



## FRANCHISE DISCLOSURE DOCUMENT

### RISE COMMERCIAL DISTRICT FRANCHISOR, LLC

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Indianapolis, IN 46250  
(317) 919-5309  
www.risecommercialdistrict.com

The franchise offered is for the establishment and operation of an industrial warehouse space and office space facility for use by small to medium businesses to further the growth of their businesses.

The total investment necessary to begin operation of a RISE COMMERCIAL DISTRICT franchise is \$10,355,500 - \$15,048,000. This includes \$125,000 that must be paid to the franchisor or affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar-days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **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 Joe Bach, Franchise Sales, 8070 Castleton Road, Suite 150, Indianapolis, IN 46250, (317) 751-4821, joe@risecommercialdistrict.com.

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

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

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

Date of Issuance: February 18, 2022

## 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 E 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 RISE COMMERCIAL DISTRICT facility 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 RISE COMMERCIAL DISTRICT franchisee?</b>	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

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

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

**Out-of-State Dispute Resolution.** The franchise agreement requires you to resolved disputes with the franchisor by mediation, arbitration and/or litigation only in Indiana. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate, arbitrate, or litigate with the franchisor in Indiana than in your own state.

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

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

To simplify the language in this Disclosure Document, the words “we,” “us,” and “our” refer to Rise Commercial District Franchisor, LLC, the franchisor of this business. “You” and “your” refer to the person who buys the franchise, whether you are a natural person, corporation, limited liability company or other business entity. If you are a corporation, limited liability company or other business entity, certain provisions of this Disclosure Document also apply to your owners and will be noted.

### **The Franchisor**

We were formed as a limited liability company in Indiana on December 22, 2021, with the purpose of offering RISE COMMERCIAL DISTRICT franchises. Our principal business address is 8070 Castleton Road, Suite 150, Indianapolis, IN 46250. We do not do business under any other name. We began offering franchises on February 18, 2022.

We franchise the right to operate an industrial warehouse space and office space facility (the “Franchised Business”) for use by small to medium businesses to further the growth of their businesses. The Franchised Business will do business under the RISE COMMERCIAL DISTRICT mark, as well as our other related trademarks and logos (our “Marks”). The typical RISE COMMERCIAL DISTRICT facility is located on twelve to fifteen acres of industrial-zoned land in a metropolitan area with convenient interstate access. The Franchised Business will operate using our standards, methods, procedures and specifications, called our “System.”

We do not operate a business of the type being franchised. We are not involved in any other business activities.

### **Our Parents, Predecessors and Affiliates**

We do not have any parent companies or predecessors. We have affiliates and affiliated companies. Except as disclosed below, these affiliates and affiliated companies do not supply any goods or services to our franchisees. Our affiliates and affiliated companies own and operate eight (8) RISE COMMERCIAL DISTRICT facilities similar to the Franchised Business. Our affiliate, Sapp Family, LLC, originally started operating in this market in 2010 in Indianapolis, IN, under the name COMMERCIAL SELF STORAGE. That company was rebranded as RISE COMMERCIAL DISTRICT to better identify itself in 2019, which is the name that all of our eight (8) affiliated facilities are currently marketed under.

Our affiliates and affiliated companies do not offer nor have previously offered franchises in this or any other line of business.

### **General Description of the Market and Competition**

You will target your services to small to medium businesses that need drive-up warehousing and/or office space. While we offer a first-to-market service that combines features of facilities that offer co-working spaces, facilities that offer conventional office space, facilities that offer self-storage space, and facilities that offer flex space, you may have to compete with more conventional businesses that offer those sorts of services independently of our combined offering. Though you will have an exclusive territory in which no other RISE COMMERCIAL DISTRICT facilities, there may be other RISE COMMERCIAL DISTRICT facilities in your general vicinity (such as the other side of your city or an adjacent town) that create competition for customers. Changes in local and national economic conditions and population density affect this industry and

are generally difficult to predict. You will face other business risks that could have an adverse effect on your business, including pricing policies of competitors, changes to laws or regulations, and changes in supply and demand. Our ability to fulfill our obligations under our Franchise Agreement depends in part on our present and future financial condition. Litigation risks also exist, including future litigation that may not be predicted.

### **Regulations Specific to the Industry**

Most states and local jurisdictions have enacted laws, rules, regulations and ordinances which may apply to the operation of the Franchised Business, including those that: (a) establish general standards, specifications and requirements for the zoning, construction, design and maintenance of the facility; (b) regulate matters affecting the leasing of space, including requirements in the event you have a non-paying tenant and/or need to evict a tenant; (c) set standards pertaining to employee health and safety; (d) regulate matters affecting requirements for accommodations for disabled persons; (e) set standards and requirements for fire safety and general emergency preparedness; and (f) regulate the proper use, storage and disposal of waste. You must investigate and comply with all applicable laws and regulations. You alone are responsible for complying with all applicable laws and regulations despite any advice or information that we may give you.

### **Agents for Service of Process**

Our agents for service of process are listed on Exhibit B to this Disclosure Document.

## **ITEM 2. BUSINESS EXPERIENCE**

### **Founder/Developer: Jim R. Sapp.**

Jim Sapp is our founder and developer and has been with our organization since it began. In addition, Sapp is a founder and principal of our affiliates, and has been instrumental in the concept, development, determination and replication of our System since its inception in 2010.

### **Operations Manager: Adam Hardebeck**

Adam Hardebeck is our Facilities Operations Manager and has been with our organization since it began. Hardebeck is also a Facilities Operations Manager for our flagship affiliate location in Indianapolis, where he has been employed since July 2017. Prior to that time, Hardebeck was employed by Hertz from 2006 until July 2017 as a Local Edition Area Operations Manager.

### **Sales Manager: Joe Bach**

Joe Bach is our Sales Manager and has been with our organization since it began. Bach is also a Sales Manager for our flagship affiliate location in Indianapolis, where he has been employed since June 2020. Prior to that time, Bach was employed by Love's Travel Stops as a Business Development Manager.

## **ITEM 3. LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4.      BANKRUPTCY**

No bankruptcy is required to be disclosed in this Item.

**ITEM 5.      INITIAL FEES**

You pay a total of \$125,000 as a franchise fee. An initial payment of \$55,000 shall be paid when you sign the Franchise Agreement. The remaining \$70,000 shall be due once a purchase agreement is signed for the land where you will build the facilities for the Franchised Business. The franchise fee is uniform.

The franchise fee is nonrefundable. However, we will waive the remaining \$70,000 payment and terminate the Franchise Agreement if we cannot agree on a location or you cannot complete a purchase agreement for an agreed upon location, despite a good faith effort to do so, and as long as you agree to abide by the terms of the Franchise Agreement related to confidentiality, non-disclosure and non-compete. We do not otherwise give any refunds under other circumstances. (For further information about termination of the franchise, see ITEM 17.)

The nonrefundable franchise fee is compensation to us for our efforts in offering and selling a franchise to you, for our franchise sales and marketing activities to promote the sale of a franchise to qualified franchisees, our participation in the franchise sale, our legal compliance with franchise laws and regulations, site selection assistance and guidelines, our provision of site and architectural plans, and the development and hosting of initial training programs.

**ITEM 6.      OTHER FEES**

<b>Type of Fee</b>	<b>Amount</b>	<b>Due Date</b>	<b>Remarks</b>
Royalty Fee	5% of Gross Revenue <sup>1</sup>	Payable by the 5th day of each month	You must pay the Royalty Fee directly to us.
Advertising Fee	0.5% of Gross Revenue	Payable by the 5th day of each month	You must pay the Royalty Fee directly to us.
Sales Fee <sup>2</sup>	Currently, \$3,000 per month	Payable by the 5th day of each month	Optional fee after the first year of operation. See detail in Note 3.
Audit Expenses <sup>3</sup>	All costs and expenses associated with audit	Upon demand	Audit costs payable only if you underreported amounts you owe us by 3% or more.



Type of Fee	Amount	Due Date	Remarks
Late Fees <sup>4</sup>	1.5% per month or the highest rate allowed by the state where you are located, whichever is less	Upon demand	Applies to all overdue fees you owe us. Also applies to any understatement in amounts due revealed by an audit.
Approval of Suppliers	All reasonable costs of evaluation	Time of evaluation	Applies to the costs we expend in our evaluation of new suppliers you wish to purchase from.
Insurance Policies	Amount of unpaid premiums plus our reasonable expenses in obtaining the policies	Upon demand	Payable to us only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Transfer Fee	\$50,000	At the time of transfer	Payable to us at the time of transfer.
Substitute or New Manager Training/Additional Training	Currently, \$250 per day (a day consists of 8-10 hours), plus your expenses in attending	Time of training	Our initial training program is covered by your franchise fee. If you have to repeat initial training, we may charge you. Further information about training programs is included in ITEM 11.
Additional Operations Assistance	Currently, \$250 per day	Time of assistance	We provide assistance around the beginning of operations. You pay us for additional assistance if you request it.
Temporary Management Assistance	Currently, \$250 per day, plus our expenses	Each month that it applies	If you breach the Franchise Agreement or otherwise require emergency management assistance, we may temporarily manage your Franchised Business.

Type of Fee	Amount	Due Date	Remarks
Cost of Enforcement	All costs including reasonable attorneys' fees	Upon demand	You must reimburse us for all costs in enforcing obligations if we prevail.
Indemnification	All costs including reasonable attorneys' fees	Upon demand	You must defend lawsuits at your cost and hold us harmless against lawsuits arising from your operation of the Franchised Business. We also provide indemnification to you for any lawsuits or claims arising from your authorized use of the Marks.

We may require that all fees payable to us be paid through an electronic depository transfer account.

All of the fees noted above are uniform. No other fees or payments are to be paid to us, nor do we impose or collect any other fees or payments for any other third party. All fees are generally non-refundable.

#### NOTES

<sup>1</sup> "Gross Revenue" means all revenue generated by the Franchised Business, less applicable sales taxes and customer refunds and adjustments

<sup>2</sup> There is an optional fee after the first year of operations. During the first year of operations, we will serve as your in-house sales department. This will include handling all sales calls, applications, writing leases, and all other customer sign-up functions, excluding on-site showings, which shall be your responsibility. This service is part of the Franchise Fee that is paid. After the business has been open for one-year, you will be permitted to begin handling all sales functions (in accordance with our standards). However, we can continue to provide our sales services, but our then-current fees will be charged for these services.

<sup>3</sup> We do not have enough information to estimate audit costs. We assume costs vary depending on factors, including prevailing auditor's rates in your area, the business activity being audited and how well you keep your books and records. You pay our actual costs only. You should be able to investigate these costs by contacting auditors in your area.

<sup>4</sup> Late fees begin from the date payment was due but not received, or date of underpayment.

**ITEM 7. ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>Type of Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment Is To Be Made</b>
Franchise Fee <sup>1</sup>	\$ 125,000	Wire or ACH	\$55,000 due at signing of franchise agreement; \$70,000 due when you sign a purchase agreement to purchase the land where the Franchised Business will be located	Us
Real Estate <sup>2</sup>	1,000,000 - 1,500,000	As Arranged	When you purchase the property where the Franchised Business will be located	Landowner
Permits <sup>3</sup>	10,000 - 50,000	As Arranged	Before you begin to construct the facility and during the construction process	Local and state governments
Construction of Facility <sup>4</sup>	9,000,000 - 13,000,000	As Arranged	Before and during the construction process for the facility	Contractor, Suppliers
Utilities <sup>5</sup>	500 - 1,000	As Arranged	Before beginning operations	Utilities
Furniture, Fixtures & Equipment <sup>6</sup>	100,000 - 200,000	As Arranged	Before Beginning Operations	Suppliers
Rental Management System <sup>7</sup>	500 - 2,000	As Arranged	Before beginning operations	Approved Suppliers & Suppliers
Insurance <sup>8</sup>	1,500 - 5,000	As Arranged	Before beginning operations	Insurance Companies
Signage <sup>9</sup>	6,000 - 20,000	As Arranged	Before beginning operations	Approved Suppliers & Suppliers
Office Equipment & Supplies <sup>10</sup>	2,500 - 3,500	As Arranged	Before beginning operations	Suppliers

Grand Opening Advertising <sup>11</sup>	1,000 - 3,000	As Arranged	First 3 months of operations	Advertising Suppliers
Training <sup>12</sup>	6,000 - 10,000	As Arranged	Before and during training	Airlines, Hotels & Restaurants
Legal & Accounting <sup>13</sup>	2,500 - 3,500	As Arranged	Before beginning operations	Attorney, Accountant
Operating Funds <sup>14</sup> (3 months)	100,000 - 125,000	As Arranged	As necessary	Employees, Utilities, Lessor & Suppliers
TOTAL <sup>15</sup>	\$ 10,355,500 - \$ 15,048,000			

### NOTES

<sup>1</sup> Franchise Fee. The franchise fee and its refund policy are described in greater detail in ITEM 5. We do not finance any fee.

<sup>2</sup> Real Estate. Typically, you must purchase land to build the facilities for your Franchised Business. The typical RISE COMMERCIAL DISTRICT facility is located on twelve to fifteen acres of industrial-zoned land in a metropolitan area with convenient interstate access. It is difficult to estimate land acquisition costs because of the wide variation in these costs between various locations. The amounts you pay are typically non-refundable. The estimated range of costs in this category only includes your costs to acquire the land. Estimated construction costs on the land are addressed below.

<sup>3</sup> Permits. In order to construct the facilities for the Franchised Business, you will be required to obtain all permits from the applicable government authorities. The cost of obtaining permits will vary depending on the local government rules and regulations. The amounts you pay are typically non-refundable.

<sup>4</sup> Construction of Facilities. To construct the facilities needed for the Franchised Business, you will need to employ a contractor to handle the construction. The cost of construction will vary depending on factors, including the size and location of the facility, local wage rates and the cost of materials. The amounts you pay for construction are typically non-refundable. You should inquire about the refund policy of the contractor at or before the time of hiring.

<sup>5</sup> Utilities. As you are constructing a new facility, you will need to have utilities setup at the facility, including electric, telephone, gas and water. In addition, you will need to pay any deposits and other fees that are imposed by the local utility companies. The amount of the deposits/fees and whether they are refundable will vary depending on the local utilities. You should contact your local utilities for more information.

<sup>6</sup> Furniture, Fixtures and Equipment. You must purchase and/or lease and install furniture, fixtures, and equipment and décor necessary to operate your Franchised Business. The cost of the furniture, fixtures and equipment will vary according to local market conditions, the size of the facility, suppliers and other related factors. The estimated costs of furniture, fixtures and equipment include costs for delivery and installation. We do not know if the amounts you pay for furniture, fixtures or equipment are refundable. Factors determining refundability include the length of time you possessed the items and their condition. You

should inquire about the return and refund policy of the suppliers at or before the time of purchasing or leasing.

<sup>7</sup>Rental Management System. You must purchase a rental management system to handle managing leases and tenants. The software is off the shelf. Requirements are described in greater detail in ITEM 11. We do not know if the amounts you pay for the system are refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

<sup>8</sup>Insurance. You must purchase the following types and amounts of insurance:

- (1) “all risk” property insurance coverage for assets of the Franchised Business;
- (2) workers’ compensation insurance and employer liability coverage with a minimum limit of \$100,000 or higher if your state law requires;
- (3) comprehensive general liability insurance with a minimum liability coverage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate, or higher if your state law requires;
- (4) umbrella liability insurance with a minimum liability coverage of \$5,000,000 per occurrence and \$5,000,000 in the aggregate;
- (4) business interruption insurance;
- (5) automobile liability insurance of at least \$1,000,000 or higher if your state law requires for any automobiles that are used in the operation of the Franchised Business; and
- (6) insurance coverage for contractual indemnity.

Factors that may affect your cost of insurance include the size and location of the Franchised Business, value of the facilities and equipment, number of employees and other factors. The amounts you pay for insurance are typically non-refundable. You should inquire about the cancellation and refund policy of the insurance carrier or agent at or before the time of purchase.

<sup>9</sup>Signage. This range includes the cost of all signage used in the Franchised Business. The signage requirements and costs will vary based upon the size and location of the Franchised Business, local zoning requirements, and local wage rates for installation. The amounts you pay for signage are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchase.

<sup>10</sup>Office Equipment and Supplies. You must purchase general office supplies including stationery, business cards and typical office equipment. Factors that may affect your cost of office equipment and supplies include local market conditions, the size of the Franchised Business, competition among suppliers and other factors. We do not know if the amounts you pay for office equipment and supplies are refundable. Factors determining whether office equipment and supplies are refundable typically include the condition of the item at the time of return, the level of use of the item, and the length of time you possessed the item. You should inquire about the return and refund policy of the supplier at or before the time of purchase.

<sup>11</sup>Grand Opening. You must spend a minimum amount we specify on grand opening advertising during the first 3 months of operation. We determine the minimum based on our assessment of your

advertising costs in your area and the time of year that you are opening. You may choose to spend more. Factors that may affect the actual amount you spend include the type of media used, the size of the area you advertise to, local media cost, location of the Franchised Business, time of year and customer demographics in the surrounding area. The amounts you spend for grand opening advertising are typically non-refundable. You should inquire about the return and refund policy of the suppliers at or before the time of purchasing.

<sup>12</sup> Training. The cost of initial training is included in the franchise fee, but you are responsible for transportation and expenses for meals and lodging while attending training. The total cost will vary depending on the number of people attending, how far you travel and the type of accommodations you choose. These expenses are typically non-refundable. Before making airline ticket, hotel, rental car or other reservations, you should inquire about the refund policy in the event you need to cancel or change your reservation.

<sup>13</sup> Legal & Accounting. You will need to employ an attorney, an accountant and other consultants to assist you in establishing your Franchised Business. These fees may vary from location to location depending upon the prevailing rate of attorney's, accountant's and consultant's fees. These fees are typically non-refundable. Before hiring an attorney, accountant or consultant, you should discuss their policy on refunding any fees you will pay.

<sup>14</sup> Additional Funds. We recommend that you have a minimum amount of money available to cover operating expenses, including rent, utilities and employees' salaries, for the first 3 months that the Franchised Business is open. We cannot guarantee that our recommendation will be sufficient. Additional working capital may be required if sales are low or operating costs are high. These expenses are typically non-refundable.

<sup>15</sup> Total. In compiling this chart, we relied on our and our affiliates' industry knowledge and experience. The amounts shown are estimates only and may vary for many reasons, including the size and condition of your facility, the capabilities of your management team, where you locate your Franchised Business and your business experience and acumen. You should review these estimates carefully with an accountant or other business advisor before making any decision to buy a franchise. These figures are estimates only and we cannot guarantee that you will not have additional expenses in starting the Franchised Business.

We do not offer direct or indirect financing to you for any items.

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

You must purchase your furniture, fixtures, equipment, including computer equipment, and signage under specifications in the Rise Commercial District Operations Manual ("Operations Manual"). These specifications include standards and specifications for the appearance, quality, price, performance and functionality. These standards and specifications are based on our affiliates' experience in operating RISE COMMERCIAL DISTRICT facilities. We may communicate our standards and specifications directly to suppliers who wish to supply you with furniture, fixtures, equipment, and signage under specifications. We communicate our standards and specifications to you when we evaluate your proposed location for the Franchised Business during training, before you conduct your grand opening advertising, during on-site opening assistance, during periodic visits to your Franchised Business and through the Operations Manual (including periodic bulletins). We will periodically issue new standards and specifications (if any) through written notices.

If you would like to use any goods or services in establishing and operating the Franchised Business that we have not approved (for goods and services that must meet our standards, specifications or that require supplier approval), you must first send us sufficient information, specifications and samples

for us to determine whether the goods or services comply with our standards and specifications or whether the supplier meets our approved supplier criteria. You must pay our expenses to evaluate goods, services or suppliers. We will decide within a reasonable time (usually 30 days) after receiving the required information whether you may purchase or lease the goods or services from the supplier. Our criteria for approving or revoking approval of suppliers includes: the supplier's ability to provide sufficient quantity of goods; quality of goods or services at competitive prices; production and delivery capability; and dependability and general reputation. None of our officers own any interest in any approved supplier.

Periodically, we may review our approval of any goods, services or suppliers. We will notify you if we revoke our approval of goods, services or suppliers, and you must immediately stop purchasing disapproved goods or services, or must immediately stop purchasing from a disapproved supplier. Additionally, we may negotiate pricing arrangements, including volume discounts on behalf of our franchisees with our suppliers. Volume discounts may not be available to franchisees located in outlying markets that a particular supplier does not serve in significant volume. Presently, there are no purchase or supply agreements in effect and no purchasing or distribution cooperatives that you must join.

We estimate that approximately 90% to 95% of your expenditures for leases and purchases in establishing your Franchised Business will be for goods and services that must be purchased from an approved supplier or according to our standards and specifications. We estimate that approximately 5% to 10% of your expenditures on an ongoing basis will be for goods and services that must be purchased from an approved supplier or in accordance with our standards and specifications.

We do not provide material benefits to you (including renewal rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve. Presently, we have no purchasing or distribution cooperatives serving our System.

**ITEM 9. FRANCHISEE'S OBLIGATIONS**

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

Obligation		Section in the Franchise Agreement	Disclosure Document ITEM
a.	Site selection and acquisition	Sections 1B and 4	ITEMS 11 and 12
b.	Pre-opening purchases/leases	Section 6	ITEMS 7 and 8
c.	Site development and other pre-opening requirements	Sections 5 and 6	ITEMS 7, 8 and 11
d.	Initial and ongoing training	Section 9	ITEMS 6, 7 and 11
e.	Opening	Sections 6	ITEM 11
f.	Fees	Sections 2, 12A, and 15F	ITEMS 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Sections 10, 11, and 14	ITEMS 8, 14 and 16

<b>Obligation</b>		<b>Section in the Franchise Agreement</b>	<b>Disclosure Document ITEM</b>
h.	Trademarks and proprietary information	Sections 7 and 8	ITEMS 13 and 14
i.	Restrictions on products/services offered	Section 11 and 14	ITEMS 8 and 16
j.	Warranty and customer service requirements	Section 14	ITEM 16
k.	Territorial development and sales quotas	Sections 1 and 4	ITEM 12
l.	Ongoing product/service purchases	Section 14	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	Section 14G	ITEM 6
n.	Insurance	Section 16	ITEMS 6, 7 and 8
o.	Advertising	Section 12	ITEMS 6, 7 and 11
p.	Indemnification	Sections 7D and 21	ITEM 6
q.	Owner's participation/management/staffing	n/a	ITEM 15
r.	Records and reports	Section 13	ITEM 11
s.	Inspections and audits	Section 13F	ITEMS 6, 11 and 13
t.	Transfer	Section 19	ITEM 17
u.	Renewal	Section 3B	ITEM 17
v.	Post-termination obligations	Sections 4E, 6, 7A, 10A, 10C, and 18	ITEM 17
w.	Non-competition covenants	Section 8D, 8E and 18B and Exhibit 3	ITEM 17
x.	Dispute Resolution	Section 23	ITEM 17
y.	Other	N/A	N/A



**ITEM 10. FINANCING**

We do not offer direct or indirect financing. We do not guarantee your purchase agreement or other obligations.

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

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

**Our Pre-Opening Obligations to Franchisees**

If we have not already approved a site for the Franchised Business before signing the Franchise Agreement, we will designate the area in which you must locate the Franchised Business, provide you with our criteria for site selection and evaluate sites you propose for the location of the Franchised Business. As part of this process, one of our staff members will spend up to three days visiting and assisting you in site selection in the marketplace. (Section 4)

We will designate your exclusive territory. (Sections 1B and 1D)

We will review and approve your purchase agreement for the approved site for the Franchised Business. (Section 4F)

We will provide you with draft site plans and basic specifications for building the facilities at the Franchised Business, along with a list of required supplies, equipment and improvements that you must purchase and install. It will be your responsibility, however, to obtain full engineered civil plans and architectural plans in accordance with the standards and regulations of your local government. We will review and approve the plans before their submission/use. For most states, we can also provide recommended engineers and architects that you can use. (Section 5B)

We will provide you with recommendations for obtaining the necessary approvals and permits to enable you to build the facilities for the Franchised Business. (Section 5D(iv))

We will provide you with recommendations on timelines for establishing rezoning and usage approval from your municipality. (Section 5D(iii))

During the diligence and construction process, we will be available for weekly discussions or visits to ensure that the facility meets standard. We also have approval rights over all construction plans and drawings. For many states, we can provide recommendations on general contractors. (Section 5C)

We will review and approve your contractors' agreements for construction. (Section 5D(ii))

We will provide an initial training program. (Section 9)

At our discretion, we will provide you with 1 to 2 weeks of on-site assistance and guidance to assist you with any questions you may have in operating the Franchised Business. (Section 9B)

We will provide to you, on loan, one copy of the Operations Manual or provide you with access to an electronic copy of the Operations Manual. The approximate total number of pages in the Operations Manual as of the date of this Disclosure Document is 23. The Table of Contents of the Operations Manual,

along with number of pages devoted to each section, is included as Exhibit D to this Disclosure Document. (Section 10)

We will handle all online advertising for the Franchised Business during the pre-opening period, with the goal of having as much of the facility rented out as possible before the grand opening. This will include local online advertising, SEO advertising, Craig's List advertising, and social media advertising. You will be responsible for any non-online advertising that you want to do in addition to the online advertising handled by us. (Section 12A)

We will serve as your internal sales department during the pre-opening period, again with the goal of having as much of the facility rented out as possible before the grand opening. This will include handling all sales calls, applications, writing leases, and all other customer sign-up functions, excluding on-site showings, which shall be your responsibility. (Section 15F)

### **Methods Used to Select the Location of the Franchised Business**

If you have a potential site for the Franchised Business, you may propose the location for our consideration. We may consent to the site after we have evaluated it. If you do not have a proposed site, we will designate a geographic area in which you must locate the Franchised Business and we will furnish you with our general site selection criteria. You are solely responsible for locating and obtaining a site that meets our standards and criteria and that is acceptable to us. We will visit your location up to two times to assist with reviewing and approving the site. If any additional site visits are needed during the process, we will charge our then current fees plus expenses for such visits. (Section 4)

The general site selection and evaluation criteria which we consider in approving your site includes the condition of the premises, demographics of the surrounding area, proximity to other RISE COMMERCIAL DISTRICT facilities, proximity to competitive businesses, size of the land (a minimum of 10 acres), zoning of the land (light industrial), traffic patterns, drive times to residential properties, access to utilities, visibility, vehicular access, proximity to the interstate and other major roads, ease of ingress and egress, and overall suitability. We will provide you with written notice of our approval or disapproval of any proposed site within a reasonable time (usually 10 days) after receiving all requested information. If the proposed site is not acceptable, we will work with you to agree on a secondary location. If we cannot agree with you on a suitable site for the Franchised Business within one (1) year after you sign the Franchise Agreement, we may terminate the Franchise Agreement. (Section 4)

### **Typical Length of Time Before Operation**

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the franchise is twenty to thirty months. In our experience, it takes about: (a) six to nine months to locate property and obtain a workable purchase agreement; (b) three to four months to underwrite the site for zoning, utilities, topographic elevations, and stormwater issues; and (c) twelve to eighteen months to build the facilities. Some of these steps can be undertaken concurrently. Factors that may affect your beginning operations include ability to secure permits, zoning and local ordinances, weather conditions, delays in obtaining supplies, delay in construction, and delays in installation of equipment and fixtures. You are required to open your Franchised Business and be operational within three years after signing the Franchise Agreement. (Section 6)

### **Our Assistance During the Operation of the Franchised Business**

We will periodically advise you and offer general guidance to you by telephone, e-mail, newsletters, and other methods. Our guidance is based on our and our affiliates' knowledge and experience.

We offer you advice and guidance on a variety of business matters, including operational methods, accounting procedures, authorized services or products and marketing and sales strategies. (Section 15A)

We will provide your designated manager with a mentor who will be available to help guide the designated manager on how to run the Franchised Business, be available to answer questions, and generally help the designated manager understand and feel comfortable in their role. (Section 15B)

We will make periodic visits to the Franchised Business and make at least bi-annual inspections to provide you with consultation, assistance and guidance in various aspects of the operation and management of the Franchised Business. We may prepare written reports suggesting changes or improvements in the operations of the Franchised Business and detailing deficiencies that become evident as a result of our visit. If we prepare a report, we may provide you with a copy. (Section 15C)

As we determine it is necessary in our discretion, we will have periodic online meetings to discuss new and improved operations and tenant services. (Section 15D)

We will suggest square foot pricing for operating RISE COMMERCIAL DISTRICT facilities in various states, though your individual market may vary. (Section 15E)

As we deem necessary, we will make available to you operations assistance and ongoing training. (Section 9D)

During the 3 months prior to grand opening and for a period of one-year after grand opening, we will serve as your internal sales department. This will include handling all sales calls, applications, writing leases, and all other customer sign-up functions, excluding on-site showings, which shall be your responsibility. This service is part of the Franchise Fee that is paid. After the business has been open for one-year, you will be permitted to begin handling all sales functions (in accordance with our standards). However, we can continue to provide our sales services, but our then-current fees will be charged for these services. Our then-current fees for these services will be communicated to you by January 1st of each year. (Section 15F)

We will approve forms of advertising materials you will use for local advertising, grand opening advertising and cooperative advertising. (Section 12C)

We will provide you with modifications to the Operations Manual as they are made available. (Section 10B)

For additional fees, we may make additional services available, such as floating managers and consulting services that are outside of our general service offering. (Section 15G)

### **Advertising and Promotion**

During your first 3 months of operation, you must spend a minimum amount we specify on grand opening advertising, including print media, direct mail advertising, dues for business organizations, event dues or other solicitation and promotional efforts. We determine the minimum amount by assessing advertising costs in your area and taking into account the time of year that you are opening. We will provide you with guidance for conducting grand opening advertising, and we will review and approve the materials you use in your grand opening advertising. (Section 12A)

You shall be required to spend a minimum average amount per month on local marketing, which includes Chamber of Commerce memberships, local business networking events, and other local marketing. The current required amount is \$250 per month, but this amount may be adjusted by us from

time-to-time. Moreover, there shall be no minimum local advertising spending requirement if the Franchised Business' occupancy rate was ninety-five percent (95%) or greater during the previous quarter. (Section 12B)

We will provide you with general marketing guidelines and we will review and approve your advertisements. (Section 12C)

We have developed a System-wide advertising fund (the "Advertising Fund"), and you will be required to contribute to the Advertising Fund through the Advertising Fee, the amount of which we may adjust periodically. The amount of the Advertising Fund shall not exceed 1% of your Gross Revenue. We will administer the Advertising Fund as follows:

- We will control the creative concepts and the materials and media to be used, and we will determine the placement and allocation of advertisements. We may use print, television, radio, Internet, or other media for advertisements and promotions. We do not guarantee that any particular franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Advertising Fund.
- We may use your contributions to meet or reimburse us for any cost of producing, maintaining, administering and directing consumer advertising (including the cost of preparing and conducting SEO, television, radio, Internet, magazine, direct mail and newspaper advertising campaigns and other public relations activities; hosting an Internet web page of similar activities; employing advertising agencies; providing promotional brochures; conducting market research; and providing other marketing materials to franchisees). We will maintain your contributions in a separate account from our funds and we will not use them for any of our general operating expenses, except for our reasonable administrative costs and overhead related to the administration of the Advertising Fund. We will not use Advertising Fund contributions for the direct solicitation of franchise sales.
- We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the Advertising Fund before we use current contributions. We intend for the Advertising Fund to be perpetual, but we have the right to terminate it if necessary. We will not terminate the Advertising Fund until all contributions and earnings have been used for advertising and promotional purposes or we have returned your pro rata share.
- RISE COMMERCIAL DISTRICT facilities operated by us or our Affiliates are not required to contribute the Advertising Fund because they pay management fees that are used to handle similar marketing services.
- We will have an accounting of the Advertising Fund prepared each year and we will provide you with a copy if you request it. We may require that the annual accounting be reviewed or audited and reported on by an independent certified public accountant at the expense of the Advertising Fund.
- The Advertising Fund is not a trust and we assume no fiduciary duty in administering the Advertising Fund. (Section 12D)

We do not currently require that franchisees participate in any local or regional advertising cooperatives. However, we may create a cooperative advertising program the future. We will determine all the parameters for any such advertising fund or advertising program. You must contribute to any such

cooperative advertising program that is established. If we establish a cooperative advertising program, there are no limits on our rights, to change, dissolve or merge such program(s) at any time. (Section 12E)

You are restricted from establishing a presence on, or marketing on the Internet without our consent or as otherwise permitted in the Operations Manual. We have an Internet website at <https://www.risecommercialdistrict.com/> (the "Rise Website") that provides information about the System and about all RISE COMMERCIAL DISTRICT locations. We may (but we are not required to) include at the Rise Website an interior page containing information about your Franchised Business. If we include this information on the Rise Website, you may be requested to prepare the page, at your expense, using our template. All information must be approved by us before it is posted. (Section 12F)

Except as specifically allowed in the Operations Manual, we retain the sole right to market on the Internet, including the use of websites, domain names, uniform resource locator's, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for our Internet marketing and you must follow our intranet and Internet usage rules, policies and requirements. (Section 12G)

### **Computer/Rental Management System**

You must purchase and use any and all hardware and software programs we designate. Presently, we require you to purchase, install, and use a rental management system to handle managing leases and tenants according to the specification in the Operations Manual. Currently, the following hardware is required: A laptop capable of running Windows 10/11 and updated browsers or a MAC with MAC OS and updated browsers, monitor, keyboard, and security cameras capable of running Rhombus or similar software and capable of reading license plates and capable of storing video recordings of at least one month. (Section 13E)

The approximate cost of the hardware and software is \$500.00 to \$2,000.00. This cost is included in the category of "Rental Management System" in Your Estimated Initial Investment chart in ITEM 7.

You do not have to enter into any ongoing maintenance or support agreements for the maintenance of a computer or rental management system, but you may find it advantageous to do so. You may periodically be required to update or upgrade computer hardware and software, if we believe it is necessary. We may introduce new requirements or modify our specifications and requirements for computer and point-of-sale systems. There are no limits on our rights to do so, except as disclosed in ITEM 16. We have the right to independently access all information you collect or compile at any time without first notifying you. (Section 13E)

### **Training**

We provide you an initial training program that covers material aspects of the operation of the Franchised Business. The topics covered are listed in the chart below. This training is offered on an as needed basis at our headquarters in Indianapolis, IN, or another location we designate. You must designate a manager for the Franchised Business and he or she must satisfactorily complete the initial training approximately 4 weeks before the opening of the Franchised Business. One assistant of your choosing may also attend at your option. We expect that your attendees will advance through the training program at different rates depending on a variety of factors, including background and experience. The time frames provided in the chart below are an estimate of the time it will take to complete training. We do not charge for initial training. You must pay for all travel costs and living expenses for yourself and any of your attendees. If you replace your designated manager, your new designated manager must attend our training program, unless we agree to a

waiver in our sole discretion. You may be charged fees for additional training. Our current fees for additional training are described in ITEM 6. You are responsible for training your own employees and other management personnel. This initial training is in addition to the on-site opening assistance we provide to you. Your Franchised Business must at all times be under the day-to-day supervision of a designated manager who has satisfactorily completed our training program. (Section 9)

**TRAINING PROGRAM**

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS OF ON-THE-JOB TRAINING	LOCATION
IT training	8		Indianapolis
Operations		60	Indianapolis
Marketing	6-8		On- Line
Accounting	4-8		Indianapolis

Training will be conducted by Adam Hardebeck, Kyle McDonald, Drew Hatem, and Allison Barber. Hardebeck is our Facilities Operations Manager and has been with our organization since it began. Hardebeck is also a Facilities Operations Manager for our flagship affiliate location in Indianapolis, where he has been employed since July 2017. Hardebeck will be responsible for providing training related to operations.

McDonald is our Controller and has been with our organization since it began. McDonald is also a Controller for our flagship affiliate location in Indianapolis, where he has been employed since June 2019. Hardebeck will be responsible for providing training related to accounting.

Hatem is our Senior Facility Manager in our flagship affiliate location in Indianapolis, where he has been employed since July 2015. Hatem was our first Facility Manager and has trained all subsequent facility manager hires.

Barber is our Marketing Manager and has been with our organization since it began. Barber is also a Marketing Manager for our flagship affiliate location in Indianapolis, where she has been employed in different roles since 2016. Barber will be responsible for providing training related to marketing.

If circumstances require, a substitute trainer may provide training to you. We may periodically name additional trainers if the training schedule requires it. There are no limits on our right to assign a substitute to provide training.

The training will include the following instructional materials: Operations Manual and various forms. The initial training will occur at our headquarters in Indianapolis, IN and on-the-job training will be conducted at your Franchised Business.

Periodically, you, your managers, and/or employees must attend refresher-training programs to be conducted at our headquarters or another location we designate. Attendance at these programs will be at your expense. You do not have to attend more than 2 of these programs in any calendar year and these programs will not collectively exceed 4 days during any calendar year. (Section 12D)

## **ITEM 12. TERRITORY**

You will receive an exclusive territory (“Your Territory”), which will be described and depicted in a map attached to the Franchise Agreement. We determine the boundaries of Your Territory based on a variety of factors, including the population of the area, proximity to competitors, drive times, demographics, interstate and route factors, a radius of around twenty (20) miles, proximity to other franchisees, and types of businesses in the area. However, you acknowledge that, should the population in your protected territory increase, your protected territory may be redefined by us to allow the opening of a second franchised location, subject to the terms and conditions set forth in the Franchise Agreement. Further, we do not have any minimum territories that are granted to franchisees.

We will not establish any other RISE COMMERCIAL DISTRICT facilities or any substantially similar franchised or company-owned business in Your Territory. However, we reserve the right to promote other RISE COMMERCIAL DISTRICT facilities located outside Your Territory to consumers or businesses located in Your Territory. These activities may compete with your Franchised Business. We will not compensate you for any sales made to consumers located in Your Territory.


You are permitted to promote the Franchised Business to consumers located outside Your Territory, provided that you may not advertise in any media primarily circulated within another franchisee’s protected territory without our permission. You will not be required to compensate any other franchisee or affiliate for sales made to consumers located in such a territory belonging to another franchisee or affiliate.

Except as otherwise outlined here, we have not used and do not reserve the right to establish other channels of distribution for the sale of RISE COMMERCIAL DISTRICT products and services. Moreover, we do not reserve the right to use other channels of distribution to make sales within Your Territory of products or services under trademarks different from the ones you will use under the Franchise Agreement.

You will operate the Franchised Business from one location that we approve. You must receive our written permission before relocating. If you can no longer use the location due to circumstances beyond your control, including destruction of the Franchised Business’ facilities, you may be allowed to relocate. The new premises you choose for relocation will be evaluated with the same factors used in assessing a new location, including traffic patterns, amount of local competition, etc. If you attempt to sell your Franchised Business or transfer your interest in the Franchised Business to a third party, we may exercise our right of first refusal. You do not receive the right to acquire additional franchises within Your Territory. You must meet our qualifications for new franchisees to qualify for an additional franchise location. You may not advertise on the Internet without our consent.

## **ITEM 13. TRADEMARKS**

You receive the right to operate your Franchised Business under the trade name, RISE COMMERCIAL DISTRICT, which is the primary Mark used to identify our System. You may also use any other current or future Marks to operate the Franchised Business that we designate in writing, including the logo on the front of this Disclosure Document and the trademarks listed below. By “Mark,” we mean any trade name, trademark, service mark or logo used to identify RISE COMMERCIAL DISTRICT facilities. Our affiliate, Sapp Family, LLC, has federal registrations for the following Marks on the U.S. Patent and Trademark Office (“USPTO”) Principal Register:

<b>MARK</b>	<b>REGISTRATION NUMBER</b>	<b>REGISTRATION DATE</b>
RISE	6,046,584	May 5, 2020
	6,046,589	May 5, 2020

In addition, Sapp Family, LLC, has a pending application with the USPTO for the following Mark:

<b>MARK</b>	<b>SERIAL NUMBER</b>	<b>FILING DATE</b>
RISE COMMERCIAL DISTRICT	97/184,097	December 22, 2021

We have a license agreement with Sapp Family, LLC to use and sublicense the use of the Marks listed above. The term of the license is for twenty (20) years with automatic renewal terms of one (1) year unless terminated by one of the parties 60 days before the end of the term. The license agreement may also be terminated if we are insolvent, if a trustee is appointed to administer our business, if we wind-up or sell our business, or if we breach any of our duties or obligations under the license agreement.

Currently, we know of no effective material determinations of the USPTO, Trademark Trial and Appeal board or any court involving the Marks, nor do we know of any pending infringement, opposition/cancellation matters, or pending material litigation involving the Marks.

Other than the above, there are no agreements currently in effect that significantly limit our rights to use or license the use of the Marks in any manner material to the franchise.

We know of no infringing or prior superior uses that could materially affect the use of the Marks in the State of Indiana or any other state in which the Franchised Business is to be located.

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

Any unauthorized use of the Marks by you is a breach of the Franchise Agreement and an infringement of our rights in the Marks. You must not contest the validity or ownership of the Marks, including any Marks that we license to you after you sign the Franchise Agreement. You must not assist any other person in contesting the validity or ownership of the Marks.

You must immediately notify us when you learn about an infringement of, or challenge to your use of, any Mark, or any claim by any person of any rights in any Marks, and you may not communicate with any person other than us and our counsel regarding any infringements, challenges or claims unless you are legally required to do so; however, you may communicate with your own counsel at your own expense. We will take the action we think appropriate in these situations; we have exclusive control over settlement,



litigation or USPTO or other proceeding arising out of any alleged infringement, challenge or claim or otherwise concerning any Mark. You must take any actions that, in the opinion of our counsel, may be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain our interests in the Marks.

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

If we require, you must modify or discontinue the use of any Mark and use other trademarks or service marks we designate. We do not have to reimburse you for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. If we adopt and use new or modified Marks, you must add or replace equipment, signs, supplies and fixtures, and you must make other modifications we designate as necessary to adapt your Franchised Business for the new or modified Marks. We do not reimburse you for any loss of goodwill associated with a modified or discontinued Mark.

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

You may not advertise on the Internet using, or establish, create or operate an Internet site or website using any domain name containing, the word "RISE" or any variation of "RISE" without our prior written consent.

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

No patents are material to the franchise. We own certain copyrights in the Operations Manual, site drawings, site specification, marketing materials and other copyrightable items that are part of the System. While we claim copyrights in these and similar items, we have not registered these copyrights with the United States Register of Copyrights. You may use these items only as we specify while operating the Franchised Business and you must stop using them if we direct you to do so.

We know of no effective determinations of the Copyright Office (Library of Congress) or any court regarding the copyrighted materials. Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

We have developed certain trade secrets and other confidential information, including methods of business management, site development plans, building designs, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a RISE COMMERCIAL DISTRICT facility. We provide our trade secrets and other confidential information to you during training, in the Operations Manual and as a result of the assistance we furnish you during the term of the Franchised Business. You may only use the trade secrets and other confidential information for the purpose of operating the Franchised Business. You may only divulge trade secrets and other confidential information to employees who must have access to it to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to your employees.

Certain individuals with access to trade secrets or other confidential information, including your owners, officers, and directors, if you are a corporation, limited liability company or other business entity, may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.

All ideas, concepts, techniques or materials concerning the Franchised Business and/or the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed our sole and exclusive property and a part of the System that we may choose to adopt and/or disclose to other franchisees and our affiliates, and you will agree to assign to us all right, title and interest in any intellectual property so developed. Likewise, we will disclose to you concepts and developments of other franchisees that we make part of the System. You must also assist us in obtaining intellectual property rights in any concept or development if requested.

Your use of the Operations Manual, trade secrets or other confidential information in an unauthorized manner is a default of the Franchise Agreement that may result in automatic termination of the Franchise Agreement. Further information about termination of the Franchise Agreement following a default is included in ITEM 17.

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

The Franchised Business must always be under the direct, full-time, day-to-day supervision of your designated manager. If you are an individual, we may require you to be the designated manager of the franchise. If we require you to be the designated manager, you must request our consent to select another individual to replace you as the designated manager. If you are a corporation or other business entity, you will select a designated manager for the Franchised Business, and we may require that the individual you select is an owner of the franchise. The designated manager must attend and satisfactorily complete our initial training program before opening the Franchised Business. You must keep us informed at all times of the identity of your designated manager. If you must replace the designated manager, your replacement must, unless we agree to a waiver in our sole discretion, attend and satisfactorily complete our initial training program. If your designated manager will be on vacation or will not be on site at the Franchised Business for more than one (1) consecutive day, someone with adequate understanding of the operation of the Franchised Business must be on site to take the place of the designated manager while he or she is away.

As described in ITEM 14, certain individuals associated with your Franchised Business, including your owners, officers, and directors may be required to sign nondisclosure and non-competition agreements the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement.

If you are a corporation or other business entity, anyone who owns a 5% or greater interest in the entity must personally guarantee the performance of all of your obligations under the Franchise Agreement and agree to be personally liable for your breach of the Franchise Agreement by signing the Unlimited Guaranty and Assumption of Obligations attached to the Franchise Agreement.

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

You must offer the services we specify. You may not sell any products or services that we have not authorized and you must discontinue offering any products or services that we may disapprove. We may take action, including terminating your Franchised Business, if you purchase or sell unapproved

products or services or make purchases from unapproved suppliers. We may periodically change required or authorized products or services. There are no limits on our right to do so.

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

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

**THE FRANCHISE RELATIONSHIP**

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

Provision		Section in Franchise or Other Agreement	Summary
a.	Length of the franchise term	Section 3A	The initial term is 20 years.
b.	Renewal or extension of the term	Section 3B	You may renew for 3 successive terms of 10 years each. If you fail to meet any one of the conditions in (c) below, we may refuse to renew or extend the terms of your Franchise Agreement.
c.	Requirements for franchisee to renew or extend	Section 3B	Pursuant to the terms of the Franchise Agreement, “renewal” means that you have the right to obtain a successor franchise at the expiration of the term of the Franchise Agreement by entering into a new franchise agreement with Franchisor (which agreement may have terms that are materially different terms that the terms of the original Franchise Agreement), provided that you: (a) are in full compliance with all material provisions of the Franchise Agreement; (b) have the right to maintain possession of the approved location for the term of the renewal; (c) have made capital expenditures as necessary to maintain uniformity with the System; (d) have satisfied all monetary obligations owed to us; (e) are not in default of any provision of the Franchise Agreement or any other agreement with us; (f) give us written notice of your intent to renew not less than nine (9) months nor more that twelve (12) months prior to the end of the term of the Franchise Agreement;

Provision		Section in Franchise or Other Agreement	Summary
			(g) sign our then-current Franchise Agreement; and (h) comply with our then-current qualifications and training requirements.
d.	Termination by franchisee	Section 17A	You may terminate the Franchise Agreement if you are in compliance with it and we materially breach it and we fail to begin to cure our breach within 30 days of receiving your written notice.
e.	Termination by franchisor without cause	n/a	We may not terminate the Franchise Agreement without cause.
f.	Termination by franchisor with cause	Sections 17B and C	We may terminate the Franchise Agreement only if you default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
g.	“Cause” defined-curable defaults	Sections 17C	If a default arises from your failure to comply with the terms of the Franchise Agreement or Operations Manual, you can avoid termination of the Franchise Agreement if you cure the default within 30 days of receiving our notice of default, except for the defaults below that require cure in a shorter time and non-curable defaults in (h.) below. If a default arises from your failure to maintain insurance, you can avoid termination of the Franchise Agreement if you cure the default within 10 days of receiving our notice of your failure to maintain insurance. If a default arises from your failure to make payments due to us, you can avoid termination of the Franchise Agreement if you cure the default within 5 days of receiving our notice of default. If we terminate the Franchise Agreement following a default, your interest in the franchise will terminate.
h.	“Cause” defined-non-curable defaults	Section 17B	We have the right to terminate the Franchise Agreement without giving you an opportunity to cure if you: fail to timely select an approved site for or establish and equip and begin operations of the Franchised Business; fail to have your designated manager satisfactorily complete training; make a material misrepresentation or omission in the application for the franchise; are convicted of

Provision		Section in Franchise or Other Agreement	Summary
			<p>or plea no contest to a felony or other crime or offense likely to affect the reputation of either party or the Franchised Business; after notices to cure, fail to refrain from activities, behavior or conduct likely to adversely affect the reputation of either party or the Franchised Business; use the Operations Manual, trade secrets or other confidential information in an unauthorized manner; abandon the Franchised Business for 5 consecutive days; surrender or transfer of control of Franchised Business in an unauthorized manner; submit reports on 2 separate occasions understating any amounts due by more than 3%; are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; misuse or make unauthorized use of the Marks; fail on 2 occasions within any 12 months to submit reports or records or to pay any fees due us or any affiliate; engage in any activity exclusively reserved to us; fail to comply with any applicable law or regulation within 10 days after notice of noncompliance; breach any term of the Franchise Agreement or any standard, specification or other provision contained in the Manual on 2 or more separate occasions within any period of 12 consecutive months; violate any health, safety or other laws or operate the Franchised Business in a manner creating a health or safety hazard; or default under any other agreement with us (or our affiliates) so that we (or our affiliates) have the right to terminate the agreement.</p>
i.	Franchisee's obligations on termination/non-renewal	Section 18	<p>If the Franchise Agreement is terminated or not renewed, you must: stop operating the Franchised Business; stop using any trade secrets, other confidential information, the System and the Marks; cancel or assign to us any assumed names; pay all sums owed to us including damages and costs incurred in enforcing the termination provisions of the Franchise Agreement; return the Operations Manual, trade secrets and all other confidential information; assign your telephone and facsimile numbers to us; assign your domain</p>

Provision		Section in Franchise or Other Agreement	Summary
			names, websites and social networking sites to us and provide us with all passwords relating thereto in order to enable us to take control of the domain names and websites; comply with the covenants not to compete and any other surviving provisions of the Franchise Agreement.
j.	Assignment of contract by franchisor	Section 19A	There are no restrictions on our right to assign our interest in the Franchise Agreement.
k.	“Transfer” by franchisee-definition	Section 19B	“Transfer” includes transfer of ownership in the franchise, the Franchise Agreement, the franchise location or the Franchised Business’ assets.
l.	Franchisor’s approval of transfer by franchisee	Section 19B	You may not transfer your interest in any of the above without our prior written consent.
m.	Conditions for franchisor approval of transfer	Section 19B	We will consent to a transfer if: we have not exercised our right of first refusal; all obligations owed to us are paid; you and the transferee have signed a general release in a form the same as or similar to the General Release attached to the Franchise Agreement; the prospective transferee meets our business and financial standards; the transferee and all persons owning any interest in the transferee sign the then current Franchise Agreement; you provide us with a copy of all contracts and agreements related to the transfer; you or the transferee pay a transfer fee of \$50,000; the transferee or the owners of transferee have agreed to be personally bound by all provisions of the Franchise Agreement; you have agreed to guarantee performance by the transferee, if requested by us; the transferee has obtained all necessary consents and approvals of third parties; you or all of your equity owners have signed a non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached to the Franchise Agreement; and before assuming management of the operation of the Franchised Business, the transferee’s designated manager has completed the initial training program.

Provision		Section in Franchise or Other Agreement	Summary
n.	Franchisor's right of first refusal to acquire franchisee's Franchised Business	Section 20	We may match an offer for your Franchised Business or an ownership interest you propose to sell.
o.	Franchisor's option to purchase franchisee's Franchised Business	Section 18E	Except as described in (n) above, we do not have the right to purchase your Franchised Business; however, during the 30-day period after the termination or expiration of the Franchise Agreement, we have the right to purchase any assets of the Franchised Business for the assets fair market value.
p.	Death or disability of franchisee	Section 19F	Following the death or incapacity of an owner of the Franchised Business or the death or incapacity of any holder of a legal or beneficial interest in the Franchised Business, your or his or her representative must transfer, subject to the terms of the Franchise Agreement, the individual's interest in the Franchised Business within 180 days of death or incapacity or we may terminate the Franchise Agreement.
q.	Non-competition covenants during the term of the franchise	Sections 8D and 8E and Exhibit 3	You, your owners and your officers and directors are prohibited from attempting to divert any business or customer of the Franchised Business to a competitive business or owning or working for a competitive business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 18B and Exhibit 3	For 2 years after the termination or expiration of the Franchise Agreement, you, your owners, officers, and directors are prohibited from owning or working for a competitive business.
s.	Modification of the agreement	Sections 10B and 22J	The Franchise Agreement can be modified only by written agreement between you and us. We may unilaterally modify the Operations Manual if the modification does not materially alter your fundamental rights.
t.	Integration/merger clause	Section 22J	Only the terms of the Franchise Agreement (and Exhibits) are binding (subject to state law). Any other promises (except for statements made in this Disclosure Documents) may not be enforceable. Nothing in the Franchise Agreement shall be interpreted as a disclaimer of any of the statements made in this Disclosure Document.

Provision		Section in Franchise or Other Agreement	Summary
u.	Dispute resolution by arbitration or mediation	Section 23G	Except for claims relating to the Marks, trade secrets, confidential information and covenants not to compete, and subject to state law, all disputes must be arbitrated in Marion County, Indiana.
v.	Choice of forum	Section 23B	Subject to state law, any litigation must be pursued in courts located in Marion County, Indiana.
w.	Choice of law	Section 23A	Subject to state law, Indiana law applies, except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.) and disputes over copyrights will be governed by federal copyright laws of the United states.

**ITEM 18. PUBLIC FIGURES**

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

**ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in 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.

Presented below are historical financial performance information regarding three (3) of our affiliate's RISE COMMERCIAL DISTRICT facilities. These facilities are located at Indianapolis (Castleton), IN, Greenwood, IN, and Gahanna, OH. While we have a total of eight (8) outlets, we chose these three (3) locations because they are the only facilities that have been open for more than eighteen (18) months. Please carefully read all of the information in this Item 19, and all of the notes following the chart, in conjunction with your review of the historical data. Some locations have hit these metrics, while others have not. Your individual results may differ. There is no assurance you will see the same performance as these locations.

12 Month Financial Performance Metrics for 2021			
		Outlets Higher than Average	Outlets Lower than Average
Annual Income <sup>1</sup>	\$1,501,331.46	1	2
Operating Expenses <sup>2</sup>	\$530,808.12	2	1



Interest Expenses <sup>3</sup>	\$332,193.04	1	2
Net Income <sup>4</sup>	\$638,330.30	1	2

<sup>1</sup> Represents the average income for the three locations for the period of January 1, 2021 through December 31, 2021.

<sup>2</sup> Represents the average operating expenses for the three locations for the period of January 1, 2021 through December 31, 2021. These expenses include cleaning/maintenance, insurance, legal/professional fees, repairs, property taxes, utilities, equipment rental, employment expenses, bad debt expense, management fees, and miscellaneous expenses. We note that our employment expenses may be greater than you can expect. The average franchisee is expected to only need one full-time employee. Our affiliated companies include employment expenses for additional employees who work for the central office.

<sup>3</sup> Represents the average interest paid on the loans for the relevant properties for the period of January 1, 2021 through December 31, 2021.

<sup>4</sup> Represents the average income minus the average expenses for the three locations for the period of January 1, 2021 through December 31, 2021.

You are strongly advised to perform an independent investigation of this opportunity to determine whether or not the franchise may be profitable and to consult your attorney, accountant, and other professional advisors before entering into a Franchise Agreement. You should construct your own pro forma cash flow statement, balance sheet, and statement of operations, and make your own financial projections regarding sales, revenues, costs, customer base, and business development for your own Franchised Business. Franchisees or former franchisees listed in this disclosure document may be one source of this information.

Actual results vary from franchisee to franchisee, and we cannot estimate or predict the results that you may experience as a franchisee. A new franchisee's financial results are likely to vary from the results stated in the financial performance representation in this Item 19. Your results will be effected by factors such as prevailing economic or market area conditions, demographics, geographic location, interest rates, your capitalization level, the amount and terms of any financing that you may secure, the property values and lease rates, your business and management skills, staff strengths and weaknesses, and the cost and effectiveness of your marketing activities.

Except for the information contained in this franchise disclosure document, we do not make any written or oral representations or statements of actual, average, projected, or forecasted sales, profits, or earnings to prospective franchisees. We do not furnish any oral or other written information concerning the actual or potential sales, costs, or income of your business. We do not authorize any person representing us to furnish such information or to represent or estimate to prospective franchisees any dollar figures relating to a franchisee's operation.

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

**ITEM 20. OUTLETS AND FRANCHISE INFORMATION**

<b>SYSTEMWIDE OUTLET SUMMARY FOR YEARS 2019 TO 2021</b>				
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2019	0	0	0
	2020	0	0	0
	2021	0	0	0
Company Owned	2019	3	3	0
	2020	3	4	1
	2021	4	8	4
Total Outlets*	2019	3	3	0
	2020	3	4	1
	2021	4	8	4

\* This chart includes both franchised and company-owned RISE COMMERCIAL DISTRICT FACILITIES. As of the date of this Disclosure Document, there are a total of 8 RISE COMMERCIAL DISTRICT FACILITIES in operation.

<b>TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN THE FRANCHISOR) FOR YEARS 2019 TO 2021</b>		
<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Total	2019	0
	2020	0
	2021	0

<b>STATUS OF FRANCHISE OUTLETS FOR YEARS 2019 TO 2021</b>								
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Terminations</b>	<b>Non-Renewals</b>	<b>Reacquired by Franchisor</b>	<b>Ceased Operations – Other Reasons</b>	<b>Outlets at End of the Year</b>
Total	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0

<b>STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2019 TO 2021</b>							
<b>State</b>	<b>Year</b>	<b>Outlets at Start of Year</b>	<b>Outlets Opened</b>	<b>Outlets Reacquired From Franchisee</b>	<b>Outlets Closed</b>	<b>Outlets Sold to Franchisee</b>	<b>Outlets at End of the Year</b>
Indiana	2019	2	0	0	0	0	2
	2020	2	1	0	0	0	3
	2021	3	1	0	0	0	4
Ohio	2019	1	0	0	0	0	1
	2020	1	0	0	0	0	1
	2021	1	3	0	0	0	4
Total*	2019	3	0	0	0	0	3
	2020	3	1	0	0	0	4
	2021	4	4	0	0	0	8

\* The 8 company owned units refer to our affiliates' and affiliated companies' RISE COMMERCIAL DISTRICT locations.

<b>PROJECTED NEW FRANCHISED OUTLETS AS OF DECEMBER 31, 2021</b>			
<b>State</b>	<b>Franchise Agreements Signed But Outlet Not Yet Opened</b>	<b>Projected New Franchised Outlets In The Next Fiscal Year</b>	<b>Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Indiana	0	0	1
Ohio	0	0	2
Total*	0	0	3

We just recently began offering franchise opportunities and do not currently have any franchisees. Also, no franchisee has had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the most recently completed fiscal year, nor has any franchisee not communicated with us within 10 weeks of the Disclosure Document issuance date. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise System.

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

There are no trademark-specific franchisee organizations associated with the franchise system being offered.

**ITEM 21. FINANCIAL STATEMENTS**

Attached as Exhibit E is our unaudited opening balance sheet. We have not been in business for three years or more, and cannot include all financial statements typically required to be provided by a franchisor in a Disclosure Document.

**ITEM 22. CONTRACTS**

The Rise Commercial District Franchise Agreement (with exhibits) is attached to this Disclosure Document as Exhibit C.

A General Release is attached to the Franchise Agreement as Exhibit 2.

The Nondisclosure and Non-Competition Agreement is attached to the Franchise Agreement as Exhibit 3.

The Unlimited Guaranty and Assumption of Obligations is attached to the Franchise Agreement as Exhibit 5.

We provide no other contracts or agreements for your signature.

**ITEM 23. RECEIPTS**

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

# EXHIBIT A TO THE DISCLOSURE DOCUMENT

## **LIST OF STATE ADMINISTRATORS; DISCLOSURE DOCUMENT EFFECTIVE DATES FOR EACH STATE**

The following is a list of state administrators and state agents for service of process responsible for registration and review of franchises and the Effective Date of this Disclosure Document for these states. The Effective Date of this Disclosure Document for any state that is not included in this list is as shown on the cover of this Disclosure Document. We may register in one or more of these states.

### California

Department of Corporations  
71 Stevenson Street, Suite 2100  
San Francisco, California 94105

Commissioner of Corporations  
320 W. 4<sup>th</sup> Street, Suite 750  
Los Angeles, California 90013

Commissioner of Corporations  
1515 K. Street, Suite 200  
Sacramento, California 95814  
(866) 275-2677 Toll Free

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

### Connecticut

Connecticut Banking Commissioner  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, Connecticut 06103  
(860) 240-8299

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

### Florida

Division of Consumer Services  
Attn: Business Opportunities  
2005 Apalachee Parkway  
Tallahassee, Florida 32399-6500

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

### Hawaii

Commissioner of Securities  
Department of Commerce & Consumer Affairs  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813  
(808) 586-2722

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

### Illinois

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

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

### Indiana

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

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

### Kentucky

Office of the Attorney General  
Consumer Protection Division  
Attn: Business Opportunity  
1024 Capital Center Drive  
Frankfort, Kentucky 40601-8204

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

### Maine

Department of Professional and Financial Regulations  
Bureau of Banking  
Securities Division  
121 Statehouse Station  
Augusta, Maine 04333

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

### Maryland

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

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

### Michigan

Department of the Attorney General  
Consumer Protection Division, Franchise Unit  
525 Ottawa Street  
G. Mennen Williams Building, 6<sup>th</sup> Floor  
Lansing, Michigan 48909

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

### Minnesota

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

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

**EXHIBIT A TO THE DISCLOSURE DOCUMENT** (continued)

Nebraska

Nebraska Department of Banking and Finance  
Commerce Court  
1230 O Street, Suite 400  
Lincoln, Nebraska 68509

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

New York

Bureau of Investor Protection and Securities  
New York State Department of Law  
120 Broadway, 23<sup>rd</sup> Floor  
New York, New York 10271

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

North Carolina

Secretary of State  
Securities Division  
Old Revenue Complex  
2 South Salisbury Street  
Raleigh, North Carolina 27601

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

North Dakota

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

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

Rhode Island

Division of Securities, Suite 232  
233 Richmond Street  
Providence, Rhode Island 02903

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

South Carolina

Office of the Secretary of State  
1205 Pendleton Street  
Edgar Brown Building, Suite 525  
Columbia, South Carolina 29201

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

South Dakota

Department of Revenue and Regulation  
Division of Securities  
445 East Capitol Avenue  
Pierre, South Dakota 57501

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

Texas

Office of the Secretary of State  
Statutory Document Section  
1019 Brazos Street  
Austin, Texas 78701

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

Utah

Utah Department of Commerce  
Division of Consumer Protection  
160 East Three Hundred South  
P.O. Box 146704  
Salt Lake City, Utah 84114-6704

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

Virginia

State Corporation Commission  
Division of Securities and Retail Franchising  
Tyler Building, 9<sup>th</sup> Floor  
1300 East Main Street  
Richmond, Virginia 23219

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

Washington

Department of Financial Institutions  
Securities Division  
150 Israel Road Southwest  
Olympia, Washington 98501

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

Wisconsin

Division of Securities  
Department of Financial Institutions  
345 West Washington Avenue  
Madison, Wisconsin 53703

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

## **EXHIBIT B TO THE DISCLOSURE DOCUMENT**

### **LIST OF STATE AGENTS FOR SERVICE OF PROCESS**

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

#### **California**

Department of Corporations  
71 Stevenson Street, Suite 2100  
San Francisco, California 94105

Commissioner of Corporations  
320 W. 4th Street, Suite 750  
Los Angeles, California 90013

Commissioner of Corporations  
1515 K St., Suite 200  
Sacramento, California 95814  
(866) 275-2677 Toll Free

#### **Connecticut**

Connecticut Banking Commissioner  
Department of Banking  
Securities & Business Investments Division  
260 Constitution Plaza  
Hartford, Connecticut 06103

#### **Hawaii**

Commissioner of Commerce and Consumer Affairs  
Business Registration Division  
335 Merchant Street, Room 203  
Honolulu, Hawaii 96813

#### **Illinois**

Illinois Attorney General  
500 South Second Street  
Springfield, Illinois 62706

#### **Indiana**

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

#### **Maryland**

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

#### **Michigan**

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

#### **Minnesota**

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

#### **New York**

Secretary of the State of New York  
41 State Street  
Albany, New York 12231

#### **North Dakota**

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

#### **Rhode Island**

Division of Securities  
Suite 232  
233 Richmond Street  
Providence, Rhode Island 02903

#### **South Dakota**

Department of Revenue and Regulation  
Division of Securities  
445 East Capitol Avenue  
Pierre, South Dakota 57501

#### **Virginia**

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

#### **Washington**

Director, Department of Financial Institutions  
Securities Division  
150 Israel Road Southwest  
Olympia, Washington 98501

#### **Wisconsin**

Commissioner of Securities  
345 West Washington Street, 4<sup>th</sup> Floor  
Madison, Wisconsin 53703

**EXHIBIT C TO THE DISCLOSURE DOCUMENT**  
**FRANCHISE AGREEMENT**



# RISE COMMERCIAL DISTRICT FRANCHISE AGREEMENT

This Rise Commercial District Franchise Agreement, made this \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ (the “**Effective Date**”), is by and between Rise Commercial District Franchisor, LLC, an Indiana limited liability company, having a business address at 8070 Castleton Road, Suite 150, Indianapolis, IN 46250 (“**Franchisor**”), and \_\_\_\_\_, a/n \_\_\_\_\_, having a business address at \_\_\_\_\_ (“**Franchisee**”).

WHEREAS, Franchisor and its affiliated companies (collectively, the “**Affiliates**”) have developed, and are in the process of further developing, a franchise system (the “**System**”) related to the establishment and operation of an industrial warehouse space and office space facility to be promoted under Franchisor’s trademarks, including the RISE COMMERCIAL DISTRICT mark (collectively, the “**Marks**”);

WHEREAS, in addition to the Marks, the distinguishing characteristics of the System include, uniform standards and procedures for efficient business operations; unique and uniform architectural and site plans for the facilities; procedures and strategies for marketing, advertising and promotion; customer service and development techniques; interior and exterior design; layout of facilities; other technical assistance; all of which may be changed, improved, and further developed by Franchisor over time;

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate a single RISE COMMERCIAL DISTRICT facility under the System and using the Marks;

WHEREAS, Franchisee desires to operate a RISE COMMERCIAL DISTRICT facility (the “**Franchised Business**”) and has been approved by Franchisor in reliance upon all of the representations made by Franchisee in the approval process; and

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

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

## 1. GRANT AND APPROVED LOCATION

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

**B.** The street address or detailed description of the location (the “**Approved Location**”) is described on **Exhibit 1**. If the Approved Location is not determined as of the Effective Date, then the location in which the Franchised Business shall be within is the geographic area described in **Exhibit 1** (“**Protected Territory**”). Franchisee shall select and submit possible sites within the Protected Territory for Franchisor’s evaluation in accordance with Section 4. When the Approved Location is determined, its address shall be inserted into **Exhibit 1**.

**C.** Franchisee shall not sublicense the use of the System or Marks to any person or entity.

**D.** So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, Franchisor shall not license, establish, own or operate any other RISE COMMERCIAL

DISTRICT facility or other substantially similar businesses within the Protected Territory. Notwithstanding the foregoing, Franchisee acknowledges that Franchisor expressly retains all other rights and control with respect to the System and Marks, including the right to: (i) establish, own or operate, and license to others the right to establish, own or operate, RISE COMMERCIAL DISTRICT facilities outside of the Protected Territory; and (ii) engage in any other activities not expressly forbidden by this Agreement.

**E.** FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR'S SELECTION OR APPROVAL OF THE APPROVED LOCATION AND THE PROTECTED TERRITORY AND ANY INFORMATION FURNISHED BY FRANCHISOR TO FRANCHISEE RELATING THERETO SHALL NOT CONSTITUTE A REPRESENTATION OR WARRANTY OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE SUITABILITY OF THE APPROVED LOCATION AND THE PROTECTED TERRITORY FOR THE FRANCHISED BUSINESS OR FOR ANY OTHER PURPOSE, AND FRANCHISOR'S SELECTION OR APPROVAL OF THE APPROVED LOCATION AND THE PROTECTED TERRITORY MERELY SIGNIFIES THAT THE APPROVED LOCATION AND THE PROTECTED TERRITORY MEET FRANCHISOR'S THEN-CURRENT STANDARD TERRITORY SELECTION CRITERIA AND FRANCHISOR IS WILLING TO GRANT TO FRANCHISEE A LICENSE TO OPERATE THE FRANCHISED BUSINESS AND TO USE THE SYSTEM AND MARKS AT THE APPROVED LOCATION. FRANCHISEE FURTHER ACKNOWLEDGES AND AGREES THAT ITS ACCEPTANCE OF A LICENSE TO OPERATE THE FRANCHISED BUSINESS AND TO USE THE SYSTEM AND MARKS AT THE APPROVED LOCATION SHALL BE BASED ON ITS OWN INDEPENDENT INVESTIGATION OF THE SUITABILITY THE APPROVED LOCATION. THE ENTIRE RISK AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE FRANCHISED BUSINESS IS WITH FRANCHISEE.

## **2. FEES**

**A.** In exchange for the rights, granted herein, Franchisee shall pay a fee ("**Franchise Fee**") to Franchisor of \$125,000.00. An initial payment of \$55,000 shall be paid when the Franchise Agreement is signed. The remaining \$70,000 shall be due once a purchase agreement is signed for the land where Franchisee will build the facilities for the Franchised Business. Once any portion of the Franchise Fee has been paid, it is nonrefundable. However, if Franchisor and Franchisee cannot agree on an Approved Location or if Franchisee cannot, despite a good faith effort, enter into a purchase agreement for an Approved Location, and Franchisor opts to terminate the Agreement, Franchisor will waive the remaining \$70,000 payment, as further detailed in Section 4E below. The Franchise Fee is payment, in part, for expenses incurred by Franchisor in furnishing assistance and services to Franchisee as set forth in this Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees.

**B.** By the fifth day of each month for so long as this Agreement shall be in effect, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, a monthly fee ("**Royalty Fee**") equal to five percent (5%) of all revenue generated by the Franchised Business during the previous month, less applicable sales taxes and customer refunds and adjustments (the "**Gross Revenue**").

**C.** By the fifth day of each month for so long as this Agreement shall be in effect, Franchisee shall pay to Franchisor without offset, credit or deduction of any nature, a monthly advertising fund fee ("**Advertising Fee**") equal to one-half percent (0.5%) of all Gross Revenue. This Advertising Fee is uniform to all franchisees of the System and may be adjusted by Franchisor from time-to-time.

**D.** Franchisee shall pay to Franchisor an amount equal to all sales taxes, excise taxes, use taxes, withholding taxes, and similar taxes imposed on the fees payable by Franchisee to Franchisor

hereunder and on services or goods furnished to Franchisee by Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

**E.** Franchisor has the right to require all amounts due to Franchisor to be paid through an account established at a national banking institution approved by Franchisor that provides Franchisor with access sufficient to electronically withdraw any funds due to Franchisor (the “**Electronic Depository Transfer Account**”). At Franchisor’s request, Franchisee shall open and maintain an Electronic Depository Transfer Account, and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor. Every month, Franchisee shall make deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor’s or Franchisee’s bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor’s written consent.

**F.** All amounts due under this Agreement from Franchisee to Franchisor that are not received by Franchisor within five (5) days after the due date shall incur late fees at the rate of one and one-half percent (1.5%) per month (or the highest rate allowed by the law of the state where Franchisee is located, whichever is lower) from the date payment is due to the date payment is received by Franchisor. Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due amounts due Franchisor, including reasonable accounting and legal fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

**G.** Notwithstanding any designation by Franchisee, Franchisor shall have the sole discretion to apply any payments by Franchisee to any past due indebtedness of Franchisee to Franchisor in any proportion or priority.

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

**A.** This Agreement shall be effective and binding for an initial term of twenty (20) years from the Effective Date, unless sooner terminated pursuant to Section 17.

**B.** Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new franchise agreement with Franchisor. Franchisee’s right to a successor franchise is limited to three (3) successive terms of ten (10) years each, such that the total term of the Franchise shall not exceed fifty (50) years. To qualify for a successor franchise, each of the following conditions shall have been fulfilled and remain true as of the last day of the term of this Agreement:

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

**ii.** Franchisee has access to and, for the duration of the successor franchise, the right to remain in possession of the Approved Location, which remains in full compliance with Franchisor’s then-current standards and specifications;

**iii.** Franchisee has, at its expense, made such capital expenditures as were necessary to maintain uniformity with any Franchisor-required System modifications such that the Franchised Business reflects Franchisor’s then-current standards and specifications;

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

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

**vi.** Franchisee has given written notice of its intent to obtain a successor franchise to Franchisor not less than nine (9) months nor more that twelve (12) months prior to the end of the term of this Agreement;

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

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

#### **4. APPROVED LOCATION**

**A.** If an Approved Location for the Franchised Business has not been determined as of the Effective Date, Franchisee shall promptly select a site for the Franchised Business and shall notify Franchisor of such selection. As part of this process, Franchisor staff will spend up to three days visiting and assisting Franchisee in selecting and evaluating a site.

**B.** Franchisor shall evaluate the site and notify Franchisee of its approval or disapproval of the site within a reasonable time (usually ten days) of receiving notice of the site from Franchisee. If Franchisor approves of such selection, the site shall be designated as the Approved Location. If Franchisor does not approve of such selection, Franchisee shall select a new site and the approval process shall re-start. Franchisee shall not locate the Franchised Business on a selected site without the prior written approval of Franchisor.

**C.** Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation, the condition of the premises, demographics of the surrounding area, proximity to other RISE COMMERCIAL DISTRICT facilities, proximity to competitive businesses, size of the land (a minimum of 10 acres), zoning of the land (light industrial), traffic patterns, access to utilities, visibility, vehicular access, proximity to the interstate and other major roads, ease of ingress and egress, and overall suitability.

**D.** Franchisor does not represent that it or any of its Affiliates, owners, employees or agents have special expertise in selecting sites. Neither Franchisor's assistance nor approval is intended to indicate or indicates that the Franchised Business shall be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location.

**E.** Should Franchisee fail to select a site for the Franchised Business, which meets with Franchisor's approval within one (1) year of the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 4E, Franchisor shall waive the remaining \$70,000 Franchise Fee payment that is due upon Franchisor's receipt of a general release, the same as or similar to the General Release attached as **Exhibit 2**.

**F.** After the designation of the Approved Location, Franchisee shall execute a binding agreement to purchase the Approved Location, the terms of which must have been previously approved by Franchisor. *Franchisor's review of a purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee shall succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such purchase agreement. Franchisee acknowledges and agrees that Franchisee shall solely rely on its review and their attorneys review of any such purchase agreement.*

**G.** Franchisee shall take all actions necessary to maintain ownership of the Approved Location, with all taxes and levies paid in a timely manner, while this Agreement is in effect. Any foreclosure against the Approved Location by a lender or lienholder shall also be deemed a default hereunder.

**H.** Franchisee shall not use the Approved Location for any purpose other than for the operation of a RISE COMMERCIAL DISTRICT facility in full compliance with this Agreement and the Manual, unless approved in writing by Franchisor. Franchisor has the right to require that a restrictive covenant be placed on the Approved Location that ensures that the Approved Location may not be used in connection with any business that is competitive with the Franchised Business or that otherwise violates this Agreement. The restrictive covenant shall also memorialize Franchisor's right of first refusal with respect to any proposed sale or assignment of interest in the Approved Location.

## **5. CONSTRUCTION OF THE FACILITIES**

**A.** Specifications for the design and construction of the buildings and other facilities for the Franchised Business (collectively, the "**Facilities**"), including draft base plans and specifications for buildings, their layout, their interior designs, fixtures, equipment, décor and signs, are included in the Operations Manual (the "**Manual**"), as are a list of required supplies, equipment and improvements that Franchisee must purchase and install. Such specifications are subject to alteration as may be necessary in Franchisor's sole discretion.

**B.** Franchisor will provide Franchisee with draft base plans and basic specifications for use in building the Facilities, along with a list of required supplies, equipment and improvements that Franchisee must purchase and install. It will be Franchisee's responsibility, however, to obtain full engineered civil plans and architectural plans in accordance with the standards and regulations of its local government. Franchisor will review and approve the plans before their submission/use.

**C.** During the diligence and construction process, Franchisor will be available for weekly discussions or visits to ensure that the Facilities meet standards. Franchisor also has approval rights over all construction plans and drawings.

**D.** In connection with the construction of the Facilities and development of the Approved Location, Franchisee shall:

**i.** Adhere in all respects with the requirements and specifications outlined in the Manual. To the extent that Franchisee wishes to deviate from such requirements or specifications, Franchisee must obtain Franchisor's written approval.

**ii.** Employ a competent licensed architect, engineer or general contractor to prepare, for Franchisor's approval, preliminary specifications for improvement of the Approved Location adapted from the specifications furnished by Franchisor. Franchisor will review and approve Franchisor's contractor agreements before they are signed;

**iii.** Obtain all zoning classifications and clearances that may be required by state and local laws, ordinances or regulations, and submit to Franchisor, for Franchisor's approval, final plans for construction based upon the preliminary plans and specifications. Franchisor can provide, upon Franchisee's request, recommendations on timelines for establishing rezoning and usage approval;

**iv.** Obtain all building, utility, sign, and business permits and licenses, and any other permits and licenses required for the construction of the facilities and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained. Franchisor can provide, upon Franchisee's request, recommendations for obtaining the necessary approvals, permits, and licenses; and

**v.** Employ a qualified, licensed general contractor, approved by Franchisor, to handle construction of the Facilities.

## **6. COMMENCING OPERATION OF THE FRANCHISED BUSINESS**

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

- A.** Fulfill all of the obligations outlined in the Manual;
- B.** Furnish Franchisor with copies of all insurance policies required by this Agreement, or by the lease, or such other evidence of insurance coverage and payment of premiums as Franchisor may request;
- C.** Purchase any supplies necessary for the operation of the Franchised Business;
- D.** Purchase and install all equipment, signs, furniture and fixtures, including any computer equipment, required for the operation of the Franchised Business;
- E.** Obtain at least one (1) telephone number solely dedicated to the Franchised Business;
- F.** Complete initial training to the satisfaction of Franchisor;
- G.** Hire and train the personnel necessary or required for the operation of the Franchised Business;
- H.** Obtain Franchisor's permission and approval of an opening date; Franchisor shall not unreasonably withhold consent to open. Permission to open shall be based on Franchisor's determination that Franchisee is ready to open and satisfactorily prepared to operate; and

**I.** Pay in full all amounts due to Franchisor.

Franchisee shall comply with these conditions and be prepared to open and continuously operate the Franchised Business within 36 months after the Effective Date. Time is of the essence. If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent. Should Franchisee fail to commence operations of the Approved Location for the Franchised Business within 36 months after the Effective Date, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 6, Franchisor shall retain the entire Franchise Fee paid by Franchisee. The Franchise Fee retained shall be specifically understood and agreed by the parties to be in consideration of the services provided, time expended, work performed, and other efforts of Franchisor up to the date of Franchisee's failure to timely commence operations of the Franchised Business and shall not be construed as nor considered to be a penalty.

**7. MARKS**

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

**B.** Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give such notices of trademark and service mark registrations as Franchisor specifies and obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Approved Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated RISE COMMERCIAL DISTRICT Franchise" of Franchisee.

**C.** Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor shall have sole discretion to take such action as deemed appropriate and the right to exclusively control any litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in

any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

**D.** Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided that Franchisee has complied with the provisions of Section 7C and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee of removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

**E.** If it becomes necessary, in Franchisor's sole discretion, for Franchisee to modify or discontinue use of any of the Marks, or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within ten (10) business days after notice to Franchisee by Franchisor. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified or substitute Mark.

**F.** To preserve the validity and integrity of the Marks and any copyrighted materials licensed hereunder, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business and to interview and survey (whether in person or by mail) customers and employees and to photograph and videotape the premises.

**G.** Franchisee may not use the Marks, the word "RISE" or any portions or variations thereof, as part of any domain name, email address, Facebook page, Twitter account, or any other website or social networking page that it maintains or uses on the Internet (collectively, "**Online Sites**"), unless permitted by Franchisor in writing. In the event that Franchisor approves Franchisee's use of any Online Sites, Franchisor shall own all right, title and interest in and to such Online Sites. Franchisee's use of the Online Sites shall be with Franchisor's permission during the Term.

## **8. TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION**

**A.** As used in the Section, as well as elsewhere in the Agreement, the following terms are defined as follows:

i. "**Trade Secrets**" means information in any form (including, but not limited to, technical or non-technical data, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, and lists of actual or potential customers/tenants or suppliers) related to or used in RISE COMMERCIAL DISTRICT facilities



that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

ii. “**Confidential Information**” means technical and non-technical information used in or related to RISE COMMERCIAL DISTRICT facilities and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified or labeled as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee or its successors, assigns, agents, employees, or representatives; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third party who has the right, without obligation of nondisclosure, to transfer or disclose such information.

iii. “**Competitive Business**” means any business that: (a) offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) commercial storage services; (b) office and warehouse space; or (c) involves layouts and square footage options that are similar to those offered in connection with the Franchised Business. Notwithstanding the foregoing, the term “Competitive Business” shall not apply to any business operated by Franchisee under a Franchise Agreement with Franchisor, nor shall it apply to any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest.

**B.** Franchisee acknowledges that Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual, and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges that the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee (and all holders of a legal or beneficial interest in Franchisee and all officers, directors, executives, managers, employees, contractors, subcontractors, and professionals hired by Franchisee, including, without limitation, attorneys, accountants, architects, and engineers): (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents and representatives and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them.

**C.** All ideas, concepts, techniques or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore, and Franchisee agrees to assign to Franchisor all right, title and interest in any intellectual property so

developed. Franchisor has the right to incorporate such items into the System. To the extent any item does not qualify as a “work made-for-hire” for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other franchisees that are made part of the System. As Franchisor may reasonably request, Franchisee shall take all actions to assist Franchisor’s efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

**D.** Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among franchisees if owners of RISE COMMERCIAL DISTRICT franchisees were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee, nor any officer, director, or Designated Manager of Franchisee, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, limited liability company or other business entity, shall:

i. Divert or attempt to divert any business or client of the Franchised Business to any Competitive Business, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

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

**E.** All holders of any legal or beneficial interest in Franchisee, as well as any officer or director of Franchisee, are required to execute a nondisclosure and non-competition agreement, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as **Exhibit 3**, upon execution of this Agreement or prior to each such person’s affiliation with Franchisee.

**F.** Franchisee acknowledges that the restrictive covenants contained in this Section are essential elements of this Agreement and that without their inclusion, Franchisor would not have entered into this Agreement. Franchisee acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

## **9. TRAINING AND ASSISTANCE**

**A.** Franchisor shall make an initial training program available to the individual designated by Franchisee as having primary responsibility for managing the day-to-day affairs of the Franchised Business (the “**Designated Manager**”). One additional assistant or other person associated with the Franchised Business may also attend at Franchisee’s option. At four (4) weeks prior to the opening of the Franchised Business, the Designated Manager must attend and successfully complete, to Franchisor’s satisfaction, an initial training program pertaining to the operation of the Franchised Business. Franchisor shall conduct the initial training program at its headquarters or at another designated location. Franchisor shall not charge tuition or similar fees for initial training, however, all expenses incurred by Franchisee in attending such program including, but not limited to, travel costs, room and board expenses and employees’ salaries, shall

be the sole responsibility of Franchisee. Franchisee shall be responsible for training its management and other employees.

**B.** In conjunction with the beginning of operation of the Franchised Business, for approximately one (1) to two (2) weeks, at Franchisor's discretion, Franchisor shall make available to Franchisee, at Franchisor's expense, one (1) of Franchisor's representatives, experienced in the System, for the purpose of familiarizing Franchisee's staff with Franchisor's techniques and for the purpose of providing general assistance and guidance in connection with the opening of the Franchised Business. If Franchisee requests additional assistance with respect to the opening or continued operation of the Franchised Business, and should Franchisor deem it necessary and appropriate to comply with such request, Franchisee shall pay Franchisor's then-current standard rates, plus expenses, for such additional assistance.

**C.** After beginning operations, should Franchisee name a new Designated Manager, Franchisee must notify Franchisor of the identity of the new Designated Manager and the new Designated Manager must complete the initial training program to Franchisor's satisfaction, unless Franchisor agrees to a waiver in its sole discretion. Franchisor shall charge its standard training rates for training any new Designated Managers. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

**D.** From time-to-time Franchisor may provide and, if it does, has the right to require that the Designated Manager attend ongoing training programs or seminars during the term of this Agreement. Franchisor shall not charge a fee for any mandatory ongoing training. Franchisor shall not require the Designated Manager to attend more than two (2) sessions in any calendar year and collectively not more than four (4) days in any calendar year. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Designated Manager's attendance at such training.

## **10. OPERATIONS MANUAL**

**A.** While this Agreement is in effect, Franchisor shall loan to Franchisee one (1) copy of the Manual or shall grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual, and shall not deviate therefrom without Franchisor's prior written consent. The Manual may consist of one (1) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form. The Manual shall, at all times, remain the sole property of Franchisor and shall promptly be returned upon expiration or termination of this Agreement.

**B.** Franchisor has the right to add to or otherwise modify the Manual from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual is up-to-date at all times. If a dispute as to the contents of the Manual arises, the terms of the master copy of the Manual maintained by Franchisor at Franchisor's headquarters shall be controlling.

**C.** The Manual contains Trade Secrets and other Confidential Information of Franchisor and its contents shall be kept confidential by Franchisee both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual is available at the Approved Location in a current and up-to-date manner. If in paper form or stored on computer-readable media, Franchisee shall maintain the Manual in a secure manner at

the Approved Location or if in electronic form, Franchisee shall maintain the Manual in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual, access to the Manual. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual in an unauthorized manner.

## **11. FRANCHISE SYSTEM**

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

**B.** Franchisor has the right to change or modify the System from time to time including, without limitation, the adoption and use of new or modified Marks or copyrighted materials, and new or additional service offerings, computer hardware, software, equipment, inventory, supplies or sales and marketing techniques. Franchisee shall accept and use any such changes in, or additions to, the System as if they were a part of this Agreement as of the Effective Date. Franchisee shall make such expenditures as such changes, additions or modifications in the System may reasonably require.

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

## **12. ADVERTISING AND PROMOTIONAL ACTIVITIES**

**A.** Prior to, and/or during a period of approximately three (3) months following the initial opening of the Franchised Business, Franchisee shall spend an amount specified by Franchisor on local advertisement and promotion of the initial opening ("**Grand Opening Advertising**"). Franchisor shall determine and specify an appropriate minimum amount which Franchisee shall be required to expend on Grand Opening Advertising based upon Franchisor's general assessment of the area surrounding the Franchised Business and taking into account other potentially relevant factors, such as prevailing costs of advertising in the area, the time of year of opening and similar factors. Further, Franchisor shall specify the time at which Franchisee shall conduct Grand Opening Advertising. Prior to their use, all materials to be used in Grand Opening Advertising must be approved by Franchisor through the process set forth in Section 12C.

**B.** Franchisee shall be required to spend a minimum average amount per month on local marketing, which includes Chamber of Commerce memberships, local business networking events, and other local marketing. The current required amount is \$250 per month, but this amount may be adjusted by Franchisor from time-to-time. Moreover, there shall be no minimum local advertising spending requirement if the Franchised Business' occupancy rate was ninety-five percent (95%) or greater during the previous quarter.

**C.** Franchisee shall submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee including, but not limited to, ad copy, coupons, flyers, scripts and direct mail. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within twenty (20) days from the date all requested material is received by Franchisor. If Franchisor does not approve submitted materials by the end of such twenty (20) day period, such materials shall be deemed

to have not received the required approval. Franchisee shall not use any marketing or promotional material prior to approval by Franchisor.

**D.** Franchisor has established a System-wide marketing, advertising, and promotion fund (the “Advertising Fund”), which Franchisee is required to contribute to through the Advertising Fee. Franchisor shall notify Franchisee at least thirty (30) days before changing an Advertising Fund requirements, including changes to the amount of the Advertising Fee. The Advertising Fund shall be maintained and administered by Franchisor or its designee as follows:

i. Franchisor shall oversee all marketing programs, with sole discretion over the creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular franchisee shall benefit directly or pro rata from expenditures by the Advertising Fund. The program(s) may be local, regional or System-wide. Franchisor does not warrant the success or effectiveness of any particular marketing program.

ii. Franchisee’s Advertising Fees may be used to meet the costs of, or to reimburse Franchisor for its costs of, producing, maintaining, administering and directing consumer advertising (including, without limitation, the cost of preparing and conducting television, radio, Internet, magazine and newspaper advertising campaigns and other public relations activities; developing or hosting an Internet web page or site and similar activities; SEO advertising; employing advertising agencies to assist therein; and providing promotional brochures and other marketing materials to franchisees). All Advertising Fees shall be maintained in a separate account from the monies of Franchisor and shall not be used to defray any of Franchisor’s general operating expenses, except for such reasonable costs and expenses, if any, that Franchisor may incur in activities reasonably related to the administration of the Advertising Fund.

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

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

v. RISE COMMERCIAL DISTRICT facilities operated by Franchisor and its Affiliates are not required to contribute the Advertising Fund because they pay management fees that are used to handle similar marketing services.

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

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

**E.** Franchisor does not currently require that franchisees participate in any local or regional advertising cooperatives. However, Franchisor may create a cooperative advertising program in the future. Franchisor will determine all the parameters for any such cooperative advertising program. Franchisee must contribute to any such cooperative advertising program that is established. If Franchisor establishes a cooperative advertising program, there are no limits on its rights, to change, dissolve or merge such program(s) at any time.

**F.** Franchisee may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent or as otherwise specifically permitted in the Operations Manual. Franchisor has established and maintains an Internet website at [www.risecommercialdistrict.com](http://www.risecommercialdistrict.com) (the "**Website**") that provides information about the System and the services that Franchisor and its franchisees provide. Franchisor may (but is not required to) include at the Website an interior page containing information about the Franchised Business. If Franchisor includes such information on the Website, Franchisor has the right to require Franchisee to prepare all or a portion of the page, at Franchisee's expense, using a template that Franchisor provides. All such information shall be subject to Franchisor's approval prior to posting.

**G.** Except as specifically allowed in the Operations Manual, Franchisor retains the sole right to market on the Internet, including the use of websites, domain names, uniform resource locator's, keywords, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements.

### **13. ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS**

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

**B.** Franchisee shall maintain an accurate record of Gross Revenue and shall deliver to Franchisor a signed and verified statement of Gross Revenue ("**Gross Revenue Report**") for the previous month in a form that Franchisor approves or provides in the Manual. The Gross Revenue Report for the preceding month must be provided to Franchisor by the close of business on the fifth (5<sup>th</sup>) day of each month.

**C.** Franchisee shall supply to Franchisor on or before the fifteenth (15<sup>th</sup>) day of each month, in a form approved by Franchisor, a balance sheet as of the end of the preceding month and an income statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within ninety (90) days after the end of each fiscal year, an income statement for the fiscal year just ended and a balance sheet as of the last day of the fiscal year. Such financial statements shall be prepared in accordance with GAAP applied on a consistent basis. If required by Franchisor, such financial statements shall be reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual or otherwise in writing.

**D.** Franchisee shall submit to Franchisor copies of all state sales/use tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's lenders or prospective lenders. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

**E.** Franchisor reserves the right to require Franchisee to purchase, install and use computer and rental management systems consisting of hardware and software in accordance with Franchisor's specifications. Franchisor shall have full access to all of Franchisee's computer and rental data and systems and all related information by means of direct access, either in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this Agreement.

**F.** Franchisor or its designee has the right, during normal business hours, to examine, copy and audit the books, records and tax returns of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus interest from the date such amount was due until paid at the rate of eighteen percent (18%) per annum (or the highest rate allowed by law of the state where Franchisee is located, whichever is lower). If the audit or any other inspection discloses an underpayment of three percent (3%) or more of the amount due for any period covered by the audit, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). The foregoing remedies shall be in addition to any other remedies Franchisor may have.

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

#### **14. OPERATING STANDARDS**

**A.** Franchisee acknowledges that the reputation and goodwill of the System is based in large part on offering high quality services to its customers. Accordingly, Franchisee shall provide services at the Franchised Business that Franchisor has identified in the Manual or otherwise has approved in writing (and which are not thereafter disapproved).

**B.** Franchisor shall provide Franchisee, in the Manual or other written or electronic form, with a list of specifications and a list of approved suppliers for some or all of the supplies, signs, furniture, fixtures, inventory, and equipment (the "**Approved Suppliers**"), and Franchisor may from time to time issue revisions to such list. If Franchisee desires to utilize any products or services that Franchisor has not approved (for products and services that require supplier approval), Franchisee shall first send Franchisor sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Franchisor will decide within a reasonable time (usually thirty [30] days) after receiving the required information whether Franchisee may purchase or lease such items or services or from such supplier. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity

of product; quality of products or services at competitive prices; production and delivery capability; and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications that Franchisor deems confidential.

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

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

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

**F.** Franchisor and its Affiliates may develop a line of products bearing the Marks, especially suited for use in the operation of, display at, and resale from, the Franchised Business (the “**RISE Products**”). Franchisee acknowledges and agrees that the RISE Products developed by Franchisor and its Affiliates are distinctive as a result of being developed pursuant to Franchisor and its Affiliates’ experience and are inextricably interrelated with the Marks. Franchisee agrees to order and purchase all of its requirements of RISE Products exclusively from a supplier designated by Franchisor.

**G.** Franchisee shall maintain the Franchised Business and the Approved Location in “like new” condition, and shall repair or replace equipment, fixtures and signage as necessary to comply with the health and safety standards and specifications of Franchisor and any applicable laws or regulations. The expense of such maintenance shall be borne by Franchisee.

**H.** The Franchised Business shall, at all times, be under the direct supervision of the Designated Manager. The Designated Manager shall devote sufficient efforts to the management of the day-to-day operation of the Franchised Business, but not less than thirty-five (35) hours per week, excluding vacation, sick leave and similar absences. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its Designated Manager. If the Designated Manager will be on vacation or will not be on site at the Franchised Business for more than one (1) consecutive day, someone with adequate understanding of the operation of the Franchised Business must be on site to take the place of the Designated Manager while he or she is away.

**I.** Franchisee shall keep the Franchised Business open for business during normal business hours on the days specified in the Manual.

**J.** In order to protect the Marks, Franchisee must obtain Franchisor’s prior written consent before making any contributions or donations of items, services or funds to any individual or entity, or provide any type of other benefit to any charitable, religious, political, social, civic or other type of



organization (or to any individual on behalf of any organization). Franchisor may withhold any such consent in its sole and absolute discretion.

**K.** Franchisee shall secure and maintain in force all required licenses, permits and certificates necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

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

**M.** Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created and licenses granted hereby. Therefore, Franchisee shall endeavor to maintain high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor deems that Franchisee did not fairly handle a customer complaint, Franchisor has the right to intervene and satisfy the customer, and Franchisee shall reimburse Franchisor for any costs incurred in doing so. Franchisor has the right to terminate this Agreement for one or more violations of this Section.

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

**O.** Franchisee shall, at its expense, lease or purchase the necessary equipment or software and shall have arrangements in place with Discover Card, Visa, MasterCard, American Express, and such other credit card issuers as Franchisor may designate from time to time, to enable the Franchised Business to accept such methods of payment from its customers.

## **15. FRANCHISOR'S ONGOING OPERATIONS ASSISTANCE**

**A.** Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, newsletters and other methods with respect to planning, opening and operating the Franchised Business. Franchisor shall not charge for this service, however, Franchisor retains the right to charge a fee for or refuse this service should Franchisee, in Franchisor's discretion, be deemed to be using this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor and its franchisees in operating RISE COMMERCIAL

DISTRICT facilities, an analysis of costs and prices charged for competitive services. Franchisee shall have the sole right to determine the prices to be charged by the Franchised Business.

**B.** Franchisor will provide the Designated Manager with a mentor who will be available to help guide the Designated Manager on how to run the Franchised Business, be available to answer questions, and generally help the Designated Manager understand and feel comfortable in their role.

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

**D.** Franchisor will have periodic online meetings to discuss new and improved operations and tenant services, as Franchisor determines, in its discretion, that such meetings are necessary.

**E.** Franchisor will suggest square foot pricing for operating RISE COMMERCIAL DISTRICT facilities in various states, though Franchisee will make the ultimate decision on its pricing, as individual market factors will vary.

**F.** During the 3 months prior to grand opening and for a period of one-year after grand opening, Franchisor will serve as Franchisee's internal sales department. This will include handling all sales calls, applications, writing leases, and all other customer sign-up functions, excluding on-site showings, which shall be Franchisee's responsibility. This service is part of the Franchise Fee that is paid. After the Franchised Business has been open for one-year, Franchisee will be permitted to begin handling all sales functions (in accordance with Franchisor's standards). However, Franchisor can continue to provide the sales services, but Franchisor's then-current fees will be charged for these services, which fees will be communicated to Franchisee by January 1st of each year.

**G.** For additional fees, Franchisor may make additional services available, at its sole discretion, such as floating managers and consulting services that are outside of its general service offering.

## **16. INSURANCE**

**A.** At its sole expense, Franchisee shall procure within sixty (60) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payee and all shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure:

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

ii. workers' compensation insurance that complies with the statutory requirements of the state in which the Franchised Business is located and employer liability coverage with a minimum limit of ONE HUNDRED THOUSAND DOLLARS (\$100,000.00) or, if higher, the statutory minimum limit as required by state law;

iii. comprehensive general liability insurance against claims for bodily and personal injury, death and property damage caused by or occurring in conjunction with the operation of the Franchised Business, or Franchisee's conduct of business pursuant to this Agreement, with a minimum liability coverage of ONE MILLION DOLLARS (\$1,000,000.00) per occurrence and TWO MILLION DOLLARS \$2,000,000 in the aggregate or, if higher, the statutory minimum limit required by state law;

iv. umbrella liability insurance with a minimum liability coverage of FIVE MILLION DOLLARS \$5,000,000 per occurrence and FIVE MILLION DOLLARS \$5,000,000 in the aggregate;

v. business interruption insurance in amounts and with terms acceptable to Franchisor;

vi. automobile liability insurance for owned or hired vehicles, with a combined single limit of at least ONE MILLION DOLLARS (\$1,000,000.00) or, if higher, the statutory minimum limit required by state law; and

vii. such insurance as necessary to provide coverage under the indemnity provisions set forth in Section 21.

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

**C.** Such policies shall be written by an insurance company licensed in the state in which Franchisee operates, and having at least an "A" Rating Classification as indicated in A.M. Best's Key Rating Guide. Although A.M. Best groups "A" and "A-" in the same classification, Franchisor demands an "A" rating.

**D.** Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance that may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 21. Franchisee shall provide, annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

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

## **17. DEFAULT AND TERMINATION**

**A.** If Franchisee is in full compliance with all terms of this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee may elect to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee may elect to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach within a reasonable period of time and furnish Franchisee reasonable proof of such efforts.

**B.** Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee (or its owner(s), officer(s) or key employee(s)):

- i. fails to timely select an approved site for or establish, equip and commence operations of the Franchised Business pursuant to Section 4;
- ii. fails to have the Designated Manager satisfactorily complete the training program pursuant to Section 9A;
- iii. made any material misrepresentation or omission in the application for the Franchise or otherwise to Franchisor in the course of entering into this Agreement;
- iv. is convicted of or pleads no contest to a felony or other crime or offense that is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;
- v. after notices to cure, fails to refrain from activities, behavior or conduct likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business;
- vi. discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual, the Trade Secrets or any other Confidential Information;
- vii. sells or transfers any rights in the Approved Location;
- viii. abandons, fails or refuses to actively operate the Franchised Business for five (5) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor), or, the destruction or condemnation of the Approved Location or any other event rendering the Facilities unusable;
- ix. surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof, as herein required;
- x. submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise any reports or other data, information or supporting records that understate any Royalty Fee, Advertising Fee, or any other fees owed to Franchisor by more than three percent (3%) for any accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error;

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

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

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

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

xv. breaches or fails to comply with any provision of this Agreement or any standard, specification or other provision contained in the Manual on two (2) or more separate occasions within any period of twelve (12) consecutive months;

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

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

**C.** In addition to those non-curable instances of default described in Section 17B, Franchisor shall also be permitted to terminate the Agreement if Franchisee:

i. fails to pay any amounts due to Franchisor within five (5) days of receiving notice of receiving notice of the breach/default;

ii. fails to obtain the insurance required in Section 16 of this Agreement within ten (10) days of receiving notice of the breach/default; or

iii. fails to cure any other breach or default (or provide proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such breach/default and shall continue to make all reasonable efforts to cure until a cure is effected if such breach/default cannot reasonably be cured before the effective date of the termination) under any other term of this Agreement and/or the standards, specifications and/or other provisions contained in the Manual within thirty (30) days of receiving notice of the breach/default.

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

**E.** Following the delivery of a notice of breach pursuant to Section 17C, if necessary in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume the operation of the Franchised Business until such time as Franchisee corrects the breach. Franchisor may charge a management fee as stated in the Manual from time to time, currently equal to TWO HUNDRED AND FIFTY DOLLARS (\$250.00) per day, and Franchisor shall be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business.

## **18. RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION**

**A.** Except as otherwise provided herein, upon termination or expiration, this Agreement and all rights granted hereunder to Franchisee shall terminate and Franchisee shall:

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

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

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

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

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

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

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

viii. cease all use of the Online Sites and provide Franchisor with any and all access codes or passwords relating to the Online Sites, which will enable Franchisor to take control of the Online Sites; and

ix. comply with all other applicable provisions of this Agreement, including, without limitation, the Franchisor's right of first refusal.

**B.** Franchisee acknowledges that the restrictive covenants contained in this Section and in Section 8 are fair and reasonable and are justifiably required for purposes including, but not limited to, to protect the Trade Secrets and other Confidential Information of Franchisor, and to protect Franchisor against its costs in training Franchisee and its officers, directors, executives, professional staff and Designated Managers. Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any holder of a legal or beneficial interest in Franchisee, nor any officer, or director of Franchisee, shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

i. own an interest in, manage, operate or provide services to any Competitive Business; or

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

In furtherance of this Section, Franchisor has the right to require certain individuals to execute standard form nondisclosure or non-competition agreements, in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as **Exhibit 3** to this Agreement.

**C.** Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay upon demand.

**D.** Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including, but not limited to, the Approved Location, equipment, and supplies. The purchase price shall be equal to the assets' fair market value as determined by an independent appraiser. If Franchisor elects to exercise this option to purchase, it has the right to set off all amounts due from Franchisee under this Agreement, if any, against the purchase price.

**E.** All obligations of Franchisor and Franchisee that expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding their expiration or termination and until satisfied or by their nature expire.

## 19. TRANSFERABILITY OF INTEREST

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

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

- i. Franchisee has complied with the requirements set forth in Section 20;
- ii. All obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;
- iii. Franchisee (and any transferring owners, if Franchisee is a business entity) has executed a general release, in a form the same as or similar to the General Release attached as **Exhibit 2** to this Agreement, of any and all claims against Franchisor, including its officers, directors, shareholders managers, members, partners, owners, employees and agents (in their corporate and individual capacities), including, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Agreement or to the transfer of Franchisee's interest herein or to the transfer of Franchisee's ownership of all or any part of the Franchise; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;
- iv. The prospective transferee has satisfied Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require, in its sole discretion, to demonstrate ability to conduct the Franchised Business;
- v. The transferee and, if Franchisor requires, all persons owning any interest in the transferee, have executed the then-current franchise agreement for new franchisees, which may be substantially different from this Agreement, including different Royalty Fee and other material provisions and the franchise agreement then executed shall be for the term specified in such agreement;
- vi. The transferee has executed a general release, in a form the same as or similar to the General Release attached as **Exhibit 2** to this Agreement, of any and all claims against



Franchisor and its officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the transferee by Franchisee;

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

viii. Franchisee has ownership of the Approved Location with the right to possess and occupy and the transferee is transferred those rights;

ix. Franchisee, or the transferee, has paid to Franchisor a transfer fee in the amount of FIFTY THOUSAND DOLLARS (\$50,000.00);

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

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

xii. The transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

xiii. Franchisee has, and if Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee have, executed and delivered to Franchisor a nondisclosure and non-competition agreement in a form the same as or similar to the Nondisclosure and Non-Competition Agreement attached as **Exhibit 3** to this Agreement;

xiv. Franchisor has waived its right of first refusal with respect to the transfer; and

xv. The transferee agrees that its Designated Manager shall complete, to Franchisor's satisfaction, a training program in substance similar to the initial training described in Section 9A prior to assuming the management of the day-to-day operation of the Franchised Business.

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

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

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

iii. All obligations of Franchisee to Franchisor or any Affiliate are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 19B(ix);

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

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

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

The term of the transferred franchise shall be the un-expired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights. Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

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

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

**F.** Upon the death or Incapacity of Franchisee (if Franchisee is an individual) or any holder of a legal or beneficial interest in Franchisee (if Franchisee is a business entity), the appropriate representative of such person (whether administrator, personal representative or trustee) shall, within a reasonable time not exceeding one hundred eighty (180) days following such event, transfer such individual's interest in the Franchised Business or in Franchisee to a third party approved by Franchisor. Such transfers, including transfers by will or inheritance, shall be subject to the conditions for assignments and transfers contained in this Agreement (provided that a transfer to a spouse or child of a deceased Franchisee or holder of a legal or beneficial interest in Franchisee shall not require the payment of a transfer fee as typically required pursuant to Section 19B(ix)). During such one hundred eighty (180) day period, the Franchised Business must remain at all times under the primary management of a Designated Manager who otherwise meets Franchisor's management qualifications.

## **20. RIGHT OF FIRST REFUSAL**

**A.** If Franchisee, or any of its owners, proposes to sell or otherwise transfer (including a transfer by death or Incapacity pursuant to Section 19F) the Franchised Business, the Approved Location, or any ownership interest in Franchisee, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal to purchase, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to an approved sale of the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

**B.** Franchisor shall, for thirty (30) days from the date of delivery of all such documents, have the right, exercisable by written notice to Franchisee, to purchase the offered assets or interest for the price and on the same terms and conditions contained in such offer communicated to Franchisee. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any proposed buyer. After providing notice to Franchisee of Franchisor's intent to exercise this right of first refusal, Franchisor shall have up to ninety (90) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

**C.** If Franchisor does not exercise this right of first refusal within thirty (30) days, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 19B. Any waiver by Franchisor with respect to its right of first refusal shall only be with respect to the specific purchase or transfer waived. The right of first refusal shall be a recorded encumbrance of the Approved Location so long as this Agreement has not expired upon its own terms and conditions. Any transferee or successor of Franchisee shall assume its interest subject to this right of first refusal.

## **21. INDEMNIFICATION**

**A.** Franchisee shall hold harmless and indemnify Franchisor, its Affiliates, all holders of a legal or beneficial interest in Franchisor and all officers, directors, executives, managers, employees, agents, successors and assigns (collectively "Franchisor Indemnities") from and against all losses, damages, fines, costs, expenses or liability (including reasonable attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, that arises from or is based upon Franchisee's (i) ownership or operation of the Franchised Business; (ii) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (iii) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or any Affiliate); (iv) defamation of Franchisor or the System; (v) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts; or (vi) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. The obligations of this Section 21A shall expressly survive the termination of this Agreement.

**B.** Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or proceeding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or

proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

## **22. GENERAL CONDITIONS AND PROVISIONS**

**A.** Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in **Exhibit 4** as Holders of a Legal or Beneficial Interest are the sole holders of a legal or beneficial interest (in the stated proportions) of Franchisee.

**B.** Some states may have laws that require special amendments to the Agreement. All such amendments are listed in **Exhibit 6** hereto. If the Franchised Business will be located in any of the states referenced in **Exhibit 6**, the terms for the state where the Franchised Business will be located are incorporated herein by reference.

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

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

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

**F.** As any breach by Franchisee of any of the restrictions contained in Sections 7, 8, and 18 would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, in addition to all other remedies provided by law or in equity, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated. Franchisor's right to seek injunctive relief will not affect the parties' waiver of jury trial and covenant to arbitrate all disputes in accordance with Section 23. Franchisor's rights herein shall include pursuing injunctive relief through arbitration or in the state or federal court.

**G.** All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (i) at the time delivered by hand to the recipient party (or to an officer, director or partner of the recipient party); (ii) on the next business day after transmission by facsimile or other reasonably reliable electronic communication system; (iii) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (iv) five (5) business days after being sent by Registered Mail, return receipt requested. All notices shall be sent to Franchisee at the address listed on page one (1) of this Agreement, or such other address as Franchisee may designate in writing to Franchisor. All notices, payments and reports required by this Agreement shall be sent to Franchisor at 8070 Castleton Road, Suite 150, Indianapolis, IN 46250.

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

**I.** All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be required to execute, as of the date of this Agreement, the Unlimited Guaranty and Assumption of Obligations attached as **Exhibit 5**, through which such holders agree to assume and discharge all of Franchisee's obligations under this Agreement and to be personally liable hereunder for all of the same.

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

**K.** This Agreement, its exhibits and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof, and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations (other than those within Franchisor's Uniform Franchise Disclosure Document), inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, that are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this Agreement requires Franchisee to waive reliance on representations made in the disclosure document.

**L.** Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable, and if any paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions,

paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid paragraphs, parts, terms or provisions shall be deemed not part of this Agreement; provided, however, that if Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

**M.** Notwithstanding the above, each of the covenants contained in Sections 8 and 18 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for limitations on disclosure of Trade Secrets and other Confidential Information or on competition to the maximum extent provided or permitted by law.

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

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

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

**Q.** Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

**R.** Both parties shall execute multiple copies of this Agreement, and each executed copy shall be deemed an original.

### **23. DISPUTE RESOLUTION**

**A.** Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Indiana (without reference to its conflict of laws principles), excluding any law regulating the sale of franchises or governing the relationship between a franchisor and

franchisee, unless the jurisdictional requirements of such laws are met independently without reference to this Section. The Federal Arbitration Act shall govern all matters subject to arbitration. References to any law refer also to any successor laws and to any published regulations for such law as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

**B.** Any action brought by either party, except those claims required to be submitted to arbitration, shall be brought in the appropriate state or federal court located in or serving Marion County, Indiana. The parties waive all questions of personal jurisdiction or venue for the purposes of carrying out this provision. The parties hereby submit to service of process by registered mail, return receipt requested or by any other manner provided by law. Claims for injunctive relief may be brought by Franchisor where Franchisee is located. This exclusive choice of jurisdiction and venue provision shall not restrict the ability of the parties to confirm or enforce judgments or arbitration awards in any appropriate jurisdiction.

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

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

**E.** Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other and agree that if there is a dispute with the other, each shall be limited to the recovery of actual damages sustained by it including reasonable accounting and legal fees as provided in Section 22H. Franchisee waives and disclaims any right to consequential damages in any action or claim against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's contract damages shall not exceed and shall be limited to refund of Franchisee's Franchise Fee and Royalty Fee payments.

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

**G.** This Agreement evidences a transaction involving commerce and, therefore, the Federal Arbitration Act, Title 9 of the United States Code is applicable to the subject matter contained herein. Except for controversies or claims relating to intellectual property rights, including, but not limited to, Franchisor's Marks, copyrights or the unauthorized use or disclosure of Franchisor's Confidential Information, covenants against competition and other claims for injunctive relief, all disputes arising out of or relating to this Agreement or to any other agreements between the parties, or with regard to interpretation, formation or breach of this or any other agreement between the parties, shall be settled by binding arbitration conducted in Marion County, Indiana, in accordance with the Commercial Arbitration Rules of the American Arbitration Association then in effect. The proceedings will be held by a single arbitrator agreed upon by the parties or otherwise appointed by the Courts for the State of Indiana and located in Marion County, Indiana. The decision of the arbitrator will be final and binding upon the parties. Judgment upon the award rendered by the arbitrator may be entered in any court having personal and subject matter jurisdiction. Franchisee acknowledges that it has read the terms of this binding arbitration provision and

affirms that this provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

## **24. ACKNOWLEDGMENTS**

**A.** Franchisee represents and acknowledges that it has received, read and understands this Agreement and Franchisor's Uniform Franchise Disclosure Document; and that Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges that it has received, at least fourteen (14) calendar-days prior to the date on which this Agreement was executed, the Disclosure Document required by the Trade Regulation Rule of the Federal Trade Commission entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

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

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

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

**E.** Franchisee represents and acknowledges that it has not received nor relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges that there have been no representations by Franchisor's directors, officers, employees or agents that are not contained in, or are inconsistent with, the statements made in the Uniform Franchise Disclosure Document or this Agreement.

**F.** Franchisee represents that its execution of this Agreement shall not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

**- SIGNATURE PAGE FOLLOWS -**



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

RISE COMMERCIAL DISTRICT FRANCHISOR, LLC:

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

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

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

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

(type/print name)

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

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

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

**EXHIBIT 1 TO THE FRANCHISE AGREEMENT**

**LOCATION AND TERRITORY**

**Approved Location:** The street address (or detailed description of the premises) of the Approved Location is:

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If the Approved Location is not determined as of the Effective Date, Franchisee shall select and submit possible sites within the Protected Territory for Franchisor's evaluation in accordance with the Agreement. When the Approved Location is determined, its address shall be inserted into the paragraph above and shall be initialed and dated by Franchisee and Franchisor.

**Protected Territory:** The Protected Territory shall be defined by and exist within the following zip codes or other physical, political or natural boundaries:

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The map of the Protected Territory is attached.

ACKNOWLEDGED BY FRANCHISOR

ACKNOWLEDGED BY FRANCHISEE

\_\_\_\_\_ signature  
\_\_\_\_\_ name printed  
\_\_\_\_\_ date signed

\_\_\_\_\_ signature  
\_\_\_\_\_ name printed  
\_\_\_\_\_ date signed

**EXHIBIT 2 TO THE FRANCHISE AGREEMENT**

**GENERAL RELEASE**

THIS GENERAL RELEASE is made and given on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_ by \_\_\_\_\_, (“RELEASOR”) an individual/corporation/limited liability company/partnership with a principal address of \_\_\_\_\_, in consideration of:

\_\_\_\_\_ the execution by Rise Commercial District Franchisor, LLC, an Indiana limited liability company (“RELEASEE”), of a successor Franchise Agreement or other renewal documents renewing the franchise (the “Franchise”) granted to RELEASOR by RELEASEE pursuant to that certain Rise Commercial District Franchise Agreement (the “Franchise Agreement”) by and between RELEASOR and RELEASEE; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assignment of its rights and duties under the Franchise Agreement; or

\_\_\_\_\_ RELEASEE’S consent to RELEASOR’S assumption of rights and duties under the Franchise Agreement; or

\_\_\_\_\_ RELEASEE’S termination of the Franchise Agreement and release of the remaining portion of the Franchise Fee due from RELEASOR,

and other good and valuable consideration, the adequacy of which is hereby acknowledged, and accordingly RELEASOR hereby releases and discharges RELEASEE, RELEASEE’S officers, directors, shareholders, managers, members, partners, owners, employees and agents (in their corporate and individual capacities), and RELEASEE’S successors and assigns, from any and all causes of action, suits, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR’S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise or the Franchise Agreement, including, without limitation, claims arising under federal, state and local laws, rules and ordinances.

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR: \_\_\_\_\_  
(type/print name)

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

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

Title: \_\_\_\_\_  
(or, if an individual)

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

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

## **EXHIBIT 3 TO THE FRANCHISE AGREEMENT**

### **NONDISCLOSURE AND NON-COMPETITION AGREEMENT**

This Nondisclosure and Non-Competition Agreement (“Agreement”) made as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, is by and between Rise Commercial District Franchisor, LLC (“Franchisor”) and \_\_\_\_\_ (“Individual”). In consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

#### **1. Background**

Individual is a holder of a legal or beneficial interest in \_\_\_\_\_ (“Franchisee”), or an officer or director of Franchisee. Franchisee has entered into a Franchise Agreement with Franchisor (the “Franchise Agreement”), whereby Franchisor will disclose various confidential and proprietary information to Franchisee. In Individual’s role with Franchisee, it is necessary that Individual also be provided with access to Franchisor’s information. In order for Individual to be provided with access to this information, Franchisor requires that Individual first execute this Agreement.

#### **2. Trade Secrets and Confidential Information**

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

b. For the purposes of this Agreement, a “Trade Secret” is information in any form (including, but not limited to, Franchisor’s Operations Manual, materials and techniques, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, building plans, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in the operation of a RISE COMMERCIAL DISTRICT facility that is not commonly known by or available to the public and that information: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

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

d. Any information expressly designated by Franchisor as “Trade Secrets” or “Confidential Information” shall be deemed such for all purposes of this Agreement, but the absence of designation shall not relieve Individual of his or her obligations hereunder in respect of information otherwise constituting Trade Secrets or Confidential Information. Individual understands Franchisor’s providing of access to the

Trade Secrets and other Confidential Information creates a relationship of confidence and trust between Individual and Franchisor with respect to the Trade Secrets and other Confidential Information.

### **3. Confidentiality/Non-Disclosure**

Individual shall not communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee (during the term of the Franchise Agreement”), now or at any time in the future, any Trade Secrets or other Confidential Information. At all times from the date of this Agreement, Individual must take all steps reasonably necessary and/or requested by Franchisor to ensure that the Confidential Information and Trade Secrets are kept confidential pursuant to the terms of this Agreement. Individual must comply with all applicable policies, procedures and practices that Franchisor has established and may establish from time to time with regard to the Confidential Information and Trade Secrets. The obligations of Individual under this Agreement with respect to the use and secrecy of the Trade Secrets and Confidential Information shall remain in full force and effect for as long as the Confidential Information remains secret and confidential and is not publicly available or publicly disclosed by Franchisor.

### **4. Non-Competition**

a. As used in this Section and elsewhere in this Agreement, “Competitive Business” means any business that (a) offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) commercial storage services; (b) office and warehouse space; or (c) involves layouts and square footage options that are similar to those offered in connection with the Franchised Business. Notwithstanding the foregoing, the term “Competitive Business” shall not apply to any business operated by Franchisee under the Franchise Agreement.

b. During the term of the Franchise Agreement and for a period of two (2) years after the expiration or termination of the Franchise Agreement, regardless of the cause of expiration or termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, divert or attempt to divert any business or customer of Franchisee to any Competitive Business, by direct or indirect inducement or otherwise.

c. During the term of the Franchise Agreement and for a period of two (2) years after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, Individual shall not, directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity, carry on, be engaged in or take part in, render services to, or own or share in the earnings of any Competitive Business anywhere within the United States without the express written consent of Franchisee.

d. During the term of the Franchise Agreement and for a period of two (2) years after the expiration or termination of the Franchise Agreement, regardless of the cause of termination, Individual shall not, directly or indirectly, solicit or otherwise attempt to induce or influence any employee or other business associate of Franchisee, Franchisor or any other RISE COMMERCIAL DISTRICT franchise to compete against, or terminate or modify his, her or its employment or business relationship with, Franchisee, Franchisor or any other RISE COMMERCIAL DISTRICT franchise.

### **5. Reasonableness of Restrictions**

Individual acknowledges that each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor and its franchise system, and

Individual waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable. If, however, a court of competent jurisdiction determines that any such restriction is unreasonable or unenforceable, then Individual shall submit to the reduction of any such activity, time period or geographic restriction necessary to enable the court to enforce such restrictions to the fullest extent permitted under applicable law. It is the desire and intent of the parties that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in any jurisdiction where enforcement is sought.

## **6. Relief for Breaches of Confidentiality, Non-Solicitation and Non-Competition**

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

## **7. Miscellaneous**

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

b. This Agreement shall be governed by and construed in accordance with the laws of the State of Indiana (without reference to its conflict of laws principles).

c. Any and all actions arising under this Agreement shall be exclusively filed and exclusively maintained in the State or Federal courts situated in Marion County, Indiana, and the parties hereby consent to the exclusive jurisdiction and exclusive venue of such courts and irrevocably waive all objections thereto.

d. In any action successfully brought by Franchisor to enforce its rights hereunder, Franchisor shall also be entitled to recover its reasonable attorneys' fees and costs of the action from Individual. In addition, Franchisor shall be entitled to recover punitive damages from Individual if the breach of this Agreement is willful, malicious, in bad faith or done with intent to unjustly enrich Individual or any third party.

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

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

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

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

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

j. This Agreement may be signed in two counterparts, each of which shall be deemed an original and which shall together constitute one Agreement.

**INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY, AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS THAT IT IMPOSES WITHOUT RESERVATION.**

IN WITNESS WHEREOF, the parties acknowledge that they have read, understand, and agreed to the terms and conditions of this Agreement.

INDIVIDUAL:

FRANCHISOR:

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

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

Name/Title: \_\_\_\_\_

**EXHIBIT 4 TO THE FRANCHISE AGREEMENT**

**HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE;  
OFFICERS, DIRECTORS, AND DESIGNATED MANAGER**

**Holders of Legal or Beneficial Interest:**

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership: \_\_\_\_\_ %

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_  
Percentage of ownership \_\_\_\_\_ %

**Officers and Directors:**

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_

Name: \_\_\_\_\_  
Position/Title: \_\_\_\_\_  
Home Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone No.: \_\_\_\_\_  
E-mail address: \_\_\_\_\_



**EXHIBIT 5 TO THE FRANCHISE AGREEMENT**

**UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS UNLIMITED GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (“Agreement”) by Rise Commercial District Franchisor, LLC (“Franchisor”), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that \_\_\_\_\_ (“Franchisee”) shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned shall be personally bound by, and personally liable for, Franchisee’s breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or engaging in specific activities, such as those contemplated by Section 8 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) its direct and immediate liability under this Guaranty shall be joint and several; (b) it shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person or entity; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence that Franchisor may from time to time grant to Franchisee or to any other person including the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

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

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

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

Guarantor hereby irrevocably consents and submits to the non-exclusive jurisdiction of the Courts of the State of Indiana and the United States District Court located in or serving Marion County, Indiana and waives any objection based on venue or forum non conveniens with respect to any action instituted therein arising under this Guaranty or any of the other Franchising Agreements or in any way connected with or related or incidental to the dealings of Guarantor and Franchisor in respect of this Guaranty or any of the other Franchising Agreements or the transactions related hereto or thereto, in each case whether now existing or hereafter arising and whether in contract, tort, equity or otherwise, and agrees that any dispute arising out of the relationship between Guarantor or Franchisee and Franchisor or the conduct of any such persons in connection with this Guaranty, the other Franchising Agreements or otherwise shall be heard only in the courts described above (except that Franchisor shall have the right to bring any action or proceeding against

Guarantor or his or her property in the courts of any other jurisdiction which Franchisor deems necessary or appropriate in order to realize on any collateral at any time granted by Franchisee or Guarantor to Franchisor or to otherwise enforce its rights against Guarantor or his or her property).

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

**PERSONAL GUARANTOR**

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Signature)

HOME ADDRESS

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

TELEPHONE NO.: \_\_\_\_\_  
PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

**PERSONAL GUARANTOR**

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Signature)

HOME ADDRESS

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

TELEPHONE NO.: \_\_\_\_\_  
PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

**PERSONAL GUARANTOR**

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Signature)

HOME ADDRESS

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

TELEPHONE NO.: \_\_\_\_\_  
PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

**PERSONAL GUARANTOR**

\_\_\_\_\_  
Personally and Individually (Printed Name)

\_\_\_\_\_  
Personally and Individually (Signature)

HOME ADDRESS

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

TELEPHONE NO.: \_\_\_\_\_  
PERCENTAGE OF OWNERSHIP  
IN FRANCHISEE: \_\_\_\_\_%

**EXHIBIT 6 TO THE FRANCHISE AGREEMENT**

**MULTI-STATE ADDENDA**

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF HAWAII**

This Addendum shall pertain to franchises sold in the State of Hawaii and shall be for the purpose of complying with Hawaii law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended to add the following provision:

Franchisor will comply with Hawaii Franchise Investment Law and exclude claims arising from a provision in the Franchise Agreement requiring a general release as a condition of a renewal or transfer fee. Non-renewals and terminations provisions are only applicable if they are not inconsistent with the Hawaii Franchise Investment Law.

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF ILLINOIS**

This Addendum shall pertain to franchises sold in the State of Illinois and shall be for the purpose of complying with Illinois law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended as follows:

1. The following provision shall be added at the end of Section 23:

Any provision of the Agreement which designates jurisdiction or venue outside of Franchisee’s state is void with respect to any cause of action which otherwise is enforceable in Franchisee’s state, provided that the Agreement may provide for arbitration outside Franchisee’s state.

2. The following provision shall be added at the end of Section 23A:

However, the choice of law should not be considered a waiver of any right conferred upon Franchisee by the provisions of the Illinois Franchise Disclosure Act of 1987 and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. As required under Illinois law, the laws of the State of Illinois will govern.

3. Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.

4. The conditions under which the Agreement can be terminated and Franchisee’s rights upon nonrenewal may be affected by Illinois law, 815 ILCS 7051-44. To the extent that any provision in the Agreement is inconsistent with Illinois law, Illinois law will control.

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF INDIANA**

This Addendum shall pertain to franchises sold in the State of Indiana and shall be for the purpose of complying with Indiana law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended as follows:

1. Section 1 of the Agreement is supplemented to include the following provision:

Ind. Code §§23-2-2.7-1(2) and 23-2-2.7-2(6) prohibit any provision in a franchise agreement allowing a franchisor to establish, and prohibit a franchisor from establishing a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the Protected Territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area. To the extent that any provision of the Agreement conflicts with Indiana law, Indiana law will control.

2. Section 19F of the Agreement is supplemented to include the following provision:

Ind. Code §23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in the ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs or estate maintains all standards and obligations of the franchise.

3. Section 19B of the Agreement is supplemented to include the following provision:

Indiana prohibits the franchisor from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver, or estoppels which purports to relieve any person from liability. To the extent you are required to execute a release in favor of Franchisor, such release shall exclude liabilities arising under the Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-1(5).

4. Ind. Code §23-2-2.7-1(10) prohibits any provision in the Agreement which limits litigation brought for breach of the Agreement in any matter whatsoever. To the extent that any provision of the Agreement conflicts with Ind. Code §23-2-2.7-1(10), Indiana law will control.

5. Section 21A of the Agreement is supplemented to include the following provision:

Franchisee’s indemnification obligations shall exclude liability caused by its proper reliance on the use of procedures or materials provided by Franchisor or caused by Franchisor’s negligence.

6. The Agreement contains a covenant not to compete which extends beyond the termination of the Agreement. Ind. Code §23-2-2.7-1 (9) and (10) limits the franchisor's ability to restrict your activity after the Agreement has ended. Indiana law prohibits covenants not to compete in an area greater than the exclusive area or an area of reasonable size. To the extent that any provision of the Agreement with regard to covenants not to compete conflicts with Indiana law, Indiana law will control.

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF MARYLAND**

This Addendum shall pertain to franchises sold in the State of Maryland and shall be for the purpose of complying with Maryland law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended as follows:

1. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. 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 under the Maryland Franchise Registration and Disclosure Law.

3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

4. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

5. A provision in the Agreement which terminates the Agreement upon the bankruptcy of Franchisee may not be enforceable under Title 11, United States Code Section 101.

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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



**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF MINNESOTA**

This Addendum shall pertain to franchises sold in the State of Minnesota and shall be for the purpose of complying with Minnesota law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended as follows:

1. With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statutes Section 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that Franchisee be given ninety (90) days’ notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days’ notice for non-renewal of this Agreement.

2. Minnesota law provides that a franchisee cannot consent to the franchisor obtaining injunctive relief. To the extent that any provision of the Agreement with regard to injunctive relief conflicts with Minnesota law, Minnesota law will control.

3. Pursuant to Minnesota Statutes Section 80C.21 and Minnesota Rule Part 2860.4400(J), nothing in this Agreement shall require litigation to be conducted outside Minnesota or requiring waiver of a jury trial. In addition, this Agreement shall not in any way abrogate or reduce (a) any rights of the Franchisee as provided for in Minnesota Statute, Chapter 80C; or (b) Franchisee’s rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

4. Minnesota law provides that a franchisee cannot be required to assent to a release, assignment, or waiver that would relieve any person from liability imposed by such statutes. To the extent that any provision of the Agreement with regard to required releases conflicts with Minnesota law, Minnesota law will control.

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF NEW YORK**

This Addendum shall pertain to franchises sold in the State of New York and shall be for the purpose of complying with New York law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended as follows:

1. With regard to any Section of the Agreement that requires that Franchisee execute a general release, such Section shall be amended to include the following provision:

Provided that all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the GBL of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the nonwaiver provisions of Sections 687.4 and 687.5 of New York’s GBL be satisfied.

2. Section 21A of the Agreement is supplemented to include the following provision:

Notwithstanding the above, Franchisee will not be required to indemnify Franchisor for any claims arising out of a breach of the Agreement by Franchisor or other civil wrongs of Franchisor.

3. Section 19A of the Agreement is supplemented to include the following provision:

However, Franchisor will make no assignment except to an assignee who, in Franchisor good faith judgment, is willing and able to assume Franchisor’s obligations under this Agreement.

4. Section 23A of the Agreement is supplemented to include the following provision:

However, the foregoing choice of law shall not be considered a waiver of any right conferred upon Franchisee by the provisions of Article 33 of the New York State General Business Law.

5. Franchisee’s consent in the Agreement to Franchisor’s right to obtain injunctive and other relief in the event of Franchisee’s breach of covenants not to compete and non-disclosure covenants contemplates only Franchisor’s right to obtain injunctive and other relief only after the proper proofs are made and the appropriate judicial or arbitral authority grants such relief. Nothing within said provisions shall constitute a waiver by Franchisee of Franchisee’s right to defend any action.

6. The Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under New York law.

7. Franchisor’s termination of the Agreement because of Franchisee’s insolvency or bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF VIRGINIA**

This Addendum shall pertain to franchises sold in the State of Virginia and shall be for the purpose of complying with Virginia law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended as follows:

1. 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 Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or any other laws of Virginia, that provision may not be enforceable.

2. Section 13.1-564 of the Virginia Retail Franchising Act, which may supersede the Agreement in Franchisee’s relationship with Franchisor regarding the area of cross default terminations. There may also be court decisions which may supersede the Agreement in Franchisee’s relationship with Franchisor, including the area of cross default terminations.

3. In the event of a conflict of laws, the provisions of the Virginia Retail Franchising Act, Section 13.1-564 shall prevail.

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF WASHINGTON**

This Addendum shall pertain to franchises sold in the State of Washington and shall be for the purpose of complying with Washington law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended as follows:

1. The State of Washington has a statute, RCW 19.100.180 which may supersede the Agreement in Franchisee’s relationship with Franchisor, including the areas of termination and renewal of the Agreement. There may also be court decisions which may supersede the Agreement in Franchisee’s relationship with Franchisor, including the areas of termination and renewal of the Agreement.

2. In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitration, or as determined by the arbitrator.

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

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

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

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
FRANCHISE AGREEMENT  
FOR THE STATE OF WISCONSIN**

This Addendum shall pertain to franchises sold in the State of Wisconsin and shall be for the purpose of complying with Wisconsin law. Notwithstanding anything which may be contained in the body of the Franchise Agreement (“Agreement”) to the contrary, the Agreement shall be amended to add the following provision:

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

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

Rise Commercial District Franchisor, LLC

\_\_\_\_\_

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

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

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

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

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

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

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

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

**EXHIBIT D TO THE DISCLOSURE DOCUMENT**

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**EXHIBIT E TO THE DISCLOSURE DOCUMENT**

**FINANCIAL STATEMENTS**



# RISE Commercial District Franchisor, LLC

Balance Sheet  
As of January 31, 2022

	TOTAL
<b>ASSETS</b>	
Current Assets	
Bank Accounts	
10001 Checking (Community)	29,985.00
10002 Cash Reserves (Community)	111,748.16
<b>Total Bank Accounts</b>	<b>\$141,733.16</b>
<b>Total Current Assets</b>	<b>\$141,733.16</b>
<b>TOTAL ASSETS</b>	<b>\$141,733.16</b>
<b>LIABILITIES AND EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	1,283.71
<b>Total Accounts Payable</b>	<b>\$1,283.71</b>
<b>Total Current Liabilities</b>	<b>\$1,283.71</b>
<b>Total Liabilities</b>	<b>\$1,283.71</b>
Equity	\$140,449.45
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$141,733.16</b>

**EXHIBIT F TO DISCLOSURE DOCUMENT**

**FRANCHISEE DISCLOSURE QUESTIONNAIRE**

As you know, Rise Commercial District Franchisor, LLC and you are preparing to enter into a Franchise Agreement for the operation of a RISE COMMERCIAL DISTRICT franchise. In this Franchisee Disclosure Questionnaire, Rise Commercial District Franchisor, LLC will be referred to as “we” or “us.” The purpose of this Questionnaire is to determine whether any statements or promises were made to you that we did not authorize and that may be untrue, inaccurate or misleading. Please review each of the following questions carefully and provide honest and complete responses to each question.

1. Have you received and personally reviewed the Rise Commercial District Franchise Agreement and each exhibit, addendum and schedule attached to it?  
Yes \_\_\_ No \_\_\_

2. Do you understand all of the information contained in the Franchise Agreement and each exhibit and schedule attached to it?  
Yes \_\_\_ No \_\_\_

If “No”, what parts of the Franchise Agreement do you not understand? (Attach additional pages, if necessary.)

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3. Have you received and personally reviewed our Disclosure Document we provided to you?  
Yes \_\_\_ No \_\_\_

4. Do you understand all of the information contained in the Disclosure Document?  
Yes \_\_\_ No \_\_\_

**EXHIBIT G TO THE DISCLOSURE DOCUMENT (continued)**

If “No”, what parts of the Disclosure Document do you not understand? (Attach additional pages, if necessary.)

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5. Have you discussed the benefits and risks of operating a RISE COMMERCIAL DISTRICT Franchise with an attorney, accountant or other professional advisor and do you understand those risks?  
Yes \_\_\_ No \_\_\_
  
6. Do you understand that the success or failure of your business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors?  
Yes \_\_\_ No \_\_\_
  
7. Has any employee or other person speaking on our behalf made any statement or promise concerning the revenues, profits or operating costs of a RISE COMMERCIAL DISTRICT Franchise that we or our franchisees operate?  
Yes \_\_\_ No \_\_\_
  
8. Has any employee or other person speaking on our behalf made any statement or promise concerning a RISE COMMERCIAL DISTRICT Franchise that is contrary to, or different from, the information contained in the Disclosure Document?  
Yes \_\_\_ No \_\_\_
  
9. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a RISE COMMERCIAL DISTRICT Franchise?  
Yes \_\_\_ No \_\_\_
  
10. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the Disclosure Document?  
Yes \_\_\_ No \_\_\_

**EXHIBIT G TO THE DISCLOSURE DOCUMENT** (continued)

11. If you have answered “Yes” to any of questions 7 through 10, please provide a full explanation of your answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered “No” to each of these questions, please leave the following lines blank.

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12. Do you understand that in all dealings with you, our officers, directors, employees and agents act only in a representative capacity and not in an individual capacity and these dealings are solely between you and us?  
Yes \_\_\_\_ No \_\_\_\_

You understand that your answers are important to us and that we will rely on them.

By signing this Franchisee Disclosure Questionnaire, you are representing that you have responded truthfully to the above questions.

\_\_\_\_\_  
Name of Franchisee/Applicant

Date: \_\_\_\_\_, 20\_\_\_\_

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name and Title of Person Signing

**EXHIBIT G TO THE DISCLOSURE DOCUMENT**

**MULTI-STATE ADDENDA**

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF CALIFORNIA**

In recognition of the requirements of the California Franchise Investment Law, Cal. Corporations Code Sections 31000, et seq., the Uniform Franchise Disclosure Document (the “UFDD”) for Rise Commercial District Franchisor, LLC for use in the State of California shall be amended as follows:

- Item 3 of the UFDD is supplemented to include the following:

Neither the franchisor or any other person listed in Item 2 of the UFDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

- Item 17 of the FDD shall be supplemented to include the following:

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

- The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A Sec. 101 et seq.).
- The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- The franchise agreement requires binding arbitration. The arbitration will occur in Marion County, Indiana, with each party bearing its own costs (including, but not limited to, attorney's fees, expert witness fees, and other costs incurred in connection with arbitration).
- The franchise agreement requires application of the laws of Indiana. This provision may not be enforceable under California law.
- Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of state or federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.
- Section 31125 of the California Corporation Code requires the franchisor to give the franchisee a disclosure document, in a form and containing such information as the Commissioner may by rule or order require, prior to a solicitation of a proposed material modification of an existing franchise.
- 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 Code Sections 20000 through 20043).

- Our website has not been reviewed or approved by the California Department of Corporations. Any complaints concerning the content of this website may be directed to the California Department of Corporations at [www.corp.ca.gov](http://www.corp.ca.gov).
- THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF HAWAII**

The Uniform Franchise Disclosure Document (the “UFDD”) for Rise Commercial District Franchisor, LLC for use in the State of Hawaii shall be amended as follows:

- The Cover Page of the disclosure document is amended to include the following disclosure:

**THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

**Registered agent in the state authorized to receive of process:**

**Commissioner of Securities  
State of Hawaii  
335 Merchant Street  
Honolulu, Hawaii 96813**



**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF ILLINOIS**

For franchises and franchisees subject to the Illinois Franchise Disclosure Act of 1987 and the Illinois General Rules and Regulations under the Franchise Disclosure Act, the following information supersedes and supplements, as the case may be, the corresponding disclosures in the main body of the text of the Uniform Franchise Disclosure Document (the “UFDD”) for Rise Commercial District Franchisor, LLC:

- The State Cover Page and/or Item 17 shall be supplemented to include the following disclosure:

Any provision of the Franchise Agreement which designates jurisdiction or venue outside of Franchisee’s state is void with respect to any cause of action which otherwise is enforceable in Franchisee’s state, provided that a Franchise Agreement may provide for arbitration outside Franchisee’s state.

The conditions under which your franchise can be terminated and your rights upon nonrenewal may be affected by Illinois law, 815 ILCS 7051-44.

The Franchise Agreement provides that Indiana law applies. However, the foregoing choice of law should not be considered a waiver of any right conferred upon you by the provisions of the Illinois Franchise Disclosure Act of 1987 and the Rules and Regulations under the Act with respect to the offer and sale of a franchise and the franchise relationship. As required under Illinois law, the laws of the State of Illinois will govern.

Section 41 of the Illinois Franchise Disclosure Act states that “any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act is void.” To the extent that any provision in the Franchise Agreement is inconsistent with Illinois law, Illinois law will control.

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF INDIANA**

For franchises and franchisees subject to Indiana Franchise Disclosure Law and the Indiana Deceptive Franchise Practices Law, the following information supersedes and supplements, as the case may be, the corresponding disclosures in the main body of the text of the Uniform Franchise Disclosure Document (the “UFDD”) for Rise Commercial District Franchisor, LLC:

- Item 8 of the UFDD is amended to include the following disclosure:

The Indiana Deceptive Franchise Practices Law Ind. Code §23-2-2.7-1(4) prohibits provisions in a franchise agreement subject to Indiana Law which allow the franchisor to obtain money, goods, services, or any other benefit from any other with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee. To the extent that any provision of the Franchise Agreement conflicts with Indiana law, Indiana law will control.

The Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-2(6) makes it unlawful for any franchisor to obtain money, goods, services, or any other benefit for any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee. To the extent that any of Franchisor’s business practices conflicts with Indiana law, Indiana law will control.

- Item 12 of the UFDD is amended to include the following disclosure:

Ind. Code §23-2-2.7-1(2) prohibits any provision in the Agreement which allows Franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchised business within the exclusive territory. Ind. Code §23-2-2.7-2(4) prohibits any franchisor who has entered into any franchise agreement with a franchisee who is either a resident of Indiana or a nonresident operating a franchise in Indiana from establishing a franchisor-owned outlet engaged in a substantially identical business to that of the franchised business within the territory. To the extent that any provision of the Franchise Agreement or Franchisor’s business practices conflict with Indiana law, Indiana law will control.

- Item 17 of the UFDD is amended to include the following disclosure:

Indiana prohibits the franchisor from requiring its franchisees to prospectively assent to a release, assignment, novation, waiver, or estoppels which purports to relieve any person from liability. To the extent that you are required to execute a release in favor of Franchisor, such release shall exclude liabilities arising under the Indiana Deceptive Franchise Practices Law, Ind. Code §23-2-2.7-1.

Ind. Code §23-2-2.7-2(3) makes it unlawful for a franchisor to deny the surviving spouse, heirs, or estate of a deceased franchisee the opportunity to participate in ownership of the franchise under a valid franchise agreement for a reasonable time after the death of the franchisee, provided that the surviving spouse, heirs or estate maintains all standards and obligations of the franchise. To the extent that the Franchise Agreement

requires a surviving spouse, heirs, or an estate representative to assume liability under the Franchise Agreement and to complete training, the Franchise Agreement has been amended in accordance with Indiana law to provide that all such conditions must be met within 6 months of the franchisee's date of death.

Ind. Code §23-2-2.7-1(10) prohibits any provision in the Agreement which limits litigation brought for breach of the Franchise Agreement in any manner whatsoever. To the extent that any provision of the Franchise Agreement conflicts with Indiana law, Indiana law will control.

The post term covenant not to compete is limited to your exclusive area granted under the Franchise Agreement pursuant to Ind. Code §23-2-2.7-1(9).

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MARYLAND**

For franchises and franchisees subject to Maryland Franchise Registration and Disclosure Law, the following information supersedes and supplements, as the case may be, the corresponding disclosures in the main body of the text of the Uniform Franchise Disclosure Document (the “UFDD”) for Rise Commercial District Franchisor, LLC:

- Item 17 of the UFDD is amended to include the following disclosure:

The Summary of the “Cause” Defined—Non Curable Defaults (provision (h.)) is amended to provide that provisions allowing termination on bankruptcy may not be enforceable under Title 11, United States Code Section 101 et seq.

The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

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

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**MICHIGAN DISCLOSURE NOTICE PURSUANT TO MCL 445.1508**

**The State of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in the franchise documents, the provisions are void and cannot be enforced against you.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to: (i) the failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards; (ii) the fact that the proposed transferee is a competitor of the franchisor or subfranchisor; (iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations; and/or (iv) the failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

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

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

Any questions regarding this notice should be directed to the Michigan Department of the Attorney General, P.O. Box 30213, Lansing, MI, 48909, (517) 373-1140.

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF MINNESOTA**

For franchises and franchisees subject to Minnesota Franchise Act, the following information supersedes and supplements, as the case may be, the corresponding disclosures in the main body of the text of the Uniform Franchise Disclosure Document (the “UFDD”) for Rise Commercial District Franchisor, LLC:

- Item 13 of the UFDD is amended to include the following disclosure:

Franchisor will protect your right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or will indemnify you from any loss, costs or expense arising out of any claim, suit or demand regarding the use of the name.

- Item 17 of the UFDD is amended to include the following disclosure:

With respect to franchises governed by Minnesota law, Franchisor will comply with Minnesota Statute Section 80C.14. Subd. 3 – 5, which require (except in certain specified cases) that a franchisee be given 90 days’ notice of termination (within 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement.

Minn. Stat. Sec. 80C.21 provides that any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of Minnesota or, in the case of a partnership or corporation, organized or incorporated under the laws of Minnesota, or purporting to bind a person acquiring any franchise to be operated in Minnesota to waive compliance or which has the effect of waiving compliance with any provision of Sections 80C.01 to 80C.22 of the Minnesota Franchises Act, or any rule or order thereunder, is void.

Minn. Stat. Sec. 80.C.21 and Minn. Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside of Minnesota, requiring waiver of jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the UFDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.

**STATEMENT REQUIRED BY THE STATE OF NEW YORK**

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



**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF NEW YORK**

In recognition of the requirements of the New York General Business Law, Article 33, Section 680 through 695, and of the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 200.16 the Uniform Franchise Disclosure Document (the “UFDD”) for Rise Commercial District Franchisor, LLC for use in the State of New York shall be amended as follows:

- Item 3 of the UFDD is amended to include the following disclosure:

Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under franchisor’s principal trademark has an administrative, criminal or civil action pending against that person alleging: a felony; a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations, pending actions, other than routine litigation incidental to business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor’s principal trademark has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the ten-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud or securities law; fraud, embezzlement, fraudulent conversion or misappropriation of property, or unfair or deceptive practices or comparable allegations.

Neither the franchisor, its predecessor, a person identified in Item 2, nor an affiliate offering franchises under the franchisor’s principal trademark is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a federal, state or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

- Item 4 of the UFDD is amended to include the following disclosure:

Neither the franchisor, nor its affiliate, its predecessor, officers or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after our officer or general partner of the franchisor held this position in the company or partnership.

- Item 5 of the UFDD is amended to include the following disclosure:

All franchisee fees are applied to the franchisor's general operating fund. All obligations of franchisor, whether to franchisees or otherwise, are paid out of this fund.

- Item 17, Section D of the UFDD is amended to include the following disclosure:

The franchisee may terminate the agreement on any grounds available by law.

- Item 17, Section J of the UFDD is amended to include the following disclosure:

However, no assignment shall be made except to an assignee who, in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the franchise agreement.

- Item 17, Section W of the UFDD is amended to include the following disclosure:

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

**ADDENDUM TO THE  
RISE COMMERCIAL DISTRICT FRANCHISOR, LLC  
UNIFORM FRANCHISE DISCLOSURE DOCUMENT  
FOR THE STATE OF WISCONSIN**

For franchises and franchisees subject to Wisconsin Fair Dealership Law, the following information supersedes and supplements, as the case may be, the corresponding disclosures in the main body of the text of the Uniform Franchise Disclosure Document (the “UFDD”) for Rise Commercial District Franchisor, LLC:

- Item 17 of the UFDD is amended to include the following disclosure:

For Wisconsin franchisees, ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract between Franchisor and Franchisee inconsistent with such law.

## **EXHIBIT H TO THE DISCLOSURE DOCUMENT**

### **STATE EFFECTIVE DATES**

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

<b>State</b>	<b>Effective Date</b>
Indiana	t/b/d
Wisconsin	t/b/d
Michigan	t/b/d
Minnesota	t/b/d

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

## RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF RISE COMMERCIAL DISTRICT FRANCHISOR, LLC OFFERS YOU A FRANCHISE, RISE COMMERCIAL DISTRICT FRANCHISOR, LLC MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR-DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE UNLESS OTHERWISE STATED IN YOUR STATE'S ADDENDUM.

IF RISE COMMERCIAL DISTRICT FRANCHISOR, LLC DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE ADMINISTRATOR LISTED IN EXHIBIT A.

THE FOLLOWING ARE THE NAMES, PRINCIPAL BUSINESS ADDRESS AND TELEPHONE NUMBER OF EACH FRANCHISE SELLER OFFERING THE FRANCHISE:

Joe Bach  
8070 Castleton Road, Suite 150  
Indianapolis, IN 46250  
(317) 751-4821

Jim Sapp  
8070 Castleton Road, Suite 150  
Indianapolis, IN  
(317) 919-5309

THE NAME AND ADDRESS OF RISE COMMERCIAL DISTRICT FRANCHISOR, LLC'S REGISTERED AGENT FOR RECEIPT OF SERVICE OF PROCESS IN YOUR STATE IS LISTED ON EXHIBIT B HERETO.

I HAVE RECEIVED A UNIFORM FRANCHISE DISCLOSURE DOCUMENT DATED February 18, 2022 INCLUDING THE FOLLOWING EXHIBITS ON THE DATE LISTED BELOW:

- A. LIST OF STATE ADMINISTRATORS; STATE DISCLOSURE DOCUMENT EFFECTIVE DATES
- B. LIST OF STATE AGENTS FOR SERVICE OF PROCESS
- C. FRANCHISE AGREEMENT
- D. TABLE OF CONTENTS OF OPERATIONS MANUAL
- E. FINANCIAL STATEMENTS
- F. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- G. MULTI-STATE ADDENDA
- H. STATE EFFECTIVE DATES

Please sign and print your name below, date and return one copy of this receipt to RISE COMMERCIAL DISTRICT FRANCHISOR, LLC and keep the other for your records.

\_\_\_\_\_  
Date of Receipt

\_\_\_\_\_  
Franchisee Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title (if franchisee is not an individual)

We will send you a link that will enable you to review, electronically sign, and return the signed copy of this receipt to us. If you do not receive link or have any questions about the link or this receipt, please email [joe@risecommercialdistrict.com](mailto:joe@risecommercialdistrict.com).

# RECEIPT

THIS DISCLOSURE DOCUMENT SUMMARIZES CERTAIN PROVISIONS OF THE FRANCHISE AGREEMENT AND OTHER INFORMATION IN PLAIN LANGUAGE. READ THIS DISCLOSURE DOCUMENT AND ALL AGREEMENTS CAREFULLY.

IF RISE COMMERCIAL DISTRICT FRANCHISOR, LLC OFFERS YOU A FRANCHISE, RISE COMMERCIAL DISTRICT FRANCHISOR, LLC MUST PROVIDE THIS DISCLOSURE DOCUMENT TO YOU 14 CALENDAR-DAYS BEFORE YOU SIGN A BINDING AGREEMENT WITH, OR MAKE A PAYMENT TO, THE FRANCHISOR OR AN AFFILIATE IN CONNECTION WITH THE PROPOSED FRANCHISE SALE UNLESS OTHERWISE STATED IN YOUR STATE'S ADDENDUM.

IF RISE COMMERCIAL DISTRICT FRANCHISOR, LLC DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE ADMINISTRATOR LISTED IN EXHIBIT A.

THE FOLLOWING ARE THE NAMES, PRINCIPAL BUSINESS ADDRESS AND TELEPHONE NUMBER OF EACH FRANCHISE SELLER OFFERING THE FRANCHISE:

Joe Bach  
8070 Castleton Road, Suite 150  
Indianapolis, IN 46250  
(317) 751-4821

Jim Sapp  
8070 Castleton Road, Suite 150  
Indianapolis, IN  
(317) 919-5309

THE NAME AND ADDRESS OF RISE COMMERCIAL DISTRICT FRANCHISOR, LLC'S REGISTERED AGENT FOR RECEIPT OF SERVICE OF PROCESS IN YOUR STATE IS LISTED ON EXHIBIT B HERETO.

I HAVE RECEIVED A UNIFORM FRANCHISE DISCLOSURE DOCUMENT DATED FEBRUARY 18, 2022 INCLUDING THE FOLLOWING EXHIBITS ON THE DATE LISTED BELOW:

- C. LIST OF STATE ADMINISTRATORS; STATE DISCLOSURE DOCUMENT EFFECTIVE DATES
- D. LIST OF STATE AGENTS FOR SERVICE OF PROCESS
- C. FRANCHISE AGREEMENT
- D. TABLE OF CONTENTS OF OPERATIONS MANUAL
- F. FINANCIAL STATEMENTS
- F. FRANCHISEE DISCLOSURE QUESTIONNAIRE
- G. MULTI-STATE ADDENDA
- H. STATE EFFECTIVE DATES

Please sign and print your name below, date and return one copy of this receipt to RISE COMMERCIAL DISTRICT FRANCHISOR, LLC and keep the other for your records.

\_\_\_\_\_  
Date of Receipt

\_\_\_\_\_  
Franchisee Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title (if franchisee is not an individual)

We will send you a link that will enable you to review, electronically sign, and return the signed copy of this receipt to us. If you do not receive link or have any questions about the link or this receipt, please email [joe@risecommercialdistrict.com](mailto:joe@risecommercialdistrict.com).