in this Agreement will bar us or you to obtain specific performance of the provisions of this Agreement and injunctive relief against threatened conduct that will cause you or us loss or damages under customary equity rules, including applicable rules for obtaining restraining orders and preliminary injunctions.

3. Attorneys’ Fees. The parties will bear their own costs and attorneys’ fees in relation to any arbitration or court proceeding relating to a Dispute, except as otherwise expressly provided in this Agreement.

## 21. GENERAL

(a) Approval. Whenever this Agreement requires, or Franchisee desires to obtain, U Got Stink’s approval, Franchisee shall make a timely written request. Unless a different time period is specified in this Agreement, U Got Stink shall respond with its approval or disapproval within fifteen (15) days of receipt of such request. If U Got Stink has not specifically approved a request within such fifteen (15) day period, such failure to respond shall be deemed disapproval of any such request.

(b) Waiver. No failure of U Got Stink to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of U Got Stink’s right to demand exact compliance with any of the terms herein. No waiver or approval by U Got Stink of any particular breach or default by Franchisee, nor any delay, forbearance or omission by U Got Stink to act or give notice of default or to exercise any power or right arising by reason of such default hereunder, nor acceptance by U Got Stink of any payments due hereunder shall be considered a waiver or approval by U Got Stink of any preceding or subsequent breach or default by Franchisee of any term, covenant or condition of this Agreement.

(c) Disclaimer. No warranty or representation is made by U Got Stink that all System franchise agreements heretofore or hereafter issued by U Got Stink do or will contain terms substantially similar to those contained in this Agreement. Further, Franchisee recognizes and agrees that U Got Stink may, in its

sole discretion, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other U Got Stink franchisees in a non-uniform manner.

(d) Amendment. No amendment, change or variance from this Agreement shall be binding upon either U Got Stink or Franchisee except by mutual written agreement. If an amendment of this Agreement is executed at Franchisee's request, any legal fees or costs of preparation in connection therewith shall, at the option of U Got Stink, be paid by Franchisee. If an amendment of this Agreement is executed at U Got Stink's request, any legal fees or costs of preparation in connection therewith shall be paid by U Got Stink.

(e) Notice. Any notice required to be given hereunder shall be in writing and shall be either mailed by certified mail, return receipt requested or delivered by a recognized courier service, receipt acknowledged. Notices to Franchisee and U Got Stink shall be addressed to it at the addresses listed in the introduction to this Agreement. Any notice complying with the provisions hereof shall be deemed to be given three (3) days after mailing, or on the date of receipt, whichever is earlier. Each party shall have the right to designate any other address for such notices by giving notice thereof in the foregoing manner, and in such event, all notices to be mailed after receipt of such notice shall be sent to such other address.

(f) Severability. Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable by a court of competent jurisdiction, such provision shall be deemed restricted in application to the extent required to render it valid, and the remainder of this Agreement shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of such provision. In the event such total or partial invalidity or unenforceability of any provision of this Agreement exists only with respect to the laws of a particular jurisdiction, this paragraph shall operate upon such provision only to the extent that the laws of such jurisdiction are applicable to such provision. Each party agrees to execute and deliver to the other any further documents that may be reasonably required to effectuate fully the provisions hereof. Franchisee understands and acknowledges that U Got Stink shall have the right, in its sole discretion, on a temporary or permanent basis, to reduce the scope of any covenant or provision of this Agreement binding upon Franchisee, or any portion hereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof and Franchisee agrees that it will comply forthwith with any covenant as so modified, which shall be fully enforceable. The parties agree that each provision of this agreement shall be construed as independent of any other provision of this Agreement. Should any part of one or more of these restrictions be found to be unenforceable by virtue of its scope in terms of area, business activity prohibited or length of time, and should such part be capable of being made enforceable by reduction of any or all such restrictions, Franchisee and U Got Stink agree that the same shall be enforced to the fullest extent permissible under the law.

(g) Counterparts and Electronic Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed an original, but such counterparts together shall constitute one and the same instrument. This Agreement may be executed by electronic signatures through DocuSign or another reputable e-signature service. The parties agree that electronic signatures shall have the same legal effect as written signatures. At the request of either party, this Agreement shall be manually re-signed in original form by the party(ies) who signed this Agreement electronically.

(h) Community Property. If, by virtue of the community property laws of any state, Franchisee's spouse is deemed to have any property interest in this Agreement, the ownership of Franchisee or the Franchised Operation, U Got Stink will have the right to require Franchisee's spouse to consent to and join in:

(i) all of the terms and conditions of the Agreement and any amendments thereto; and

(ii) in any designation of a successor pursuant of this Agreement.

If U Got Stink purchases the Franchised Operation subsequent to the death or permanent disability of Franchisee, or an Owner of Franchisee, U Got Stink will be deemed to have complied with its purchase obligation so long as U Got Stink tenders the purchase price jointly to the estate or personal representative of Franchisee or such Owner of Franchisee, and the surviving spouse of such person. U Got Stink will have no obligation to see to the apportionment of such purchase price between any claimants thereto.

(i) Headings. The table of contents, headings and captions contained herein are for the purposes of convenience and reference only and are not to be construed as a part of this Agreement. All terms and words used herein shall be construed to include the number and gender as the context of this Agreement may require. The parties agree that each section of this Agreement shall be construed independently of any other section or provision of this Agreement.

(j) Construction. This Agreement together with the introduction, preambles, exhibits and Confidential Operations Manual, constitutes the entire agreement of the parties, and there are no other oral or written understandings or agreements between U Got Stink and Franchisee relating to the subject matter of this Agreement (and any understandings or agreements reached, and any representations made, before the date of this Agreement are superseded by this Agreement), except that Franchisee acknowledges that U Got Stink justifiably has relied on Franchisee's representations made prior to the execution of this Agreement. Nothing in this Agreement is intended, nor is deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of such sections or paragraphs. The term "Franchisee" as used herein is applicable to one or more persons or an entity, as the case may be, and the singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two or more persons are at any time Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to U Got Stink are joint and several. The term "affiliate" as used herein with respect to an affiliate of Franchisee means any entity directly or indirectly owned or controlled by, or under common control with, or owning or controlling, Franchisee or of any Owner, and any spouse or child of Franchisee or any of its Owners. References to "franchisee," "owner" and "transferee" which are applicable to an individual or individuals means the individual Owners or the individual owners of the transferee. This Agreement may be executed in multiple copies, each of which will be deemed an original.

Nothing in this Agreement or any related agreement is intended to disclaim the representations that U Got Stink made to Franchisee in U Got Stink's franchise disclosure document.

(k) Other Agreements. If Franchisee or any of Franchisee's owners, partners, or officers violate any material provision of any other franchise or similar agreement between U Got Stink and Franchisee or any of Franchisee's owners, partners, or officers, that breach will be considered a breach of this Agreement and of the other agreements. U Got Stink then may terminate or otherwise enforce this Agreement and the other agreements.

If you have entered into a franchise agreement or related agreement with us (or any affiliate of ours) previously, then you will sign a General Release Agreement releasing us of prior claims at the same time you sign this Franchise Agreement.

(l) Attorneys' Fees and Costs. If any legal action is commenced in connection with the enforcement of this Agreement, the prevailing party shall be entitled to collect from the other party costs and attorneys' fees that are actually incurred in relation to such action.

(m) Definition of "Including." In this Agreement, *including* means "including but not limited to" unless expressly stated otherwise.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on the date first written above.

U GOT STINK FRANCHISING, LLC:

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

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

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

FRANCHISEE (jointly and severally):

*If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.*

SIGNATURES OF INDIVIDUALS:

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

NAME OF FRANCHISEE BUSINESS ENTITY:

\_\_\_\_\_

STATE OF FORMATION OF BUSINESS ENTITY:

\_\_\_\_\_

Signed By:

\_\_\_\_\_

Print Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

**FRANCHISE AGREEMENT - EXHIBIT 1**

**AGREEMENT ON FRANCHISE TERRITORY**

**FRANCHISE AGREEMENT  
BETWEEN  
U GOT STINK FRANCHISING COMPANY, LLC  
AND**

**DATED** \_\_\_\_\_, \_\_\_\_\_

1. **Franchise Office Location.** The Franchise Office Location of the U Got Stink Franchise as referred to in Section 2 of this Agreement, is at the following address:

\_\_\_\_\_

2. **Franchisee's Territory.** The "Territory" of the U Got Stink Franchise as referred to in Section 2 of this Agreement, is described as follows:

\_\_\_\_\_

[In addition to other restrictions and limitations outlined in the Franchise Agreement, the following customers/organizations/venues are specifically excluded from the Territory:  
\_\_\_\_\_ ]

[Attached is a copy of a map delineating the boundaries of the Territory.]

U GOT STINK FRANCHISING, LLC:

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

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

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

FRANCHISEE (jointly and severally): *If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.*

SIGNATURES OF INDIVIDUALS:

\_\_\_\_\_

\_\_\_\_\_

NAME OF FRANCHISEE BUSINESS ENTITY: \_\_\_\_\_  
STATE OF FORMATION OF BUSINESS ENTITY: \_\_\_\_\_

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

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

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



**FRANCHISE AGREEMENT - EXHIBIT 2**  
**FRANCHISE OWNER INFORMATION**

**FRANCHISE AGREEMENT**  
**BY AND BETWEEN**  
**U GOT STINK FRANCHISING COMPANY, LLC**  
**AND**

DATED \_\_\_\_\_, \_\_\_\_\_

FOR A U GOT STINK FRANCHISE  
LOCATED AT

\_\_\_\_\_

**Effective Date: This Exhibit 2 is current and complete**

as of \_\_\_\_\_, \_\_\_\_\_

**FRANCHISEE and Its Owners**

1. **Form of FRANCHISEE.** [Check (a), (b) or (c).]

(a) **Proprietorship.** The Owner(s) of FRANCHISEE (is) (are) as follows:

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

(b) **Corporation, Limited Liability Company or Partnership.** FRANCHISEE was incorporated or formed on \_\_\_\_\_ under the laws of the State of \_\_\_\_\_. It has not conducted, business under any name other than its corporate, limited liability company or partnership name and \_\_\_\_\_. The following is a list of FRANCHISEE's directors, if applicable, and officers as of the effective date shown above:

**Name of Each Director/Officer**

**Position(s) Held**

_____	_____
_____	_____
_____	_____

(c) **Trust.** FRANCHISEE is a revocable trust formed under the laws of the State of \_\_\_\_\_ on \_\_\_\_\_, \_\_\_\_\_. The grantor, trustee and primary income beneficiary of FRANCHISEE is \_\_\_\_\_, a resident of the State of \_\_\_\_\_. The governing trust instrument of FRANCHISEE consists of a trust agreement dated \_\_\_\_\_, \_\_\_\_\_ and the following amendments, if any:

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

The trustee has full power and authority to bind the trust estate and to execute, deliver and perform, or cause the execution, delivery and performance, of all of FRANCHISEE's obligations. In the event of the trustee's resignation, death or inability to act, the following are named to act as successor trustee, in this order:

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_

Please include current and contingent beneficiaries under the trust, and their respective interests therein:

Current beneficiaries:

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_

Contingent beneficiaries:

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_

2. **Owners.** The following list includes the full name and mailing address of each person who is an Owner (as defined in the Franchise Agreement), and fully describes the nature of each Owner's interest.

**Owner's Name and Address**

**Description and Percentage of Interest**

_____	_____
_____	_____
_____	_____

3. **Signatures.**

U GOT STINK FRANCHISING, LLC:

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

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

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

FRANCHISEE (jointly and severally): *If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.*

SIGNATURES OF INDIVIDUALS:

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

NAME OF FRANCHISEE BUSINESS ENTITY: \_\_\_\_\_

STATE OF FORMATION OF BUSINESS ENTITY: \_\_\_\_\_

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

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

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

**EXHIBIT 3**  
**FRANCHISE AGREEMENT ADDENDUM**

***MULTIPLE FRANCHISE PURCHASE ADDENDUM***

The following additional provisions are agreed to by the parties with respect to the attached Franchise Agreement dated \_\_\_\_\_, 20\_\_, between U GOT STINK FRANCHISING, LLC (“U Got Stink”) and \_\_\_\_\_, an individual, \_\_\_\_\_, an individual, and \_\_\_\_\_ a \_\_\_\_\_ company (jointly and severally “Franchisee”) of which this Addendum is a part (the “Franchise Agreement.”) In the event of conflict, the provisions of this Addendum supersede the corresponding provisions of the Franchise Agreement.

U Got Stink and Franchisee have agreed to Franchisee’s purchase of \_\_ [#] franchises to be located in \_\_\_\_\_ (the “Development Area”) according to the Development Schedule established in this Addendum.

*This Multiple Franchise Purchase Addendum (“Addendum”) is for the \_\_ [#] franchise out of \_\_ [#] total franchises purchased simultaneously.*

U Got Stink and Franchisee will simultaneously sign a separate franchise agreement and Multiple Franchise Purchase Addendum for each of the \_\_ [#] franchises. [The initial \_\_ [#] franchise agreements are for franchises to be located in: \_\_\_\_\_, \_\_\_\_\_, and \_\_\_\_\_ [locations].] [The remaining \_\_ [#] franchise agreements are for franchises to be placed at locations within the Development Area to be determined at a later date, and each respective franchise central location must be in compliance to U Got Stink’s contractual commitments with other U Got Stink franchisees and U Got Stink’s placement, market, development, and demographic criteria.]

1. **INITIAL FRANCHISE FEE.** The Initial Franchise Fee established in Section 6 of the Franchise Agreement is \$\_\_\_\_\_. [This Addendum is for the first Franchise Agreement, and the Initial Franchise Fee is paid as follows:

*[Option #1]* [the entire Initial Franchise Fee is paid to U Got Stink upon execution of this Addendum.]

*[Option #2]* [one-half upon execution of this Addendum and the remaining balance in equal installments for 6 months beginning 2 months after you commence operations under the Franchise Agreement to which this Addendum relates (for a total Initial Franchise Fee of \$\_\_\_\_\_). If you choose to make installment payments, then an amount equal to 10% of the Initial Franchise Fee will be added to your total installment payments.]

[This Addendum is for your second or additional Franchise Agreement, and the Initial Franchise Fee is paid to U Got Stink as follows:

[one-half upon execution of this Addendum and the remaining one-half of the Initial Franchise Fee before Franchisee commences operations under the Franchise Agreement to which this Addendum relates.]

[The Initial Franchise Fee is reduced by 10% if this Addendum relates to your second or any additional franchise, so the above-described Initial Franchise Fee represents a 10% discount.]

2. **TERRITORY**. The Territory is described in the Franchise Agreement to which this Addendum relates. If there is no Territory defined in the Franchise Agreement or its Exhibits, then it will be considered “to-be-determined” and must be placed within the Development Area subject to U Got Stink’s approval. The Territory must be in compliance to U Got Stink’s contractual commitments with other **U Got Stink** franchisees and U Got Stink’s placement, market, development, and demographic criteria.

3. **DEVELOPMENT SCHEDULE**. Section 4(b) of the Franchise Agreement is modified to add the following:

“If this Agreement represents Franchisee’s first U Got Stink franchise, then Franchisee must open the Franchised Operation within 90 days from the date that that this Agreement is signed. If the Franchised Operation is not opened within this 90-day period, then U Got Stink may terminate this Agreement upon refunding 25% of the Initial Franchise Fee.

If this Agreement represents an additional Agreement for a U Got Stink franchise, then the time to open the Franchised Operation will be (the “Opening Date”):

1 <sup>st</sup> Franchised Operation	90 days
2 <sup>nd</sup> Franchised Operation	6 months
3 <sup>rd</sup> Franchised Operation	9 months
4 <sup>th</sup> Franchised Operation	12 months
5 <sup>th</sup> Franchised Operation	15 months

from the date of this Agreement. The Franchised Operation purchased pursuant to this Agreement is the \_\_ [#] Franchised Operation and must open no later than the Opening Date, as defined above. If the Franchised Operation is not opened for business by the Opening Date, then U Got Stink may terminate the Franchise Agreement upon refunding 25% of the Initial Franchise Fee collected for this franchise. Upon termination pursuant to this Section, U Got Stink will be fully and forever released from any claims or causes of action Franchisee may have under or pursuant to this Agreement and any right, title or interest in this Agreement, the Licensed Marks or the System will automatically revert to U Got Stink.”

4. **DEFAULT AND TERMINATION**. The parties have executed a number of franchise agreements contemporaneously with the Franchise Agreement as part of a multiple franchise purchase arrangement. Any material violation or breach (other than failure to open the franchise site by the date set forth in the Development Schedule) of any such agreement, or of any other franchise agreement between the parties or of any other agreement between the parties related to the **U Got Stink** franchise system will be deemed a material violation of the Franchise Agreement and this Addendum, of all such other franchise agreements, and of all such other agreements. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and this Addendum and any or all of such other franchise agreements and such other agreements as provided in the Franchise Agreement for enforcement or termination.

Franchise acknowledges and agrees that if the Franchised Operation represented by this Addendum is not opened by the Opening Date set forth above in the Development Schedule, U Got Stink shall have the right to terminate the Franchise Agreement and this Addendum. U Got Stink then may establish or license others to establish U Got Stink operations in the Designated Territory. U Got Stink may also then terminate the Development Area and may establish or license others to establish U Got Stink operations in the Development Area.

Franchise acknowledges and agrees that if Franchisee fails to open another Franchised Operation by the opening date set forth in the Development Schedule, U Got Stink shall have the right to eliminate and terminate the Designated Territory and the Development Area. U Got Stink then may establish or license others to establish U Got Stink operations in both the Designated Territory and the Development Area.

Upon elimination or termination of the Development Area, all remaining franchise agreements for franchises that have not yet been opened for business pursuant to the Development Schedule above may thereafter be opened at any available location where U Got Stink has the right to offer and place franchises. In such instance, the relevant franchise central location must be in the United States, legally available pursuant to state and federal franchise disclosure and registration laws and pursuant to U Got Stink's contractual commitments with other **U Got Stink** franchisees and in compliance with U Got Stink's placement, market, development, and demographic criteria.

No right or remedy herein conferred upon or reserved to U Got Stink is exclusive of any other right or remedy provided or permitted by law or equity.

5. **TRAINING.** U Got Stink will have no obligation to provide franchise training to Franchisee at U Got Stink's expense except pursuant to Franchisee's first franchise agreement.

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

U GOT STINK FRANCHISING, LLC:

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

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

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

FRANCHISEE (jointly and severally): *If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.*

SIGNATURES OF INDIVIDUALS:

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

NAME OF FRANCHISEE BUSINESS ENTITY: \_\_\_\_\_

STATE OF FORMATION OF BUSINESS ENTITY: \_\_\_\_\_

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

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

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

**FRANCHISE AGREEMENT - EXHIBIT 4**

**SAMPLE FORM OF CONFIDENTIALITY AGREEMENT  
FOR FRANCHISEE'S PERSONNEL**

*The Franchise Agreement provides that the franchisee must sign a Confidentiality Agreement with its personnel in a form satisfactory to U Got Stink Franchising, LLC. Following is a sample form of Confidentiality Agreement that is subject to change. It is solely your responsibility to ensure that this Agreement complies with legal requirements in your jurisdiction.*

## CONFIDENTIALITY AGREEMENT FOR FRANCHISEE'S PERSONNEL

THIS AGREEMENT is made as of this \_\_\_\_ day of \_\_\_\_\_ 20\_\_, by and between \_\_\_\_\_ (“Franchisee”) and \_\_\_\_\_ (“Confidant”).

### **Recitals**

- A. U Got Stink Franchising, LLC (“U Got Stink Franchising”) and Franchisee executed that certain franchise agreement dated as of \_\_\_\_\_, 20\_\_ (the “Franchise Agreement”).
- B. Franchisee has received and will periodically receive Confidential Information of U Got Stink Franchising. “Confidential Information” means the whole or any portion of know-how, knowledge, methods, protocols, specifications, processes, procedures and/or improvements regarding the business that is valuable and secret in the sense that it is not generally known to U Got Stink Franchising competitors and any proprietary information contained in any U Got Stink Franchising documents that U Got Stink Franchising provides to Franchisee and in which U Got Stink Franchising describes the U Got Stink System or any operational policies, protocols, standards, requirements or practices, whether communicated to Franchisee in writing, verbally or through the internet or other online or computer communications, and any other knowledge or know-how concerning the U Got Stink methods of operation, as well as the content of the Franchise Agreement and any other document executed in connection with the Franchise Agreement.
- C. Pursuant to the Franchise Agreement, all of Franchisee’s employees, independent contractors, agents or representatives, or any other individual or entity to whom Franchisee has disclosed the Confidential Information, may not, at any time, disclose, copy, reproduce, sell or use in any other business or in any manner not specifically authorized or approved in advance in writing by U Got Stink Franchising any Confidential Information.
- D. Pursuant to the Franchise Agreement, Franchisee must obtain Confidentiality Agreements from all of its employees, independent contractors, agents or representatives, or any other individual or entity to whom Franchisee has disclosed the Confidential Information.
- E. Confidant wants to become or currently is a(n) \_\_\_\_\_ of Franchisee and, therefore, it has had and/or will have access to Confidential Information.

NOW, THEREFORE, in consideration of foregoing, and the mutual covenants and reliance of the parties; and as additional consideration for the employment, independent contractor, agency or representative relationship and agreements between the parties; the parties agree as follows:

- 1. Confidential Information.** Confidant agrees that (a) it will treat as confidential and will not disclose the Confidential Information which may be made or become available to Confidant; (b) it will maintain in a secure place any Confidential Information delivered to it; and (c) it will not use any Confidential Information for any purpose other than in furtherance of its relationship with Franchisee or for any purpose which may be detrimental to U Got Stink Franchising or U Got Stink Franchising’s present or potential business or owners.
- 2. Representation of Nondisclosure.** Confidant represents and warrants that as of this date, Confidant has never disclosed Confidential Information to any third party.
- 3. Disclosure Mandated by Law.** Nothing stated in this Agreement will preclude the disclosure of Confidential Information in response to a valid order of a court, governmental agency or other governmental

body or any political subdivision thereof or as otherwise required by law, provided, however, that if Confidant is requested pursuant to, or required by, applicable law, regulation or legal process to disclose any Confidential Information, Confidant will notify U Got Stink Franchising and Franchisee promptly so that U Got Stink Franchising and Franchisee may seek a protective order or other appropriate remedy or, in U Got Stink Franchising's sole discretion, waive compliance with the terms of this Agreement. Confidant agrees to use reasonable efforts to cooperate with U Got Stink Franchising and Franchisee in connection with U Got Stink Franchising's and Franchisee's efforts to prevent disclosure or seek confidential treatment or any other remedy respecting such requested or required disclosure.

**4. In-Term Covenant.** Confidant will not, directly or indirectly, during the term of the Franchise Agreement, on his/her or own account or as an employee, consultant, partner, officer, director, shareholder or member of any other person, firm, entity, partnership, corporation or company: own, operate, lease, franchise, engage in, be connected with, have any interest in, or assist any person or entity in any business that offers odor removal products or services, or offers products or services that are essential the same as, or substantially similar to, the products and services that are part of U Got Stink Franchising's method of operation anywhere in the world. Confidant expressly acknowledges that he or she (and the Confidant's owners, if a business entity) possess skills and abilities of a general nature and have other opportunities for exploiting such skills, so that enforcement of the covenants made in this Section will not deprive Confidant of his or her personal goodwill or ability to earn a living. The following exception applies to this Section: Confidant may continue operating any business and provide any product or service that he/she was operating and providing at the time of execution of the Franchise Agreement.

**5. Post-Term Covenant.** Confidant will not, directly or indirectly, for a period of 2 years after the transfer by Franchisee, or the expiration or termination of the Franchise Agreement, on his/her own account or as an employee, consultant, partner, officer, director, shareholder, lender, or joint venturer of any other person, firm, entity, partnership, corporation or company: own, operate, lease, franchise, conduct, engage in, be connected with, have any interest in or assist any person or entity engaged in any business that offers odor removal products or services, or offers products or services that are essential the same as, or substantially similar to, the products and services that are part of U Got Stink Franchising's method of operation that is located anywhere within the United States of America. However, if a court or arbitrator of competent jurisdiction finds that such covenant is not enforceable in respect to geographic scope, then the covenant applies within a 50-mile radius of the Franchisee's Territory (the description of which shall be provided to Confidant upon request); and within the franchise territory, licensee territory, or independent contractor territory of any of our other franchisees, licensees or contractors; and within a 50-mile radius of any of our company or affiliate owned operations. Confidant expressly acknowledges that he or she (and the Confidant's owners, if a business entity) possess skills and abilities of a general nature and have other opportunities for exploiting such skills, so that enforcement of the covenants made in this Section will not deprive Confidant of his or her personal goodwill or ability to earn a living. The following exception applies to this Section: Confidant may continue operating any business and provide any product or service that he/she was operating and providing at the time of execution of the Franchise Agreement.

**6. Remedies.** The parties agree that U Got Stink Franchising and Franchisee would not have an adequate remedy at law for any breach or nonperformance of the terms of this Agreement by Confidant. Therefore, Confidant agrees to pay U Got Stink Franchising as fair and reasonable liquidated damages (but not as a penalty) **\$50,000**. Confidant agrees that this amount is for the damages that U Got Stink Franchising will suffer for the violations to the covenants in this Agreement and that it would be difficult to calculate with certainty the amount of damage that U Got Stink Franchising will incur. Notwithstanding the foregoing, if a court determines that this liquidated damages payment is unenforceable, then we may pursue all other available remedies, including consequential damages.



7. **Equitable Relief.** Additionally, in the event of a breach or threatened breach of any of the terms of this Agreement by Confidant, U Got Stink Franchising and Franchisee will be entitled to an injunction restraining such breach or to a decree of specific performance, without showing or proving any actual damage and without any obligation to post bond or grant any other type of guaranty, together with recovery of reasonable attorneys' fees and other costs incurred in obtaining said equitable relief, until such time as a final and binding determination is made. The foregoing equitable remedies are in addition to, and not in lieu of, all other remedies or rights that U Got Stink Franchising might otherwise have by virtue of any breach of this Agreement by Confidant.

8. **Waiver.** No modification or waiver of any of the provisions hereof, or any representation, promise or addition hereto, or waiver of any breach hereof, will be binding upon a party unless made in writing and signed by the party to be charged thereby and by U Got Stink Franchising. No waiver of any particular breach will be deemed to apply to any other breach, whether prior or subsequent to a waiver. This Agreement may not be assigned by Confidant without the express prior written consent of U Got Stink Franchising.

9. **Attorneys' Fees.** The prevailing party in any action or proceeding arising under, out of, in connection with, or in relation to this Agreement will be entitled to recover its reasonable attorneys' fees and costs.

10. **Separable Provision.** In the event that any provision of this Agreement is held void or unenforceable for any reason by any court of competent jurisdiction, such provision will be deemed to be separable and the remainder of this Agreement shall continue in full force and effect.

11. **Enforcement.** This Agreement shall be construed and enforced in accordance with the laws of the State of Washington, without regard to any conflict of laws principles. Any cause of action, claim, suit or demand allegedly arising from or related to the terms of this Agreement must be brought in the Federal District Court for the District of Washington or in the State courts located in Clark County, Washington. The parties irrevocably submit themselves to, and consent to, the jurisdiction exclusive of said courts. All parties hereby waive any and all rights to a trial by jury in connection with the enforcement or interpretation by judicial process of any provision of this Agreement, or any legal action initiated for the recovery of damages for breach of this Agreement.

12. **Third Party Beneficiary.** Franchisee and Confidant expressly agree that U Got Stink Franchising is a third-party beneficiary of this Agreement and as such U Got Stink Franchising shall have the right to enforce any and all remedies available upon the violation of any of the provisions under this Agreement. In addition, U Got Stink Franchising may require Franchisee to bring any action that U Got Stink Franchising considers appropriate in the event of any breach by Confidant hereunder. Franchisee will cooperate with us in all ways Franchisor reasonably requests to prevent or stop any violation. This may include institution or permitting to be instituted in Franchisee's name any demand, suit or action that Franchisor determines is advisable. The demand, suit or action may be maintained and prosecuted by Franchisor and Franchisee at Franchisee's expense. In the event that U Got Stink Franchising or Franchisee make a claim that Confidant has violated Confidant's obligations under this Agreement, Confidant will have the burden of proving that such violation did not occur.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in the manner appropriate to each.

“FRANCHISEE”: \_\_\_\_\_

Individual Signature: \_\_\_\_\_

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

*Business Entity Name (if applicable):* \_\_\_\_\_

Signed: \_\_\_\_\_

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

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

**“CONFIDANT”:** \_\_\_\_\_

Individual Signature (*required*): \_\_\_\_\_

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

*Business Entity Name (if applicable):* \_\_\_\_\_

Signed: \_\_\_\_\_

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

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

## EXHIBIT C

### LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

The Following Table Reflects Our Agents for Service of Process and the Relevant State Franchise Authorities. We may not be registered to offer and sell franchises in all of these states:

#### NAMES AND ADDRESSES OF STATE REGULATORY AUTHORITIES AND REGISTERED AGENTS IN STATES

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	<p>California Commissioner of Financial Protection and Innovation:</p> <p>Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 (213) 576-7505</p> <p>Sacramento: 2101 Arena Blvd Sacramento, CA 95834 (916) 445-7205</p> <p>San Diego: 1455 Frazee Road, Suite 315 San Diego, CA 92108 (619) 525-4233</p> <p>San Francisco: One Sansome Street, Suite 600</p> <p>San Francisco, CA 94104-4428</p> <p><u>Toll-Free Number: 1-866-275-2677</u></p>	<p>Commissioner of Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-1105 (213) 576-7505</p>
CONNECTICUT	<p>Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232</p>	<p>Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232</p>
FLORIDA	<p>[Not Applicable]</p>	<p>Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770</p>

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 100 W. Randolph Street Chicago, IL 60601 (312) 814-3892
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328	Deputy Commissioner Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 500 St. Paul, MN 55101-2198 (651) 296-6328
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
NEW YORK	Secretary of State of the State of New York 162 Washington Street Albany, NY 12231	Assistant Attorney General Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 (212) 416-8211
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 500 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Franchise Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Director of South Dakota Division of Securities 445 E. Capitol Ave. Pierre, SD 57501 (605) 773-4823	Franchise Administrator Division of Securities 445 East Capitol Avenue Pierre, SD 57501-5070 (605) 773-4013
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	Ryan C. Combe Registered Agent 2181 Combe Road Ogden, Utah 84403	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street Richmond, VA 23219 (804) 371-9733	Chief Examiner/Investigator State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street Richmond, VA 23219 (804) 371-9051
WASHINGTON	Director of Department of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760	Administrator Dept. of Financial Institutions Securities Division 150 Israel Rd. SW Tumwater, WA 98501 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 <sup>th</sup> Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

**EXHIBIT D**

**CANCELLATION OF ASSUMED OR FICTITIOUS BUSINESS NAME**

Pursuant to the provisions of relevant state laws concerning the registration and use of assumed or fictitious business names, the undersigned applicant, being a franchisee of **U GOT STINK FRANCHISING, LLC**, submits the following to evidence its intent to abandon, relinquish and terminate its right to use the business name **U GOT STINK**:

1. Name of Applicant who is Using the Assumed or Fictitious Business Name:

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

a(an) individual/partnership/corporation organized and doing business under the laws of the State of

\_\_\_\_\_

2. Date When Original Assumed or Fictitious Business Name was Filed by Applicant:

\_\_\_\_\_

3. Address of Applicant's Registered Office in the State of: \_\_\_\_\_

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

4. Please cancel the Applicant's registration to use the name **U GOT STINK**.

DATED: \_\_\_\_\_

\_\_\_\_\_  
Applicant

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

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

**EXHIBIT E**  
**FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**  
**STATE LAW ADDENDUM**

**CALIFORNIA**

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

WE MAINTAIN A WEB SITE AT THE FOLLOWING ADDRESS: [www.ugotstink.com](http://www.ugotstink.com)

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).

**FDD Item 3**

Neither the franchisor, nor any person listed in Item 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et. seq., suspending or expelling these persons from membership in this association or exchange.

**FDD Item 5, FA Sections 6(a) and 16, Multiple Franchise Purchase Addendum Section 2**

Payment of all initial fees is postponed until after all of our initial obligations are complete and you are opened for business.

Late payment penalties and late charges will not exceed California's legal limit on interest rates, which is currently 10% annually.

**FDD Item 17; FA Sections 14, 15, 16, and 20; ADA Sections 7, 8, 9, and 11**

1) California Law Regarding Termination, Transfer and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning termination, transfer or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

2) Post-Termination Noncompetition Covenants. 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.

3) Liquidated Damages. The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

4) Arbitration. The Franchise Agreement requires mediation. The mediation will occur in Clark County, Washington with the costs being borne by the respective parties. 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 Procedures Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

5) Applicable Law. The Franchise Agreement requires application of the laws of the State of Utah. This provision may not be enforceable under California law.

6) Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11. U.S.C.A. Sec. 101 et seq.), but we will enforce it if enforceable.

7) Conditions for Approval of Transfer. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Codes Sections 20000 through 20043).

8) Material Modifications. Section 31125 of the Franchise Investment Law requires us to give to you a disclosure document, in a form and containing such information as the Commissioner of Financial Protection and Innovation may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

### **Special Risks to Consider About *This Franchise***

1. Spousal Consent. If your spouse or one of your owners' spouses has any property interest in the franchise agreement, your ownership or the franchised operation due to a state's community property laws, we can require that spouse to consent to all of the terms and conditions of the franchise agreement.

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

### **Connecticut**

#### FDD Cover Sheet

### **DISCLOSURES REQUIRED BY CONNECTICUT LAW**

**The State of Connecticut does not approve, recommend, endorse or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.**

#### FDD Item 3

The disclosures in Item 3 include information on pending and completed actions related to:

Securities Laws;  
Business Opportunity Laws;  
Actions Brought by Present or Former Purchaser-Investors Involving Franchise or  
Business Opportunity Relationships.

FDD Items 7 and 8, FA Sections 4, 5, 9, and 15; ADA Sections 4, 5, and 7

If the seller fails to deliver the products, equipment or supplies or fails to render the services necessary to begin substantial operation of the business within **45** days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be canceled.

## **Georgia**

### **DISCLOSURES REQUIRED BY GEORGIA LAW**

The State of Georgia has not reviewed and does not approve, recommend, endorse, or sponsor any business opportunity. The information contained in this disclosure has not been verified by the state. If you have any questions about this investment, see an attorney before you sign a contract or agreement.

## **Idaho**

FDD Item 17, FA Section 20, ADA Section 11

Any condition in a franchise agreement executed by a resident of Idaho or a business entity organized under the laws of Idaho is void to the extent it purports to waive venue or jurisdiction of the Idaho court system. Venue and jurisdiction will be in Idaho if the franchisee is an Idaho resident or a business entity organized under the laws of Idaho.

## **Illinois**

FDD Item 5, FA Section 2.1

All initial franchise fees will be due and payable only after the franchisor has fulfilled and performed all of its initial financial obligations and the franchisee has commenced business operations under the Franchise Agreement (which occurs upon completion of the initial training course for Area Developers and upon opening of the Franchise Premises for business for individual unit operators).

FDD Items 5 and 6

Illinois Law prohibits discrimination among franchisees for payments made for Initial Franchise Fees, Royalty Fees, and the purchase of goods or services from the franchisor.

FDD Item 17

A franchisee's rights upon termination and non-renewal may be affected by Illinois law. (815 ILCS 705/1-44).

Releases executed by franchisees must comply with Illinois Law. Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act

or any other law of this State is void. (See Section 41 of the Illinois Franchise Disclosure Act, and Rule 200.609 of the Rules and Regulations).

The governing law and choice of law clauses contained in the Franchise Agreement are governed by Illinois Law.

Any provision in the Franchise Agreement and any ancillary Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, provided that a Franchise Agreement may provide for arbitration in a forum outside of Illinois. (See Section 4 of the Illinois Franchise Disclosure Act, and Rule 200.608 of the Rules and Regulations).

[SIGNATURE PAGE FOR ILLINOIS STATE LAW ADDENDUM APPEARS ON NEXT PAGE.]

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

("we/us"): U GOT STINK FRANCHISING, LLC ("you"): \_\_\_\_\_

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

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

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

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

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

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

Signed Personally: \_\_\_\_\_

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

## Michigan

The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are included in these franchise documents, the provisions are void for Michigan franchisees and cannot be enforced against Michigan franchisees. These provisions are:

- (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 the Michigan Franchise investment law. This will 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 will include the failure of the franchisee to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if:
  - (i) The term of the franchise is less than 5 years, and
  - (ii) The franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise, or the franchisee does not receive at least six months' advance notice of the franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation will be conducted outside this state. This will not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause will 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 breach in the Franchise Agreement existing at the time of the proposed transfer.
- (h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of 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 the franchisee's 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. A franchisor whose most recent financial statements are unaudited and show a net worth of less than \$100,000 will, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of the escrow. Any questions regarding this notice should be directed to the Department of the Michigan Attorney General, 6520 Mercantile Way, Suite 3, Lansing, Michigan 48913; (517) 373-3800.**

The name and address of the franchisor's agent in Michigan authorized to receive service of process is:

Michigan Department of Commerce  
Corporation and Securities Bureau  
Office of Franchise and Agent Licensing  
6546 Mercantile Way  
P. O. Box 30222  
Lansing, Michigan 48910

## **Virginia**

### **FDD Item 9**

In Virginia, notice of approval or disapproval of a proposed supplier will be issued by us within **45** days after the franchisee has delivered all required materials.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement do not constitute “reasonable cause, “ as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

**Washington Addenda to the FDD, Franchise Agreement, Multiple Franchise Purchase Addendum (FA Exhibit 3) and Franchise Closing Questionnaire (FDD Exhibit G)**

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

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

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

**FDD Item 5**

In Washington, persons who receive financial incentives to refer franchise prospects to us may be required to register as franchise brokers under relevant laws of the State of Washington.

FDD Item 17r; FA Sections 13(b) and 13(c)

The duration of the post-term non-competition covenants in Sections 13(b) and 13(c) of the Franchise Agreement are hereby amended to 18 months (rather than two years).

FDD Item 5; FA Section 6(a); Multiple Franchise Purchase Addendum Section 1

The State of Washington has imposed a financial condition under which the initial franchise fees due will be deferred until the franchisor has fulfilled its initial pre-opening obligations under the Franchise Agreement and the franchise is open for business.

**The franchisee acknowledges receipt of this Addendum.**

It is agreed that the applicable foregoing state law addendum for the state of \_\_\_\_\_, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) and any addenda to the Franchise Agreement of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state's franchise laws, without considering this addendum, and only to the extent the addendum reflects then valid requirements of an applicable and enforceable state law, and for only so long as such state law remains in effect.

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

U GOT STINK FRANCHISING, LLC:

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

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

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

FRANCHISEE (jointly and severally): *If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.*

SIGNATURES OF INDIVIDUALS:

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

NAME OF FRANCHISEE BUSINESS ENTITY: \_\_\_\_\_

STATE OF FORMATION OF BUSINESS ENTITY: \_\_\_\_\_

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



Print Name:

---

Title:

---

**EXHIBIT F TO U GOT STINK FRANCHISE DISCLOSURE DOCUMENT**

**FORM OF GENERAL RELEASE**

*The Franchise Agreement provides that the franchisee must sign a General Release in a form satisfactory to U Got Stink Franchising, LLC in certain circumstances, such as upon transfer or renewal of the franchise. Following is a form of General Release that is subject to change.*

FORM OF GENERAL RELEASE

This General Release Agreement ("Agreement") is made this \_\_ day of \_\_\_\_\_, 20\_\_ . It is among U GOT STINK FRANCHISING, LLC ("Franchisor"), \_\_\_\_\_ and \_\_\_\_\_ (jointly and severally "Franchisee") and \_\_\_\_\_ and \_\_\_\_\_ (jointly and severally "Transferee").

RECITALS

On or about \_\_\_\_ day of \_\_\_\_\_, 20\_\_ , Franchisor and Franchisee entered into a U Got Stink Franchise Agreement (the "Franchise Agreement[s]") for the operation of a U Got Stink franchise at the following location: \_\_\_\_\_.

[NOTE: Describe the circumstances relating to the release, such as circumstances related to transfer or renewal of the franchise and relevant agreement dates.]

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

[1. Renewal of Franchise Agreement. The parties covenant and agree:

- A. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.
- B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms. These forms may vary materially from the Franchise Agreement. Fees will be set at the currently prevailing rates and terms. The Franchise Premises must remain at the location designated in the Franchise Agreement unless we otherwise approve in writing.
- C. You will reimburse us for the following reasonable out-of-pocket costs we incur concerning the renewal: \_\_\_\_\_.
- D. You will refurbish, remodel, and replace the Franchise Premises, fixtures, and equipment to conform to the current Operations Manual and Method of Operation. This includes: \_\_\_\_\_.
- E. You or your designated manager will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee of \$ \_\_\_\_\_: \_\_\_\_\_.]

[1. Franchise Transfer. The Parties covenant and agree:

- A. The Franchise Agreement between Franchisor and Franchisee, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties are terminated, as between them. The provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination and transfer will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

- B. Transferee agrees to fully assume and to be bound by the terms, covenants and conditions of the Franchise Agreements as if Transferee had been named as the original franchisee in the Franchise Agreement. Transferee will execute all documents Franchisor or Franchisee may reasonably require to complete the transfer and assumption of the Franchise Agreements, including but not limited to execution of a new franchise contract in the form currently being used by Franchisor. The new franchise contract may contain economic and general terms which are materially different from those contained in the Franchise Agreement.
- C. Franchisor enters into this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of Transferee.
- D. All obligations of Franchisee in connection with the Franchise Agreement and the franchise are assumed by the Transferee. Franchisee will remain bound by its covenants in the Franchise Agreements that neither it nor its owners, officers, partners, or other persons enumerated in the Franchise Agreement will disclose confidential information nor compete with Franchisor or Franchisor's franchisees.
- E. [All now ascertained or liquidated debts in connection with the franchise have been paid by Franchisee.] [Franchisee owes \$--- in current obligations and will owe additional funds for franchise fees, advertising fees, and product purchases through the closing of this transfer transaction. Franchisee will pay all sums due to Franchisor and to product suppliers within 10 days of the relevant invoice or due date. All other now ascertained or liquidated debts in connection with the franchises have been paid by Franchisee.]
- F. Franchisee is not in default in any way under the Franchise Agreement or any other agreement between it and Franchisor.
- G. Transferee will pay for and complete to Franchisor's exclusive satisfaction the training programs now required of new franchisees. [Transferee has completed to Franchisor's satisfaction the training programs now required of new franchisees.] [Transferee has demonstrated to Franchisor's satisfaction sufficient ability to successfully operate the franchise]. Franchisee or Transferee have submitted to Franchisor, upon execution of this Agreement, a Transfer Fee in the amount of \$---. Franchisor acknowledges receipt of this Fee in consideration for Franchisor's legal, accounting, credit check, training and investigation expenses incurred as a result of this transfer. [In addition, Franchisee has paid to Franchisor, contemporaneous with execution of this Agreement, a \_\_\_ percent commission on the gross transfer price (excluding the price of real property), in the amount of \$\_\_\_\_. Franchisor acknowledges receipt of this amount in consideration for having obtained Transferee for Franchisee.]
- H. Transferee has met the standards established by Franchisor for quality of character, financial capacity and experience required of a new or renewing U Got Stink franchisee. Franchisee and Transferee have provided to Franchisor such information as Franchisor reasonably requested to evidence that Transferee meets these standards.
- I. The lessor or sublessor of the Franchise Premises has consented to the assignment or sublease of the Franchise Premises to Transferee.

- J. Franchisee and Transferee agree to subordinate to Transferee's obligations to Franchisor (including, without limitation, the payment of all franchise fees) any obligations of Transferee to Franchisee.
- K. Transferee will assume possession and control of the equipment, furnishings, signs, supplies, inventory, advance paid deposits and other personal property and fixtures located on the Franchise Premises, except as follows:
- 
- L. Franchisee will properly operate the franchises and maintain the Franchise Premises in clean and proper working order and will continue the employment of all current employees until Transferee assumes control of the businesses and [relocates] the Franchise Premises.
- M. Franchisee will maintain a sufficient inventory and sufficient supplies on hand to provide for normal business operations through the second day after Transferee assumes control of the businesses and the Franchise Premises, except as follows:
- 
- N. Transferee agrees to place orders with product suppliers to maintain the inventory and supply levels following the closing of this transaction.
- O. Franchisee and Transferee have entered into this Agreement for the transfer of Franchisee's rights under the Franchise Agreements after their own independent investigation. The transfer of the franchise rights and the amount of consideration for them have been determined by them independently. Franchisee and Transferee acknowledge that they have not relied upon any representation, warranty, promise or other consideration from or by Franchisor in entering into this Agreement or in evaluating the advisability of the transfer or the value of the franchises, any of the franchise rights or the franchise locations.
- P. Transferee will refurbish and remodel the Franchise Premises, and will refurbish, remodel and/or replace the fixtures, equipment and signage to conform to the current Operations Manual and Method of Operation within 90 days of transfer. This includes:  
\_\_\_\_\_.]

[NOTE: The following Section 2 is for franchise transfers but not for franchise renewals:]

[2. Franchisee to Cease Using Trade Names, Service Marks, and Logos. Upon completion of the transfer, Franchisee will immediately cease using Franchisor's trade names, service marks, logos, and other marks, symbols or materials indicating that Franchisee is or was related to Franchisor in any way, except as otherwise provided in writing. Franchisee acknowledges that all such names, service marks, logos, and symbols are the exclusive property of Franchisor and that Franchisee has been allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement. Franchisee will remain jointly and severally bound to comply with the covenants in the Franchise Agreement which expressly or by reasonable implication are intended to apply to Franchisee after termination of the Franchise Agreement, including any applicable non disclosure requirements. Franchisee will:

- A. deliver to Transferee or Franchisor all copies of the Operations Manuals, training and franchise related materials in Franchisee's custody, control or possession;
- B. take action as required to transfer to Transferee all registrations relating to the use of all assumed names;

- C. notify the telephone company and all listing agencies of the transfer of Franchisee's rights to use the franchise names and logos and classified and directory listings of the franchise;
- D. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property; and
- E. refrain from doing business in any way that might tend to give the public the impression that Franchisee still is or was a franchisee in the franchise system;]

3. Communication of Confidential Information. Neither Franchisee nor its owners, officers, directors, or other persons enumerated in the Franchise Agreements will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise Agreement, the substance of the U Got Stink franchise operations manuals, or any other nonpublic information related to the operation of the U Got Stink franchise system. Franchisee represents and warrants that neither it nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. Franchisee will continue to comply with all the confidentiality requirements of the Franchise Agreements. This clause does not reduce the scope of the confidentiality and non-competition covenants in the Franchise Agreement, which continue in full force and effect.

[Nothing contained in this Agreement will preclude Franchisor or Franchisee from disclosing the fact of this Agreement or the amount paid by Transferee to Franchisor or to Franchisee.]

4. Release.

A. General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee (for itself and on behalf of its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents) does release and forever discharge and covenants not to sue Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents ("**Released Parties**") from all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute (each a "**Claim**" and collectively "**Claims**"), arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties and out of any other action or relationship between the parties, or any of the Released Parties, arising before the date of this Agreement [except provisions in the Franchise Agreement concerning Franchisee's obligations upon termination].

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

The purpose of this release is to make a full, final and complete settlement of all Claims against Franchisor, known or unknown, arising directly or indirectly out of the Franchise Agreement and any relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.

B. Waiver of Statute. With the advice of legal counsel, the Releasing Parties expressly waive any statute, legal doctrine or other similar limitation upon the effect of general releases. If applicable, the parties waive the benefit of California Civil Code Section 1542, which states: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

C. Franchisee's Acknowledgments. FRANCHISEE HEREBY ACKNOWLEDGES THAT FRANCHISEE HAS READ THIS RELEASE THOROUGHLY AND FULLY UNDERSTANDS IT;

FRANCHISEE IS VOLUNTARILY EXECUTING THIS RELEASE; FRANCHISEE HAS BEEN GRANTED THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE BEFORE EXECUTING THIS RELEASE; AND FRANCHISEE IS AWARE THAT BY SIGNING THIS RELEASE FRANCHISEE IS WAIVING CERTAIN LEGAL RIGHTS THAT FRANCHISEE MAY HAVE AGAINST THE RELEASED PARTIES.

D. Covenant Not to Sue. Franchisee covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim.

*[In consideration of the covenants and understandings set forth in this Agreement, Transferee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of Transferee's existing franchise or license agreement(s) with us and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.]*

*Transferee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, arising directly or indirectly out of Transferee's existing franchise or license agreement(s) with us and the relationship between the parties through the date of this Agreement, including, but not limited to, economic loss.]*

[E. Certain Obligations Not Released. The parties agree that the provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination will continue in full force and effect. Without limiting the generality of the foregoing, Franchisee shall be liable to Franchisor for royalties and any other fees that accrue prior to the Effective Date.]

5. Indemnification. Franchisee, for themselves and their heirs, successors, representatives, assigns, subsidiaries, divisions, and agents and each of them, agree to indemnify and hold harmless Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents and each of them against any liabilities, losses, damages, deficiencies, claims, costs, expenses, actions, suits, proceedings, investigations, demands, assessments, judgments, and costs of any nature resulting, directly or indirectly, from the operation of the franchise by Franchisee or Franchisee's agents or employees. This clause does not reduce the scope of the indemnities in the Franchise Agreement, which continue in full force and effect.

6. Miscellaneous Provisions.

A. Entire Agreement. This writing is the entire agreement between the parties and may not be modified or amended except by written agreement signed by the parties.

B. Joint and Several Liability. If Franchisee consists of more than one individual or entity, then their liability under this Agreement will be joint and several.

C. Waiver. No waiver of any covenant or breach of this Agreement will be a waiver of any subsequent breach of the same or any other covenant or authorize the subsequent breach of any covenant or condition.

D. Time of Essence. Time is of the essence of this Agreement.

E. Injunctive Relief. In addition to other remedies available at law or in equity, any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement.

F. Dispute Resolution. If a dispute arises, before taking any other legal action, the parties agree to participate in good faith mediation in the county in which our headquarters are then located (currently Clark County, Washington) in accordance with the Mediation Procedures of Arbitration Service of Portland, Inc. or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

G. Costs and Attorneys' Fees. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its arbitration and court costs and reasonable legal fees to be set by the court, including costs and legal fees on appeal.

H. Governing Law and Venue. This Agreement is accepted in the State of Washington and will be governed by the laws of Washington, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of the Washington franchise or business opportunity laws. Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Washington, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement, will be tried, heard, and decided in the county in which our headquarters are then located (currently Clark County, Washington).

I. Successors and Assigns. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

J. Legal Representation. The parties acknowledge they have been represented by counsel and have been advised of the significance and ramifications of executing this Agreement.

K. Counterparts and Electronic Signatures. This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original, but all of which, together, will constitute one and the same instrument. Execution of this Agreement via DocuSign or any other reputable e-signature service will constitute valid and enforceable execution.

L. Definition of "Including." In this Agreement, *including* means "including but not limited to" unless expressly stated otherwise.

*(Signatures on following page)*



IN WITNESS WHEREOF, the parties have executed this Agreement.

U GOT STINK FRANCHISING, LLC ("Franchisor")

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

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

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

("Franchisee"):

SIGNATURES OF INDIVIDUALS:

Signed: \_\_\_\_\_

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

Signed: \_\_\_\_\_

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

NAME OF FRANCHISEE BUSINESS ENTITY:

STATE OF FORMATION OF BUSINESS ENTITY:

\_\_\_\_\_

\_\_\_\_\_

Signed By:

\_\_\_\_\_

Print Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

("Transferee"):

SIGNATURES OF INDIVIDUALS:

Signed: \_\_\_\_\_

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

Signed: \_\_\_\_\_

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

NAME OF FRANCHISEE BUSINESS ENTITY:

STATE OF FORMATION OF BUSINESS ENTITY:

\_\_\_\_\_

\_\_\_\_\_

Signed By:

\_\_\_\_\_

Print Name:

\_\_\_\_\_

Title:

\_\_\_\_\_

*Instructions for signatures (above) for "Franchisee" and "Transferee": If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.*

EXHIBIT G

**Franchisee Closing Questionnaire**

**U GOT STINK FRANCHISING, LLC,**  
2924 E Evergreen Blvd., Vancouver, Washington 98661  
PO Box 187, Brush Prairie, Washington 98606  
(855) GOT-STNK(503) 913-0835

U GOT STINK FRANCHISING, LLC (“**U Got Stink**”), through the use of this Franchisee Closing Questionnaire, desires to verify certain information about the sales process and to confirm that U Got Stink and its employees have complied with applicable franchise disclosure laws. U Got Stink further desires to confirm that you fully understand that the purchase of a U Got Stink franchise is a business decision involving the evaluation of many risks. U Got Stink’s policy is to verify and confirm that in making your decision you are not relying upon any oral statement, representation, promise or assurance made during the negotiations for the purchase of a U Got Stink franchise by any director, officer, employee, agent or representative of U Got Stink (each, a “**Representative**”) that is not specifically reported in U Got Stink’s then-current Franchise Disclosure Document, including all of the exhibits attached to it (the “**Disclosure Document**”).

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.

**BACKGROUND AND GENERAL INFORMATION**

1. Please state your name and address:

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2. Please state the full name of the Franchisee if you are using a corporation, limited liability company, partnership or other entity to purchase the Franchise:

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3. What is the location of the Franchised Operation you are purchasing?

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4. Franchisee is (check applicable boxes):

- An individual
- A corporation

- A limited liability company
- A general partnership
- A limited partnership

5. If Franchisee is other than an individual, indicate the capacity in which the undersigned is authorized to act on behalf of the Franchisee (check applicable box):

- Officer (insert title): \_\_\_\_\_
- General Partner
- Other (please explain): \_\_\_\_\_

6. Have you received a copy of U Got Stink's most current Disclosure Document?

Yes  No

7. On what date did you receive the Disclosure Document? \_\_\_\_\_

### ACKNOWLEDGEMENT

By signing below, you acknowledge that you have personal knowledge of the following facts and that they are all true and correct:

1. You acknowledge that you received the Disclosure Document at least 14 calendar days before you signed a binding agreement with or made a payment to us or our affiliate in connection with the proposed franchise sale, or sooner if required by state law.

2. You acknowledge that you received the Franchise Agreement (if applicable) at least 7 calendar days before signing them.

3. You acknowledge that you have personally and carefully reviewed the Disclosure Document, that you understand all of the information in the Disclosure Document and that you have been advised by a Representative to have professional advisors of your own, including legal counsel, review the Disclosure Document and consult with you regarding the risks associated with the purchase and operation of a U Got Stink franchise.

4. You acknowledge that you have made your own independent determination as to whether you have the capital necessary to fund a U Got Stink franchise.

5. You recognize and understand that the success or failure of a U Got Stink franchise is subject to many variables, including, but not limited to, (a) geographic location; (b) competition from other businesses in the market; (c) advertising effectiveness based on market saturation; (d) whether you assume the sales position or hire a sales manager; (e) your product and service pricing; (f) vendor prices on materials, supplies and inventory; (g) salaries and benefits to non-business personnel; (h) business personnel benefits (life and health insurance, etc.); (i) weather conditions; (j) employment conditions in the market; (k) inflation, and (l) lease terms and costs and other business factors. You acknowledge your willingness to undertake these business risks and that it is your responsibility to manage your U Got Stink franchise. You understand that the success or failure of your U Got Stink franchise depends primarily upon your efforts and not those of U Got Stink.

6. You acknowledge and agree that your decision to purchase a U Got Stink franchise is in no manner predicated upon any representations, assurances, warranties, guarantees or promises made by a Representative as to the likelihood of success of a U Got Stink franchise. You further acknowledge that you have not received any information from a Representative concerning actual, average, projected or forecasted sales, gross receipts, operating costs, revenues, income, profits or earnings, that is not contained in the Disclosure Document, except as follows (if no exceptions, write "None"):

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7. You acknowledge that a Representative has not made any statement, promise or assurance concerning the likelihood of success that you should or might expect to achieve from developing and operating a U Got Stink Franchise. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write "None".

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8. You acknowledge that a Representative has not made any statement, promise or assurance concerning the advertising, marketing, training, support services or assistance that U Got Stink will furnish you that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement or promise in the space provided below or write "None".

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9. You acknowledge that a Representative has not made any other statement, promise or assurance concerning any other matter related to a U Got Stink Franchise that is contrary to, or different from, the information contained in the Disclosure Document. If you believe that one of these statements, promises or assurances has been made, please describe the statement, promise or assurance in the space provided below or write "None".

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10. You acknowledge that no rights to any territory or locations whatsoever are granted to you or any other person or entity designated as Franchisee in your Franchise Agreements except as reported in the Disclosure Document or your Franchise Agreements.

Note that under applicable state law, these representations and acknowledgements may not act as a release, estoppel or waiver of any liability incurred.

PROSPECTIVE FRANCHISEE: (Individual)

\_\_\_\_\_  
Name

\_\_\_\_\_  
Signature

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

PROSPECTIVE FRANCHISEE:

(Corporation, Partnership or Limited Liability Company)

a/an \_\_\_\_\_ corporation

a/an \_\_\_\_\_ partnership

a/an \_\_\_\_\_ limited liability company

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

Its: \_\_\_\_\_

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

**EXHIBIT H TO U GOT STINK FRANCHISE DISCLOSURE DOCUMENT**

*This Addendum is for use only with franchisees that are getting Small Business Administration (SBA) lender financing.*

*This Addendum is subject to change based on requirements that the SBA may impose.*

[SEE FOLLOWING PAGES]



## ADDENDUM TO FRANCHISE<sup>1</sup> AGREEMENT

**THIS ADDENDUM** (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor and Franchisee entered into a Franchise Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree that notwithstanding any other terms in the Franchise Agreement or any other document Franchisor requires Franchisee to sign:

### CHANGE OF OWNERSHIP

- If Franchisee is proposing to transfer a partial interest in Franchisee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee. If the Franchisor’s consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the franchise interest or any portion thereof, the transferor will not be liable for the actions of the transferee franchisee.

### FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchise location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the franchise term (excluding additional

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

renewals) for fair market value.

#### COVENANTS

- If the Franchisee owns the real estate where the franchise location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

#### EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 -3733.

#### Authorized Representative of FRANCHISOR:

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

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

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

#### Authorized Representative of FRANCHISEE:

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

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

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

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the franchise system must meet all SBA eligibility requirements

Effective Date: January 1, 2018

396



**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	Pending
Illinois	Pending
Michigan	April 22, 2021
Virginia	Offered by separate disclosure document
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT J TO U GOT STINK FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPT**

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If U GOT STINK FRANCHISING, LLC offers you a franchise, U GOT STINK FRANCHISING, LLC must provide this disclosure document to you by the earliest of:

1. The first personal meeting to discuss the franchise (in New York and Rhode Island) OR
2. 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 (10 business days in Michigan, New York, Rhode Island and Wisconsin).

If U GOT STINK FRANCHISING, 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 appropriate state agency identified on Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise:  
Clifton Roberts (President) and Stephanie Mowrey (Operations Manager), U Got Stink Franchising, LLC, 2924 E Evergreen Blvd., Vancouver, Washington 98661, PO Box 187, Brush Prairie, Washington 98606, (855) GOT-STNK  
Other:

Our authorized agents for service of process are identified on Exhibit C to this Franchise Disclosure Document.  
Date of Issuance: December 1, 2021

I have received a Franchise Disclosure Document dated as indicated above that included the following Exhibits:

- A Financial Statements
- B Franchise Agreement
- C List of State Agencies/Agents for Service of Process
- D Abandonment, Relinquishment, & Termination of Assumed/Fictitious Business Name
- E State Law Addenda
- F Form of General Release
- G Franchisee Closing Questionnaire
- H SBA Franchise Agreement Addendum
- I State Effective Dates

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

**Signatures of All Prospective Franchisees:**

Individuals:

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Name of Corporation/LLC/Partnership: \_\_\_\_\_

By: \_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_

All individuals who will sign the Franchise Agreement must sign this acknowledgment. If the Franchise Agreement will also be executed by a corporation or limited liability company, an officer or owner authorized to receive this circular on behalf of the corporation or limited liability company must execute this acknowledgment. If the Franchise Agreement will be executed by a partnership, then all general partners must execute this acknowledgment as general partners and as individuals.

**KEEP THIS COPY FOR YOUR RECORDS.**

**EXHIBIT J TO U GOT STINK FRANCHISE DISCLOSURE DOCUMENT**

**RECEIPT**

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If U GOT STINK FRANCHISING, LLC offers you a franchise, U GOT STINK FRANCHISING, LLC must provide this disclosure document to you by the earliest of:

1. The first personal meeting to discuss the franchise (in New York and Rhode Island) OR
2. 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 (10 business days in Michigan, New York, Rhode Island and Wisconsin).

If U GOT STINK FRANCHISING, 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 appropriate state agency identified on Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise:  
Clifton Roberts (President) and Stephanie Mowrey (Operations Manager), U Got Stink Franchising, LLC, 2924 E Evergreen Blvd., Vancouver, Washington 98661, PO Box 187, Brush Prairie, Washington 98606, (855) GOT-STNK  
Other:

Our authorized agents for service of process are identified on Exhibit C to this Franchise Disclosure Document.  
Date of Issuance: December 1, 2021

I have received a Franchise Disclosure Document dated as indicated above that included the following Exhibits:

- A Financial Statements
- B Franchise Agreement
- C List of State Agencies/Agents for Service of Process
- D Abandonment, Relinquishment, & Termination of Assumed/Fictitious Business Name
- E State Law Addenda
- F Form of General Release
- G Franchisee Closing Questionnaire
- H SBA Franchise Agreement Addendum
- I State Effective Dates

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

**Signatures of All Prospective Franchisees:**

Individuals:

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Signature: \_\_\_\_\_  
Print Name: \_\_\_\_\_

Name of Corporation/LLC/Partnership: \_\_\_\_\_

By: \_\_\_\_\_ Name: \_\_\_\_\_ Title: \_\_\_\_\_

All individuals who will sign the Franchise Agreement must sign this acknowledgment. If the Franchise Agreement will also be executed by a corporation or limited liability company, an officer or owner authorized to receive this circular on behalf of the corporation or limited liability company must execute this acknowledgment. If the Franchise Agreement will be executed by a partnership, then all general partners must execute this acknowledgment as general partners and as individuals.

**PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO U GOT STINK FRANCHISING, LLC.**