

## FRANCHISE DISCLOSURE DOCUMENT

milliCare Franchising, LLC  
(A Delaware Limited Liability Company)  
1515 Mockingbird Lane, Suite 410  
Charlotte, NC 28209  
254-718-6981  
www.millicare.com

# milliCare®

## FLOOR & TEXTILE CARE

The franchise offered is for a milliCare® Floor & Textile Care business which will provide interior finishes and interior furnishings, tile and grout, and related services in commercial, industrial, and office properties.

The total investment necessary to begin operation of a new milliCare® franchise is \$113,800 to \$163,000. This includes between \$66,500 and \$89,000 that must be paid to us.

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 our Chief Growth Officer, Stephen Schiller, at milliCare, Inc., 1515 Mockingbird Lane, Charlotte, NC 28209.

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

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

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

Issuance Date: March 11, 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 and losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits “F” and “G.”
<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 supplies you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21, or Exhibit “B” 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 milliCare® Floor &amp; Textile Care business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a milliCare® Floor &amp; Textile Care franchisee?</b>	Item 20 or Exhibits “F” and “G” list 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 registration requirements, or to contact your state, use the agency information in Exhibit “A.”

Your state also may have laws and 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 the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in North Carolina 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 require other risks to be highlighted.

**THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED  
BY THE MICHIGAN FRANCHISE INVESTMENT LAW.**

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

1. 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.

2. A provision that permits a franchisor to terminate a franchise before 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.

3. 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.

4. 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.

5. 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.

6. 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:

(a) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(b) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(c) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(d) 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.

7. 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).

8. 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.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE 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:

State of Michigan  
Department of Attorney General  
CONSUMER PROTECTION DIVISION  
Attention: Franchise  
G. Mennen Williams Building  
525 West Ottawa, 1st Floor  
Lansing, Michigan 48909  
Telephone Number: (517) 373-7117

## TABLE OF CONTENTS

ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES.....	1
ITEM 2 BUSINESS EXPERIENCE.....	2
ITEM 3 LITIGATION.....	4
ITEM 4 BANKRUPTCY.....	4
ITEM 5 INITIAL FEES.....	4
ITEM 6 OTHER FEES.....	6
ITEM 7 ESTIMATED INITIAL INVESTMENT.....	10
ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES.....	12
ITEM 9 FRANCHISEE’S OBLIGATIONS.....	14
ITEM 10 FINANCING.....	15
ITEM 11 FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING.....	15
ITEM 12 TERRITORY.....	19
ITEM 13 TRADEMARKS.....	21
ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	22
ITEM 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS.....	23
ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL.....	23
ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	24
ITEM 18 PUBLIC FIGURES.....	27
ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS.....	27
ITEM 20 OUTLETS AND FRANCHISEE INFORMATION.....	29
ITEM 21 FINANCIAL STATEMENTS.....	33
ITEM 22 CONTRACTS.....	34
ITEM 23 RECEIPTS.....	34

### **EXHIBITS:**

- A. STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS
- B. FINANCIAL STATEMENTS
- C. FRANCHISE AGREEMENT
- D. CONVERSION ADDENDUM TO FRANCHISE AGREEMENT
- E. OPTION AGREEMENT
- F. CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
- G. LIST OF FRANCHISEES
- H. LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM
- I. FRANCHISEE COMPLIANCE CERTIFICATION
- J. STATE ADDENDA
- K. FORM OF GENERAL RELEASE
- L. STATE EFFECTIVE DATES

## ITEM 1 FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we” or “our” or “us” or “Company” means the franchisor, milliCare Franchising, LLC. “You” means the person or the legal entity (such as a corporation, partnership, or limited liability company) that enters into the franchise agreement (“Franchise Agreement”) and its owners.

We are Delaware limited liability company formed on January 31, 2022, with our principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. Our parent is MilliCare, Inc., a Delaware corporation formed on September 17, 2021, with its principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. Our predecessor is Milliken Services, LLC, a South Carolina limited liability company that was formed on or about January 1, 2011. Prior to 2017, Milliken Service, LLC’s franchising division did business under the name milliCare Textile and Carpet Care. The franchising division’s name was changed to reflect its recent expansion into the performance coatings and tile and grout cleaning and maintenance businesses. Until January 1, 2011, the MilliCare business was a division of Sylvan Chemical Co., Inc. a Delaware corporation formed in 1967. Effective January 1, 2011, Sylvan spun off the milliCare business and several other businesses into our predecessor. On or about December 8, 2021, our parent MilliCare, Inc. acquired the assets of MilliCare, Inc.’s MilliCare Floor & Textile Care franchise system.

MilliCare, Inc.’s parent is Clintar, Inc., a Delaware corporation formed on July 2, 2021, with an address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. Clintar, Inc.’s parent is Clintar Intermediate Holding Company, a Delaware corporation formed on November 25, 2020, and Clintar Holding Company, a Delaware corporation formed on November 25, 2020, each with an address of 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. Clintar Holding Company is directly or indirectly controlled by Riverside Micro-Cap Fund V, L.P. and Riverside Micro-Cap Fund V-A, L.P. which are part of The Riverside Company, a global private equity firm focused on investing in and acquiring growing businesses and it maintains its principal business address at 45 Rockefeller Center, 630 Fifth Avenue, Suite 400, New York, NY 10111.

Our affiliate TruServ Groundscare, Inc. is an Ontario corporation with an address at 200 Cachet Wood Court, Unit 119, Markham, ON, Canada L6C 0Z8, offers outdoor service franchises under the “Clintar” mark in Canada featuring landscape design and grounds maintenance. As of December 31, 2021, there are 23 franchised Clintar businesses operating in Canada.

The Company’s agents for service of process are set forth in Exhibit A.

The Company franchises a business for the cleaning and maintenance of floor coverings, interior finishes and interior furnishings, the application of performance floor coatings, tile and grout cleaning and maintenance services, and related services under our trademark, distinctive logo, identifying commercial symbol or design “milliCare®,” the service mark and name “milliCare®,” or accompanying distinctive logo for interior maintenance and such other marks as we authorize from time to time (the “Marks”). All these services are provided with respect to commercial, industrial, and office properties (collectively, the “milliCare® Services System” or the “Franchised Business”). You must provide (1) cleaning, maintenance, and protective treatment of carpet; (2) cleaning, maintenance, and protective treatment of textile panels and upholstery; (3) floor and other performance coatings services, (4) tile and grout cleaning and maintenance services; (5) Enhanced Hygiene Services and (6) advisory services to specified clients with the Company’s written consent (which may include consulting services and the sale of performance coatings and additional maintenance products, including the Company’s proprietary or private-labeled



performance coatings and maintenance products) (collectively, the “**Services**”). The Company reserves the right to introduce new Services or eliminate any current or other Services during the term of the Franchise Agreement as part of the milliCare® Services System, provided that any new Services must relate solely to cleaning, maintenance, and related services for commercial, industrial, and office properties. You must provide all Services that the Company requires and approves for your franchise. You may not provide Services to residential customers.

Franchisees that convert an existing commercial floor and textile maintenance business to a Franchised Business and qualify for our conversion program (a “**Conversion Business**”) are entitled to modified fees and are required to sign the form of Conversion Addendum to Franchise Agreement attached as Exhibit “D” to this disclosure document.

The general market for the services that you will offer is highly competitive and consists of all commercial, industrial, and office buildings within your designated territory (“**Territory**”). See Item 12 for more information about your Territory.

Your competitors will include both independent and licensed cleaning, performance coatings and maintenance companies, as well as flooring companies that provide these cleaning, performance coatings, and maintenance services, and may include us or other milliCare® franchisees. The chemical products and supplies that are used in the services you will offer will be accompanied by Material Safety Data Sheets that specify the proper storage, handling, and disposal of these products. Except as provided above, there are no specific laws or regulations that apply to this industry.

The current Services that are part of the milliCare® Services System are based upon a complete commercial office care system, which includes not only the famous milliCare® dry maintenance chemistries and processes and additional proprietary processes, but also other performance coatings and tile and grout cleaning and maintenance processes, and other maintenance processes.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Chief Executive Officer and Director: Robert Gannett**

Robert Gannett has served as our President and CEO since inception and as the Chief Executive Officer of our parent company since September 2021 and Clintar, Inc. since July 2021. Previously Mr. Gannett served as Division President of ServiceMaster Restore from 2019 to 2020 in Memphis, Tennessee, and as Vice President and General Manager of KaVo Kerr Imaging North America, a subsidiary of Danaher Corporation, in Charlotte, North Carolina from 2016 to 2019.

### **Chairman and Director: Lawrence Sean Lenahan**

Mr. Lenahan has served as our chairman and director since our inception and in the same capacity for our parent company since September 2021 and Clintar, Inc. since July 2021. Since October 2019, Mr. Lenahan has served as the operating partner in The Riverside Company, New York. Previously, Mr. Lenahan was president from February 2019 through September 2019 of TravelTripper, LLC in New York. He was also CEO of Pegasus Solutions in Phoenix, Arizona from 2015 until February 2019.

### **Director: Bran Sauer**

Mr. Sauer has served as a director since our inception and in the same capacity for our parent company since September 2021 and Clintar, Inc. since July 2021. Mr. Sauer is a senior partner in The Riverside Company, in its Santa Monica, California offices and has been with the company since 2004.

**Director of Operations: Brian Morgan**

Mr. Morgan has served as our Director of Operations following our parent's acquisition of the milliCare system. Previously, Mr. Morgan was our predecessor's Franchise Business Manager from September 25, 2017, until he became its Director of Operations on March 5, 2019. From October 2015 until September 25, 2017, he was the Project Manager for Handicare, Maryland Heights, Missouri and from May 2005 until October 2015.

**Chief Growth Officer: Stephen Schiller**

Stephen Schiller has served as our Chief Growth Officer since our inception and is currently the Chief Growth Officer for Clintar, Inc since October 2021. Previously, Mr. Schiller served as Vice President of Franchise Development for Neighborly Brands in Waco, Texas from 2012 to 2021.

**Chief Financial Officer: Gregory Crook**

Greg Crook is our Chief Financial Officer and holds the same position in our parent company, and Clintar, Inc. since October 2021. Previously, Mr. Crook served as Chief Financial Officer for Aviacode, Inc. in Salt Lake City, Utah from 2018 to 2021. Mr. Crook served as CFO to Digital Scient in London, United Kingdom from September 2017 until September 2018. From 2012 until 2018, Mr. Crook served as CFO for Caontinuum in Boston, Massachusetts.

**National Technical Director and Franchise Business Consultant for International: Stephen R. Lewis**

Mr. Lewis became the National Technical Director for the milliCare network in June 2002 having joined our predecessor in April 1988. He also has been a Franchise Business Consultant for the milliCare network since 1996. Since our parent's acquisition of the milliCare system, Mr. Lewis has served in the same role at milliCare, Inc. and our affiliate TruServ Groundscare, Inc. Mr. Lewis is based in Napanee, Ontario, Canada.

**Director of Marketing and Communications: Courtney Caldwell**

Ms. Caldwell first served as Director of Marketing and Communications for the milliCare system under our predecessor since July 2017 and has served in the same capacity with us since our inception. From October 2014 to May 2017, she served as Director for Marketing of Steamatic, Inc. in Fort Worth, Texas. She is based in Fort Worth, Texas.

**Franchise Development Team Lead: Aaron Thompson**

Mr. Thompson has served as Franchise Development Team Lead since our inception. Previously, Mr. Thompson was a franchise developer at Neighborly in Waco, Texas from December 2018 until February 2021. Mr. Thompson was an independent consultant from January 1, 2017, through November 2018. From January 2015 until January 2017, Mr. Thompson served as VP of Franchise Development for Restoration1 in Waco, Texas.

**ITEM 3  
LITIGATION**

No litigation is required to be disclosed in this Item.

**ITEM 4  
BANKRUPTCY**

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

**ITEM 5  
INITIAL FEES**

All initial fees are due when you sign the Franchise Agreement and are nonrefundable.

**Franchise Agreement**

On the date you sign the Franchise Agreement you must pay an initial fee to the Company of \$45,000. The initial franchise fee is fully earned upon receipt and non-refundable. For our existing franchise owners who may be approved for a second franchise license, we offer an existing MilliCare business owner discount of \$5,000. We offer a VetFran discount of \$5,000 on your first franchise if you are an armed services veteran who presents satisfactory evidence of an honorable discharge (such as a DD214).

**Conversion Program**

If you currently operate a business similar to a Franchised Business and you achieved a minimum of \$200,000 in revenue from your existing commercial account customers within the full 12-month period before the month in which you sign the Franchise Agreement, then you may be eligible for the Conversion Program. Under the Conversion Addendum, the initial fee is reduced based on the gross annual floor maintenance revenue you achieved during the previous calendar year adjusted as Company determines for comparability with Franchised Businesses (the “AMR”). The initial fee is reduced by the following percentages resulting in the following amounts based on the following AMR levels:

<b>AMR</b>	<b>% Reduction</b>	<b>Resulting Initial Fee</b>
\$200,000 - \$300,000	10%	\$40,500
\$300,001 - \$400,000	15%	\$38,250
\$400,001 - \$500,000	20%	\$36,000
\$500,001 - \$600,000	25%	\$33,750
\$600,001 - \$700,000	30%	\$31,500
\$700,001 - \$800,000	35%	\$29,250
\$800,001 - \$900,000	40%	\$27,000
\$900,001 - \$1,000,000	45%	\$24,750
\$1,000,001 and above	50%	\$22,500

**Option Fee**

If qualified and through our decision, you may be offered to the opportunity to purchase an option for an additional franchised business by paying us, at the time you purchase your first franchise, an option fee of 20% of the initial franchise fee for such additional territory and executing an Option Agreement, which must be executed at the time you sign your first franchise agreement. Under the Option Agreement,

at any time within the 18-month period beginning from the effective date of your first franchise agreement, you may exercise your option to purchase the additional territory if you are in compliance with your franchise agreement by paying us the balance of the initial franchise fee applicable to such territory. The 20% deposit will be applied to the \$40,000 initial franchise fee for the second franchise agreement. We do not refund the option fee if you decide not to exercise your option to purchase the additional territory within the 18-month period from initial effective date or are ineligible to do so.

### **Additional Initial Fees**

You must also pay \$44,000 (plus tax) to the Company for a start-up package of equipment and materials, including opening inventory of uniforms, marketing items, equipment, supplies, and chemicals for cleaning, maintenance, and performance coatings services. Payment for this start-up package is due upon signing of the Franchise Agreement. However, if you are an existing milliCare® franchisee who is buying an additional milliCare® franchise, you will not be required to purchase an additional start-up package of equipment and materials if the Territory of the additional franchise is contiguous to the Territory of the existing franchise. Your payment to us for the start-up package of equipment and materials is non-refundable.

### **Referral Fee**

Currently, we offer a referral incentive program that pays \$10,000 to an existing franchisee who directly refers a candidate to us who executes a milliCare franchise agreement for a new location within 6 months of the date of referral. The incentive payment is only paid with respect to the first franchise purchased by the referred new franchisee and other limitations may apply. We may change or eliminate the referral program at any time without notice. Franchisees participating in the referral program are not our sales agents and are not authorized to make any statements on our behalf, including any statements related to the financial performance or prospect for success of any franchise.

**Item 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	Varies due to services as follows: (i) 6% of Gross Receipts for sales of products and services associated with the cleaning, maintenance and restoration of textiles and all flooring surfaces, and for sales of any other products or services marketed or performed under the Marks. You must pay us minimum monthly royalties ranging from \$0 to \$650 per month depending on how long your franchised business has been operating. (Notes 1, 2 & 3)	Payable Monthly on 15th day of next month based on the preceding calendar month's Gross Receipts, or otherwise as we may direct from time-to-time.	For a Conversion Business, you may qualify for reduced royalty rates in the first two years of operation. Otherwise, the standard royalty rate applies to other Gross Receipts. (Notes 1, 2 & 3)

Type of Fee	Amount	Due Date	Remarks
Promotional Fund (Note 4)	2% of your Gross Receipts (Note 4)	Same as Royalty	Same as Royalty
Technology Fee (Note 5)	Currently, \$399 per month greater of: (a) the fee (or aggregate fees) any vendor charges us for your technology services; or (b) up to \$500 per month.	Same as Royalty	Payable for Operating Software and for the Website we furnish and the associated microsite and website pages featuring your franchise and other technology services. We may adjust the amount due from time to time.
Transfer Fee (Note 6)	\$7,500	Before sale or transfer of your franchise	Reduced to \$5,000 for transfers to existing franchisees approved for expansion.

Type of Fee	Amount	Due Date	Remarks
Audit	\$0 - actual cost or \$5,000 per year	Upon invoice	Payable if audit shows an understatement exceeding 2% of royalties, Promotional Fund contributions or other amounts due to the Company
Travel and Living Expenses while Training	\$1,200 - \$3,800 per year (Note 7)	As incurred	See Item 11
Additional Training	\$750, plus our travel and lodging expenses.	Upon invoice	We may require you to pay us an additional training fee and all travel and lodging expenses we incur if the training is provided at your franchised business location. If the additional training is held at our headquarters, you will also be responsible for all of your costs and expenses related to travel, lodging, meals and wages.
Annual Conference and Mandatory On-Going Training	\$0 - \$3,975 a year (Note 8)	As incurred on the date we specify	
Training for New Hires	\$0 - \$3,00 per year (Note 9)	As incurred	
Interest on Past Due Amounts	18% per year or the highest amount allowed by applicable law, whichever is less.	Upon invoice	Payable if any fees payable to the Company are past due
Renewal Fee	\$5,000	The day you sign a renewal franchise agreement.	You will not owe this fee if you do not sign a renewal franchise agreement.

(1) **“Gross Receipts”** means the amount of all money and the value of all property directly or indirectly received by you for goods sold and services rendered in connection with the franchised business, whether as cash sales or as payment for any charge, credit balance, or advance deposit, minus (i) sales taxes and similar charges; and (ii) the amount of any incorrect sales amount, allowances, and discounts to customers; and (iii) revenues from providing services under the milliCare® Entry Mats System; or

(iv) customer refunds or returns, provided that revenues from the sale in question have previously been included in Gross Receipts. The term “Gross Receipts” does not include: (i) proceeds from any business identified on Exhibit B to the Franchise Agreement and which is operated in accordance with Section 3.3 of the Franchise Agreement; (ii) amounts payable to you and amounts you pay to other franchisees with respect to any Strategic or National Account with which you have an agreement to provide services and which we have approved, and for which the services are provided by a franchisee in the network that is not an affiliate of your franchise.

(2) The continuing royalty and license fee (the “**Royalty**”) will equal 6% of Gross Receipts for sales of products and services associated with the cleaning, maintenance and restoration of textiles and all flooring surfaces, and for sales of any other products or services marketed or performed under the Marks. The amount of the Royalty for participants in the Conversion Program are reduced as follows: you will begin reporting revenue at the beginning of the first month upon completion of milliCare training/milliCare Academy. Based on the size of conversion business, you may qualify for a discounted royalty rate fee for a set duration of time.

- If your conversion business has documented revenues within the previous 12 months of at minimum \$200,000.00 up to \$600,000.00 in gross revenue; you will qualify for a 3% license fee rate for year 1 and a 4% license fee rate for year 2. Your promotional fund rate will be 1% for years 1 and 2. Both license fee and promotional fund rates will resort to regular scale as set forth earlier in Item 6.
- If your conversion business has documented revenues within the previous 12 months of at minimum \$600,001.00 and above in gross revenue; you will qualify for a 2.5% license fee rate for year 1 and a 3% license fee rate for year 2. Your promotional fund rate will be 1% for years 1 and 2. Both license fee and promotional fund rates will resort to standard scale as set forth earlier in Item 6.

(3) You must pay a minimum monthly royalty fee for each Territory as follows:

Months 0 to 6 None

Months 7 to 12 Four Hundred Fifty Dollars (\$450.00) per month

Months 13 to 24: Five Hundred Fifty Dollars (\$550.00) per month

Months 25 and thereafter: Six Hundred Fifty Dollars (\$650.00) per month

\*\*conversion franchise businesses will have a minimum of 3% of converted revenue beginning the month after completion of milliCare training/milliCare Academy.

All fees are payable to the Company and are not refundable for any reason.

(4) Expenses and costs of advertising and promotion will be paid for through contributions by franchisees to a promotional fund (the “**Promotional Fund**”). The Promotional Fund may be used as determined solely by the Company: to develop and purchase national, regional, and local advertising in any media (including a Website (defined below) for the milliCare® franchise network) and promotional materials; to acquire the services of in-house and outside advertising and public relations professionals; to carry on other advertising and promotional activities as the Company deems advisable; and to pay the reasonable expenses of administering the Promotional Fund. The Company will account annually, within 120 days of the end of each year, to the franchisees for all Promotional Fund contributions received and spent, together with the balance on account. The Company retains sole discretion over the use of the Promotional Fund.

(5) You must sign a license agreement for the use of the Franchisee Website and subscribe to and use the required operating software for all milliCare® business (currently mPOWER). This software will be used for scheduling, marketing, tracking, etc. The term “**Website**” means 1 or more websites the



Company develops or operates that feature the Marks and contain information, and marketing for the Company and the milliCare® Services System.

(6) The Transfer Fee is \$7,500 if transfer is to outside 3<sup>rd</sup> party. Transfer fee is \$5,000 if the transfer is to a person or entity that already owns or controls a majority interest in an existing milliCare® franchise. Fee is due on or before the effective date of the transfer.

(7) You must pay for all of your travel expenses incurred during the ongoing training, including airfare or other travel expenses, food, and lodging. The estimated annual expenses will depend upon the number of training days, the types of training, the number of trainees, and the location of the training. Most of the ongoing training typically takes place at the annual milliCare® National Training Conference, which every franchisee (or the General Manager) for every Territory must attend. The estimated annual cost will range from \$1,200 to \$3,800

(8) The registration fee for the annual conference is currently \$975, but the registration fees for milliCare® University classroom training may range from \$0 - \$3,000 per year. Every milliCare® franchisee (or the General Manager) for every Territory must attend both milliCare® University classroom training and the annual conference at least 6 times during the Initial Term and 3 times during each Renewal Term as a condition to renewal of your franchise.

(9) New General Managers and salespeople must complete the Initial Training Program within 1 year of being hired by you. In addition, at least 1 of your employees must be certified by the Institute of Insurance, Cleaning and Restoration Certification (IICRC) and your franchised business must become a certified firm within 90 days from the date the franchise agreement is executed.

#### ITEM 7 ESTIMATED INITIAL INVESTMENT

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Initial fee	\$22,500 - \$45,000 <sup>1</sup>	Lump Sum	Upon signing Franchise Agreement	Company
Travel, lodging and related expenses during training	\$2,000 <sup>2</sup>	As Incurred	During first year	Airlines, hotels, and restaurants
Start-up package of equipment and materials	\$44,000 <sup>3</sup>	Lump Sum or Financed if applicable	Upon signing Franchise Agreement	Us or Approved Vendors
Rent - 3 months	\$300 - \$4,500 <sup>4</sup>	As Incurred	Before opening	Landlord
Tenant improvements	\$1,000 - \$7,000 <sup>5</sup>	As Incurred	Before opening	Landlord and Suppliers
Vehicle Expenses - 3 months	\$3,000 <sup>6</sup>	As Incurred	Before opening and monthly	Vendors
Computer equipment	\$1,000 - \$2,500 <sup>7</sup>	As Incurred	Before opening and monthly	Vendors
Miscellaneous	\$15,000 <sup>8</sup>	As Incurred	As needed	

<b>YOUR ESTIMATED INITIAL INVESTMENT</b>				
<b>Expenditure</b>	<b>Amount</b>	<b>Method of Payment</b>	<b>When Due</b>	<b>To Whom Payment is to be Made</b>
Additional Funds - 3 months	\$25,000 - \$40,000 <sup>2</sup>	As Incurred	As needed	Employees, Vendors, Utilities, Franchisor
Total	\$113,800 - \$163,000 <sup>10</sup>			

Notes:

None of these expenses that you pay to us are refundable. You may be able to get refunds of the fees listed above from the landlord or vendor.

(1) The Initial fee is \$45,000. If you are an existing franchisee and are buying an additional franchise, the initial fee is 40,000. Under the conversion program the amount of the initial fee is reduced based on the AMR of your existing business. The low range of the initial fee is based on the minimum that would be due if your existing AMR is \$1,000,001 or above. See Item 5. If you execute the Option Agreement, you will pay an option fee of 20% of the initial franchise fee for such additional territory, which will be applied to the \$40,000 due upon executing the second franchise agreement. The Option Fee is non-refundable.

(2) You must pay for all of your expenses incurred during the Initial Training Program, including airfare or other travel expenses, food, and lodging. The estimated expenses for travel and living expenses for 1 person for all initial training is \$3,000.

(3) Opening Inventory of uniforms, marketing items, equipment, supplies and chemicals for carpet, fabric, and floor cleaning services, and for performance coatings, and tile and grout cleaning/maintenance processes and services.

(4) You must lease space for your warehouse. Rent and the cost of the tenant improvements will depend on the size, location, and condition of the premises, and landlord contributions, if any. Rent for a typical warehouse without additional office space should be approximately \$100 to \$1,500 per month. You also must lease space for your business office. As a guideline, rent for a typical office with warehouse should be approximately \$500 to \$1,500 per month. If your office and warehouse are at the same location, the office must be maintained in accordance with professional standards, as the Company may in its sole discretion determine. If you have more than 1 milliCare® franchise with contiguous Marketing Territories, you may not be required to have a separate warehouse for each franchise. This estimate is for 3 months since your rental expenses will begin prior to the opening of your business which could be up to 3 months.

(5) Your cost will be a function of the condition of the real estate and the extent of the necessary improvements.

(6) The number of vehicles depends on the size and location of your business operations. You are required to own or lease at least 1 van for your business. Typically, you will need 1 vehicle to start, with additional vehicles added as the business grows. As a guideline, vehicle expenses should be approximately

\$400 per month for lease payments, \$300 per month for gas, and \$100 per month for service and repair. Insurance premiums should be approximately \$200 per month for each vehicle. This estimate is for 3 months since these expenses will begin prior to the opening of your business which could be up to 3 months.

(7) Includes computer hardware, software, and peripheral equipment.

(8) Includes insurance, business license fees, security deposits, utilities, incorporation fees, and Internet access service fees.

(9) This estimates your initial start-up expenses for the initial phase of 3 months. These expenses include payroll costs.

(10) Your costs will depend on factors such as: management skill, experience and business acumen, local economic conditions, the local market for our product, the prevailing wage rate, and competition. These costs are based on a start-up business. The estimated initial investment will be lower for an existing business that is already incurring some of the overhead costs required for the initial investment. The extent to which you have already established your business may lower these costs. The Company has relied on its experience in the cleaning and maintenance business to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

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

To maintain the high standards of quality associated with the milliCare® Services System, you must purchase the milliCare® Dry Carpet Cleaner, private-labeled performance coatings products, private-labeled tile and grout cleaning/maintenance products, and the associated family of Proprietary Products and proprietary equipment, which (i) an affiliate of the Company may have patented or which are considered by the Company to be a trade secret, or (ii) may be private-labeled proprietary products provided by approved third-party suppliers. The products used for the Franchised Business may only be purchased from the Company, an affiliate of the Company, or another supplier designated by the Company. You cannot alter, amend, or modify any of the Proprietary Products or equipment, or use any other products or equipment in lieu of the Proprietary Products or equipment. Currently, the Company or an affiliate are the only suppliers of Proprietary Products and equipment, including milliCare® Dry Carpet Cleaner, Dry Carpet Cleaning Equipment, Panel and Upholstery Cleaning Equipment and include a commercially reasonable mark-up. The Company or MDI also sells non-proprietary equipment and supplies, including textile cleaning agents, Performance Coating Equipment, Performance Coating Accessories and Performance Coating Chemicals to franchisees which also includes a commercially reasonable mark-up. Currently, the Company is the sole designated supplier listed in the milliCare® Services System Confidential Operating Manual and Confidential Technical Manual (collectively, the “**Confidential Manual**”) for most of the products and equipment necessary to operate the franchise, including the machinery and chemicals required for cleaning and maintenance services, performance coatings processes, and tile and grout cleaning/maintenance processes. The required inventory of products, equipment, and supplies is set forth in the Confidential Manual. The required purchase of products and equipment from the Company or its affiliates is 50% to 60% of your overall purchases in establishing your business, and 10% to 20% of your overall purchases in operating your business.

You may purchase equipment and supply items only from Company-approved suppliers or, if there is no approved supplier for a particular equipment or supply item, from suppliers who meet all of the Company’s specifications and standards as to quality, composition, and functionality and adequately demonstrate their capacity and facilities to supply your needs in the quantities, at the times, and with the

reliability necessary for an efficient operation. The Company provides certain of its specifications and standards to approved suppliers in the course of doing business with them and will share its criteria for approving approved suppliers with a franchisee upon request in the process of reviewing requested alternative suppliers. The Company reserves the right to designate a single supplier for any equipment and supply items and to require you to use such a designated supplier exclusively, which exclusive designated supplier may be the Company or its affiliates. None of the Company's officers owns an interest in any approved suppliers.

If you wish to purchase any equipment or supplies that have not been approved by the Company or from a supplier who has not been approved by the Company, you must submit a written request to change products or suppliers to the Company. To obtain approval of any proposed alternative equipment, supply item, or supplier, you must provide the Company with documentation from a source independent of Franchisee or the proposed supplier which demonstrates to the Company's satisfaction that the proposed alternate equipment, supply item, or supplier performs as well as the item or supplier to be replaced. The Company has the right to further test any proposed equipment or supply item, and to further evaluate any proposed alternate supplier. There is no fee charged to franchisees or proposed suppliers for the Company to test any proposed equipment or supply item or to evaluate any proposed supplier; however, you must reimburse the Company for the cost of testing these items. The Company will notify you within 90 days of the approval or disapproval of products, equipment, supplies, and suppliers.

Regardless of the above, the Company reserves the right to disapprove of proposed and existing suppliers, products, equipment and supplies for any reason, including the number of such suppliers or items that has already been approved. The Company may revoke the approval of suppliers if their product no longer satisfies our quality standards or for any other reason. The Company may at any time require the substitution of newly developed proprietary products for non-proprietary items. Required purchases from approved suppliers, other than the Company or its affiliates, represents 5% to 15% of your overall purchases in establishing your business, and 10% to 20% of your overall purchases in operating your business.

You must obtain and maintain, at your expense, the following types of insurance coverage as we require, presently: comprehensive general liability insurance in the minimum amount of \$1,000,000, all-risk property coverage, commercial automobile liability in the minimum amount of \$1,000,000, and blanket fidelity insurance in the minimum amount of \$25,000 for employees. All insurance policies must be issued by insurance companies of recognized responsibility and must be approved by the Company in form, substance, and coverage. The Company must be named as an additional insured under all insurance policies.

You must equip your facility with a computer system containing certain minimum hardware and software, including the Franchisee Website. Company is not a supplier of these items.

The Company and/or an affiliate negotiates purchase arrangements with suppliers (including price terms) for the benefit of franchisees and to promote the overall interests of the milliCare® Services franchise network and our interests as the Franchisor. We are not required to negotiate purchase arrangements. We do not provide material benefits to a franchisee based on a franchisee's use of designated or approved sources; however, a franchisee who does not use such sources will be in breach of the Franchise Agreement.

The Company has the right to receive payments from suppliers on account of their dealings with you and other franchisees, and we may use the amounts received without restriction and for any purpose the Company and its affiliates deem appropriate. No payments from suppliers were made to us or our affiliates in the last fiscal year on account of purchases by franchisees.

We also reserve the right to derive revenue from any of the purchases our System franchisees are required to make in connection with the Franchised Business. Since we are a new franchise offering, neither we nor any affiliate of ours has generated any revenue from our franchisees' purchase of any required Items.

## 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.

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure Document</b>
a.	Site selection and acquisition/lease	Franchise Agreement §§ 2.1, 3.1	Item 11
b.	Pre-opening purchases/leases	Franchise Agreement §§ 3.1, 3.8, 3.11, 3.12, 3.19, 3.20	Items 8, 11
c.	Site development and other pre-opening requirements	Franchise Agreement §§ 3.2, 3.4	Items 7, 11
d.	Initial and ongoing training	Franchise Agreement §§ 2.4, 2.5, 2.6, 3.4	Item 11
e.	Opening	Franchise Agreement § 3.6	Item 11
f.	Fees	Franchise Agreement §§ 2.4, 2.5, 2.7, 3.11, 3.12, 3.14, 3.15, 4.1-4.5	Items 5, 6, 7
g.	Compliance with standards and policies - Confidential Manual	Franchise Agreement §§ 2.3, 3.10, 3.28, 7.6	Item 11
h.	Trademarks and proprietary information	Franchise Agreement §§ 1.1, 3.9, 3.17	Items 13, 14
i.	Restrictions on products/services offered	Franchise Agreement §§ 1.1, 1.2, 2.7, 2.8, 2.9, 3.3, 3.11, 3.12, 3.18	Item 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Franchise Agreement §§ 1.3, 3.3, 3.28, 6.1	Item 12
l.	Ongoing product/service purchases	Franchise Agreement §§ 3.11, 3.12	Item 8
m.	Maintenance, appearance and remodeling requirements	Franchise Agreement §§ 3.9, 3.16, 3.20, 7.6	Item 11
n.	Insurance	Franchise Agreement § 3.19	Item 7
o.	Advertising	Franchise Agreement §§ 3.14, 4.3	Items 6, 11
p.	Indemnification	Franchise Agreement § 3.25	None
q.	Owner's participation/management/staffing	Franchise Agreement §§ 3.3, 3.4, 3.5, 3.6, 3.7, 3.24, 3.28	Item 15
r.	Records and reports	Franchise Agreement §§ 3.15, 3.28	Item 11
s.	Inspections and audits	Franchise Agreement §§ 2.10, 3.15	Item 6
t.	Transfer	Franchise Agreement § 5	Items 6, 17
u.	Renewal	Franchise Agreement § 1.4	Item 17

	<b>Obligation</b>	<b>Section in Agreement</b>	<b>Item in Disclosure Document</b>
v.	Post-termination obligations	Franchise Agreement §§ 3.18, 3.27, 3.29, 6.2, 6.5	Item 17, Exhibit "E"
w.	Non-competition covenants	Franchise Agreement §§ 1.3, 3.3, 3.18	Item 17, Exhibit "E"
x.	Dispute resolution	Franchise Agreement §§ 6.3, 6.4, 6.5, 7.1, 7.2, 7.5, 7.6, 7.7	Item 17

## **ITEM 10 FINANCING**

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

## **ITEM 11**

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

**Except as listed below, the Company is not required to provide you with any assistance.**

#### **Pre-Opening Obligations**

The Company will have the right to approve the selection of a site for your warehouse facilities and office, which will not be unreasonably withheld. Officing &/or warehouse facilities must be within your territory description within franchise agreement. If the Company reasonably withholds its approval of your proposed site, and you do not later locate an acceptable site, you may not commence operation of the Franchised Business. Failure to office within your territory description is in default of the franchise agreement and may result in termination of the agreement. You must give the Company written notice and photographs of inside and outside the premises of the proposed location. If the Company does not give you written notice of disapproval within 20 business days after receipt of your notice, the location will be deemed to be approved by the Company. (Franchise Agreement § 2.1). Generally, the Company considers with respect to a location factors such as whether the proposed location is near the center of the Territory, within easy access to major roads, visibility, accessibility both for trucks using the workplace and for customers entering the office, and the professional appearance of the office. We may terminate the Franchise Agreement if you do not secure an acceptable site within 60 days of its effective date (Franchise Agreement § 3.1)

The Company will, if requested by you, provide you with advice concerning a generalized space plan, workflow, and general layout of an office and warehouse facility that is typically used in the milliCare® Services franchise network (Franchise Agreement § 2.2).

The Company will give you access to the Confidential Manual for your use during the term of the franchise (Franchise Agreement § 2.3). The Confidential Manual may be in electronic, digital, or another format. You will be permitted to review the Confidential Manual prior to purchasing a franchise.

A representative of the Company will advise and assist you in the opening of your Franchised Business and in establishing and standardizing procedures and techniques essential to the operation of a milliCare® Services System business. There is no fee for this assistance (Franchise Agreement § 2.6).

The Company will conduct a comprehensive Initial Training Program in the management and operation of the Franchised Business (Franchise Agreement § 2.4). The Initial Training Program consists of a program provided in several separate modules during your first year as a franchisee. The first module of the Initial Training Program must be successfully completed after signing the Franchise Agreement, but prior to beginning operations. You are responsible for all travel, food, lodging and other expenses incurred by you and any of your employees in connection with attendance at the Initial Training Program. The training program will be held at the locations indicated or other specified locations (which may include computerized training modules able to be conducted via most computers) and will consist of:

### INITIAL TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Introductory and Technical Training	3-5 days	None	Franchisee's Business or another location in U.S.
Technical Skills Training	2-3 days	1-3 days	Franchisee's Business or another location in U.S.
Professional Sales and Marketing Training	3-5 days	None	Franchisee's Business or another location in U.S.

Introductory training, including an overview of products, services and marketing and an orientation to franchising, is held regularly. The instructional materials will be provided by the Company and will consist of the Confidential Manual, forms, and other training materials.

Our Introductory Training Program will be conducted by Stephen Lewis, our National Technical Director, and/or Brian Morgan, our Director of Operations. Mr. Lewis has over 23 years of milliCare® technical and operations training experience, while Mr. Morgan has 10 years of experience as a milliCare franchisee Technician and Operations Supervision, as well as more than 2 years of milliCare corporate experience. The instructors will also include other individuals listed in Item 2 and other employees and industry consultants.

The technical skills training relates to equipment and product usage and cleaning and maintenance techniques.

You must complete the assigned online modules of the Initial Training Program to the Company's satisfaction prior to attending milliCare® Academy. You must complete the subsequent module(s) of the Initial Training Program within 6 months after attending milliCare Academy. Your General Manager must complete the entire Initial Training Program to our satisfaction. Your employees who are engaged in the sale of Services must complete the Professional Sales and Marketing Training to our satisfaction. You must pay for all travel, food, lodging, and other expenses for your employees that attend any component of the Initial Training Program.

## **Continuing Obligations**

The Company will provide a continuing advisory service which may include consultation on promotional, marketing and advertising techniques, and customer relations (Franchise Agreement § 2.7).

The Company or a person designated by the Company (which may be an affiliate of the Company) will sell various proprietary products and equipment to you, as detailed in the Confidential Manual (Franchise Agreement § 2.8).

The Company has the right to determine the prices, and establish minimum and maximum prices, or minimum advertised prices, of the products and Services you offer and sell which you must adhere to, subject to law. Company retains the right to modify the prices from time-to-time. Franchisor also has the right to establish suggested prices for the milliCare® products and Services you offer and sell, which you are not be required to adhere to.

The Company and its agents have the right of entry and inspection of your premises, the right to observe the manner in which you render services, and the right to confer with your employees, customers, and business associates (Franchise Agreement § 2.10).

The Company will provide ongoing training on specific, job-related issues to you and/or your employees as the Company deems appropriate. This training may include on-site training at a franchisee's location. Ongoing training subjects will include job costing and scheduling, employee management, equipment usage, and sales and marketing. Additionally, the Company will provide ongoing general training on an annual basis to introduce new products, services, and equipment, to review sales and marketing practices, and to discuss other relevant topics. The Company generally will conduct 1 general training session per year, and specific training modules will be offered on a regular basis (some via electronic learning vehicles). Some of the ongoing training will typically take place annually at both the milliCare® Exchange and through milliCare® University, which you, your principal owners, or your designee involved in the Franchised Business for each Territory, must attend. Attendance requirements at other ongoing training sessions will be determined by the content of the class. You must pay for all travel, food, lodging, and other expenses (Franchise Agreement § 2.5). The training programs will be held at the locations indicated and will consist of:

### **ADDITIONAL TRAINING**

<b>Subject</b>	<b>Hours of Classroom Training</b>	<b>Hours of On-the-Job Training</b>	<b>Location</b>
Ongoing Specific Training	1-5 days	None	Franchisee's Business or another location in U.S.
Ongoing General Training	2-3 days	None	Franchisee's Business or another location in U.S.

The Company will provide ongoing training on specific, job-related issues for technicians, administrative staff, operations managers, and sales and marketing personnel as the Company deems appropriate, including the training necessary for your franchise to have at least 1 employee certified (or in training to be certified) by the IICRC at all times. It is estimated that 1 to 4 training sessions per year will be required. Attendance requirements will be determined by the content of the training session.



If the Company enters into an agreement to provide any Services to any customer which has a location in your designated Territory, the Company may offer you the right to service this account at such location at the terms upon which the Company and this account have agreed. If there is more than 1 franchisee licensed by the Company in your Territory, the Company may allocate opportunities to service these accounts between those franchisees, as the Company in its sole discretion deems appropriate. If, for any reason, you elect not to service such an account that is offered to you, the Company may, in its sole discretion, service this account or appoint any other party to service this account (Franchise Agreement § 2.11).

Periodically during the term of the Franchise Agreement, the Company may provide you with the names of potential customers for Services within your Territory obtained by sales representatives employed by us or an affiliate; provided, however, that customer preferences will be honored. The Company has the sole discretion regarding the allocation of leads. The Company may provide you with leads for potential customers for Services in locations that are not part of any franchisee's Territory, but we are not required to do so. If you service customers located outside of your Territory, you do not receive any rights in or to these areas (Franchise Agreement § 2.12).

A representative of the Company will visit your location within 45 days after your business opens to assist you in the operation of your business.

You must contribute 2% of your Gross Receipts to a promotional fund (the "**Promotional Fund**"). Only milliCare® franchisees will contribute to the Promotional Fund.

The Company does not have the power to require cooperatives to be formed. The Company has established a franchisee advisory council to provide input and suggestions regarding use of the Promotional Fund. The franchisee advisory council serves in an advisory capacity only and does not have any operational or decision-making power. New advisory council members will be elected by the existing advisory council from the list of approved nominations from the network of franchisees. Corporate representatives do not vote for incoming advisory council members unless there is a tie, and, in that case, the Managing Director would cast the deciding vote. The advisory council would be required to repeat the vote a second time prior to the Managing Director casting the deciding vote. The Company has the power to form, change, dissolve, and merge the franchise advisory council.

The Promotional Fund is administered by the Company. The Promotional Fund may be used as determined solely by the Company and without consideration of geographical location of franchisees: to purchase national, regional, and local advertising in any media, including broadcast, print, and electronic media (including a Website for the milliCare® franchise network); advertising and promotional materials; to acquire the services of in-house and outside advertising and public relations professionals; research and development, tests or target marketing, the conducting of surveys, brand development and promotion, to defray the expense of training programs intended to develop the marketing and promotional skills of franchisees and their employees; to carry on other advertising and promotional activities, including utilizing Networking Media Websites (such as Facebook, Twitter, and LinkedIn) and other emerging media; and to pay the reasonable expenses of administering the Promotional Fund, including the reasonable compensation of the Company's employees and expenses of the advisory council while working on behalf of the Promotional Fund. The Promotional Fund will not be used for selling additional franchises. Since we are new to franchising, we did not collect any Promotional Fund contributions from franchisees in 2021. The Company will account annually, within 120 days of the end of each year, with a financial statement that reports for all Promotional Fund contributions received and spent, together with the balance on account for that year. Other than the foregoing financial statement report, Franchisor does not separately make financial statements of the Promotion Fund available for review. Amounts not spent in a given year are carried over

to the next year. The Company is not required to spend any amounts from the Promotional Fund in any franchisee's territory.

You must conduct local advertising and promotional activities at your own cost. Independently produced materials must be approved by the Company before they can be used. You may not conduct any advertising or promotional activities on any Website that we have not authorized, including any Networking Media Website (which is any social media Website, including Facebook, Twitter, LinkedIn, and online blogs and forums).

You must equip your facility with a computer system with at least 1 terminal or PC that meets our specifications and standards within 15 days of the date of signing the Franchise Agreement. None of the hardware used in the computer system is proprietary to the Company. Currently, the minimum requirements for the computer system, which may be purchased from any computer equipment manufacturer, are Windows 10 or higher with Office Suite of products. We currently require the following software: Microsoft Word and Microsoft Excel. Within 14 days of obtaining the specified computer system, you must acquire functional high-speed Internet access, 2 POP@millicare.net email addresses (or any other e-mail address we specify) (which we will either provide or you may obtain through our designated supplier) and which email addresses all of your employees must use in conducting milliCare business communications, and a Website for your Franchised Business through our designated supplier (the "**Franchisee Website**"). The Company will have independent access to the information and data that is stored on your computer system, including sales information and customer data. There are no contractual limitations on the Company's right to access this information. You must upgrade or update your computer system and software as the Company requires. There are no contractual limitations on the frequency or cost of those upgrades. Neither the Company, its affiliate, nor a third party will be obligated to provide ongoing maintenance, repairs, upgrades, or updates to your computer system. The estimated annual cost for maintenance, updating, upgrading, or support contracts is \$1,000 - \$2,000. You must subscribe to and use the operating software for your milliCare® business and sign a license agreement for use of the Franchisee Website, the current Technology Fee is \$399 per month. The approximate cost of the computer hardware, software, and peripheral equipment is between \$1,000 and \$2,500 to purchase.

You must open your business upon satisfactory completion of milliCare® Academy, completion of the tenant improvements and the issuance of a certificate of occupancy for the business premises at the Location, which must be within 60 calendar days from the date the Location is approved by us. The milliCare® Academy must be completed before opening the business which must be within the earlier of 60 days of Location approval or signing the Agreement. Most franchisees open their business within 60 days after signing the Franchise Agreement. Factors which may affect the time to open your business include the ability to obtain a lease, financing or building permits, zoning and local ordinances, weather conditions, shortages, scheduling of training, and delayed delivery or installation of equipment, fixtures, and signs.

## **ITEM 12 TERRITORY**

When you sign the Franchise Agreement, we grant you a Territory that will be designated either a "Protected Territory" or a nonexclusive "Marketing Territory". Our Predecessor granted Marketing Territories, and we will grant you a Marketing Territory if your territory is located within, or overlaps with, an another milliCare System franchisee with a Marketing Territory. Otherwise, we grant you a Protected Territory. Your Territory will be defined by geographic boundaries as determined by the Company in its sole discretion after giving consideration to relevant demographic information including population density, effective buying income, retail sales, and the number of square feet of office, commercial, and industrial

space. The actual boundaries of the Territory, and the designation of the territory as a Protected Territory, or a Nonexclusive Marketing Territory, will be set forth on an exhibit to the Franchise Agreement that will be signed by both you and the Company.

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

If you receive a Protected Territory, we will not operate, or grant a franchise for others to operate a milliCare franchised business within the Protected Territory except as set forth below. If you receive a Marketing Territory we may operate, or grant franchises to others to operate a milliCare franchised business with a Marketing Territory within, or that overlaps with, your Marketing Territory who may advertise and solicit customer accounts within your Marketing Territory and who may be in competition with you.

You cannot solicit or accept orders from consumers outside your Territory. You cannot conduct any advertising that is circulated outside your Marketing Territory (including any advertising using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other marketing) or otherwise solicit customer accounts that are located outside your Territory without the prior written consent of the Company.

You may not solicit customers within your Territory with respect to Services that would be provided to such customer both within and outside the Territory (such customer being referred to as a **“Strategic Account”** or **“National Account”**) without our prior written consent. You may not hold yourself out to the public as being able to provide the Services outside your Territory. If you receive customer inquiries or leads from outside your Territory, you must direct such inquiries or leads to the Company. The Company retains the right to solicit and sell to National Accounts within the Territory, including solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet. You may provide Services outside of your Territory only if we give you our written consent to provide these Services outside your Territory.

The Company does not have the right to modify your Territory. There are no adverse consequences if a certain sales volume or market penetration is not met. The Company will not pay any compensation to you for soliciting or accepting orders in your Territory. If the Company enters into an agreement to provide Services to any customer that has a location within your Territory, the Company may offer you the right to service this account at the location and at the terms upon which the Company and this account have agreed. Similarly, the Company and other franchisees may solicit assistance from you to perform Services outside your Territory. If you have a Marketing Territory and more than 1 milliCare® franchisee services customers in your Marketing Territory, the Company may allocate opportunities to service these accounts between those franchisees, as the Company in its sole discretion deems appropriate. In addition, if the Company receives leads for Services in locations that are not part of any franchisee’s Territory, the Company may allocate the right to service these accounts as it deems appropriate, in its sole discretion. See Item 11.

If you have a Marketing Territory, you may not, directly or indirectly, sell, offer to sell, or provide any of the products or Services to any current customer of another milliCare® franchisee (including customers invoiced by that franchisee during the previous 365 days) with respect to all property owned, leased, or managed by that customer within the same building or building complex (**“Customer Accounts”**) in the Marketing Territory (**“Overlapping Franchisee”**). For the purpose of this paragraph, **“customer”** shall be defined as the decision-maker that determines which company will provide its carpet cleaning and maintenance services. You must submit monthly reports to the Company, in a form and manner as the Company may require, which list all of your current customers and which reflect additions to and deletions

from the previous report. You must post and maintain on the Company's private extranet, on a monthly basis, a listing of your Customer Accounts, including the name and address of each Customer Account. The provisions of this paragraph are intended to be broadly interpreted to prevent you from directly or indirectly interfering with any of the customer relationships that have been established by an Overlapping Franchisee in a Marketing Territory. The provisions of this paragraph will not apply if you obtain written permission, granted by the President or Vice President of the Company, to engage in conduct that otherwise is prohibited in this paragraph. If you violate any of the provisions of this paragraph, you must pay to the Overlapping Franchisee(s) 50% of the revenue derived from the Customer Accounts that caused the violation. This revenue must be paid to the Overlapping Franchisee(s) within 10 days of receiving such revenue, for so long as you receive revenue from those Customer Accounts. However, if you commit more than 1 violation of the provisions of this paragraph, we may terminate your Franchise Agreement. This prohibition will apply only if the Customer Accounts creating an Overlapping Franchise have been entered into the Company's customer database, and only if an Overlapping Franchisee is subject to the same or similar provisions of this paragraph.

The Company, its parents, or its affiliates have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any franchisee's Territory using the Marks. You may not solicit or accept orders from customers outside of your Territory, and you may not solicit or accept orders from customers within your Territory if services to that customer will be provided, in whole or in part, outside of your Territory. You also may not make sales within or outside of your Territory using other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing without the Company's consent.

The Company does not have any present plan to establish another business offering similar services under a different trade name or trademark, but it retains the right to do so. In addition, we may purchase, merge, acquire or be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business' facilities, and we may then operate, franchise or license those other businesses and/or facilities under any names or marks other than the Marks regardless of the location of these businesses and/or facilities, which may be within your Territory or immediately near it. You will receive no compensation for these activities.

The Company retains the right to solicit and sell to accounts within the Territory that also have locations outside of the Territory, including, but not limited to, solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet and other online computer networks, without compensating you.

### **ITEM 13 TRADEMARKS**

You must operate your business under the name milliCare®. You also must use the Marks in the operation of your business. The Company owns and has the right to use and sublicense the following trademarks in conjunction with these franchises:

Mark	Registration Date	Register and Registration Number
MILLICARE	5/26/98	Principal 2160838
MILLICARE	6/16/98	Principal 2166428

Mark	Registration Date	Register and Registration Number
MILLICARE	6/30/98	Principal 2170077
CLEAN WORKING CLEAN LIVING	4/15/08	Principal 3413389
CLEAN WORKING CLEAN LIVING	4/15/08	Principal 3413388

Our parent, MilliCare, Inc., owns the Registrations and licenses it to us under a license agreement. The term of the license agreement is indefinite but either party may terminate the license agreement upon 30-days' notice. If either party terminates the license agreement, MilliCare, Inc. will assume all of our rights and obligations under any franchise agreements then in effect. There are no currently effective material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the trademark administrator of any state, or any court involving the Marks. There are no pending infringement, opposition, or cancellation proceedings or material litigation involving the Marks. All required affidavits have been filed.

You must assist the Company to the extent it reasonably requests in obtaining or maintaining any registration of any of the trademarks, including by providing advertising samples.

There are no agreements which limit the rights of the Company to use or license its trademarks.

You must follow the Company's rules when you use the Marks. All uses of the Marks by you must clearly state that you are independently owned and operated. You may not use the Marks as part of a partnership, corporation, limited liability company, or other legal entity name. If you own any business(es) other than the Franchised Business, neither you nor your personnel engaged in such other business(es) may conduct the same under any of the Marks or operate in any manner so as to cause confusion of origin or sponsorship between the Company's services and products and the services or products offered or rendered by such other business(es). You have no right to compensation or otherwise if the Company requires you to modify or discontinue using the Marks.

You must promptly notify the Company of any unauthorized use of any of the Marks, or any colorable variation of the Marks, by third parties. You must promptly notify the Company of any claim, demand, or suit against you based upon, or arising in connection with, your use of the Marks. You have no authority to defend or prosecute any action relating to the Marks, and the Company in its sole discretion, may elect to defend or prosecute any action relating to the Marks. If the Company defends or prosecutes any action relating to the Marks, you will sign any and all documents and do all acts necessary to carry out the litigation. The Company has no obligation to protect your right to use the Marks or to protect you against claims of infringement or unfair competition arising out of your use of the Marks.

The Company does not know of any infringing uses that could materially affect your use of the Marks.

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

The Company does not own any patents, and has no pending patent applications, that are material to your business. Milliken Research Corporation, an affiliate of the Company, owns numerous patents

related to the dry cleaning powder known as MILLICARE® cleaning preparations. The Company is authorized to sell milliCare® products and you are authorized and must use milliCare® products while providing certain Services under the milliCare® Services System.

The Company claims copyright protection for the Confidential Manual and the content of the Company's extranet, and the information in this manual and extranet is proprietary. You must take all steps that are necessary to protect the proprietary information from publication, communication or other unauthorized disclosure. You cannot disclose any of the proprietary information, use it in any way, or assist any other person to use it either during the term of your franchise or at any later time. The Confidential Manual and extranet remain the sole property of the Company and must promptly be returned to the Company, and/or terminate all access to same, upon the expiration, non-renewal, or termination of your franchise.

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

You are not required to personally participate in the day-to-day operation of the Franchised Business. However, you must have, at all times, a fully trained General Manager and at least 1 dedicated, full time, fully trained salesperson. Your General Manager is not required to be 1 of the principals of your legal entity. However, if the General Manager is not a principal of your legal entity, we have the right to evaluate and approve or disapprove of this General Manager. All your employees engaged in the management or operation of your Franchised Business must sign our confidentiality and non-competition agreement (the current form of which is attached as Exhibit "F") prior to his or her employment. If you own or operate a non-competing business, as described in Exhibit B of the Franchise Agreement, you must comply with the milliCare® Co-Brand Guidelines that are incorporated into the Operations Manual, use trading designations separate from the Marks, maintain separate office space, and have the personnel related to such other business(es) wear apparel that does not feature any of the Marks. In addition, if you have more than 1 milliCare® franchise with contiguous Marketing Territories, you may not be required to maintain a separate product and equipment storage space for each milliCare® franchise.

As a condition of employment of any employee in the management and operation of your franchised business, your employees must covenant to maintain and protect proprietary information, including signing of standard covenants. Each person who owns a beneficial interest in your legal entity must sign the Franchise Agreement agreeing to be bound by its terms.

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

You may offer and sell only those products and services that are approved by the Company or that meet with the reasonable specifications and standards established by the Company. You must offer and sell all of the Services that we have approved for your franchise. You must purchase all proprietary products and proprietary equipment from the Company or its designated affiliate. You may purchase equipment and supply items only from sources approved by the Company. The Company may, at any time, require the substitution of newly developed proprietary products for non-proprietary items. The Company has the right to add additional authorized products and services that you must then offer. There are no limits on the Company's right to do so. You may not become a wholesaler or distributor of proprietary products or proprietary equipment, and you may not re-sell proprietary products or proprietary equipment, except in connection with the provision of Services by you. You may not become a wholesaler or distributor of non-

proprietary equipment and supplies related to the Services to other franchisees or to customers of the milliCare® System (See Items 1 and 8).

You may provide the Services only to commercial, industrial, and office customers, and not to residential customers. You may provide Services for any non-residential customer in the Territory who is not disapproved in writing by the Company. In certain markets, the Company has agreed not to solicit certain customers for a limited period of time. If you buy a franchise in these markets, the Company will consult with you on these customer restrictions.

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

**THE FRANCHISE RELATIONSHIP**

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

Provision	Section in Agreement	Summary
a. Length of the franchise term	Franchise Agreement § 1.4.1	10 years
b. Renewal or extension of the term	Franchise Agreement §§ 1.4.2, 1.4.3	You may renew the franchise for two successive five-year periods on the Company's then current terms if you have not defaulted and meet the requirements for renewal. If you renew the franchise, you must sign the then-current form of franchise agreement, which may have materially different terms and conditions from your original contract, including a higher royalty fee and promotional fee.
c. Requirements for you to renew or extend	Franchise Agreement §§ 1.4.3, 2.5.2	Sign new franchise agreement, which may contain materially different terms and conditions than your initial franchise agreement, comply with current Franchise Agreement, exercise diligent efforts to develop your franchise during the term in a manner acceptable to us, meet our then current subjective and objective standards for new franchisees, provide us with requested documentation, give timely notice of desire to renew, execute a general release, complete required training and consulting programs, and attend all required meetings and events. As a condition to renewal,

Provision		Section in Agreement	Summary
			you, your principal owners, or their designee involved in the Franchised Business must have attended both the Exchange and milliCare® University at least 6 times during the Initial Term or at least 3 times during any Renewal Term.
d.	Termination by you	None	N/A
e.	Termination by the Company without cause	None	N/A
f.	Termination by the Company with cause	Franchise Agreement § 6.1	The Company can terminate your franchise if you default.
g.	“Cause” defined-curable defaults	Franchise Agreement § 6.1	You have 5 to 30 days to cure: a non-payment of fees or other amounts due, non-compliance with applicable laws or regulations, failure to perform any obligation under the Franchise Agreement or another agreement between us.
h.	“Cause” defined-non-curable defaults	Franchise Agreement § 6.1	Defaults which cannot be cured: bankruptcy foreclosure, inability to pay debts, abandonment, material misrepresentations, charge or arrest for certain criminal conduct, repeated defaults even if cured, incurable breach, unauthorized transfer, breach of covenant not to compete, use of Marks in a business other than the Franchised Business.
i.	Your obligations on termination/nonrenewal	Franchise Agreement §§ 3.17, 6.2, 6.5, 6.6	Obligations include payment of all amounts due including liquidated damages, ceasing to use Marks and Proprietary Information, return Confidential Manual and other documents, and other obligations.
j.	Assignment of the contract by the Company	Franchise Agreement § 5.1	The Company cannot assign the franchise unless the assignee assumes the Company’s obligations.
k.	“Transfer” by you – definition	Franchise Agreement § 5.2	Includes transfer of assets and change in ownership.
l.	The Company’s approval of transfer by you	Franchise Agreement §§ 5.2, 5.4	The Company is not required to approve transfer requests but may approve transfers if certain conditions are satisfied.
m.	Conditions for Company approval of transfer-	Franchise Agreement §§ 5.2.4(a)-(i)	The Company has the right to require conditions of transfer to be satisfied, including but not limited to payment of transfer fee; transferee must qualify,



Provision		Section in Agreement	Summary
			pay Initial Training Fee, complete training, sign Franchise Agreement, repair premises; you must sign release; transferee, or those controlling, or under common control with, the transferee, cannot, as a result of the transfer or otherwise, control franchises with combined annual revenues of 15% or more of the annual revenues of all milliCare® franchises in the network.
n.	The Company's right of first refusal to acquire your business	Franchise Agreement § 5.5	The Company or its designee can match any offer that you receive.
o.	The Company's option to purchase your business	Franchise Agreement § 6.2	The Company may upon termination purchase all products and supplies which bear the Marks at your cost.
p.	Your death or disability	Franchise Agreement § 5.3	Franchise must be transferred to a qualified successor within 6 months.
q.	Non-competition covenants during the term of the franchise	Franchise Agreement § 3.18	Limits interest in, and employment by, a competing business. The Company may disapprove of certain customers and subcontractors. Subject to State law.
r.	Non-competition covenants after the franchise is terminated or expires	Franchise Agreement § 3.18	Limits interest in, and employment by, a competing business for 2 years from termination within the defined territory description as well as 25 miles from territory boundary or the territory of any other franchisee. Subject to State law.
s.	Modification of the agreement	Franchise Agreement §§ 2.3, 7.11	Requires consent of you and the Company. The Confidential Manual and System may be changed by the Company.
t.	Integration/merger clause	Franchise Agreement § 7.17	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Franchise Agreement § 6.3	You must first submit all disputes and controversies arising under the Franchise Agreement to our management and make every effort to resolve the dispute internally. At our option, all claims or disputes must be

Provision		Section in Agreement	Summary
			submitted to non-binding mediation in Charlotte, North Carolina. If not resolved, most disputes must be resolved by binding arbitration in North Carolina. The fees and expenses of arbitration, not including attorneys' fees, generally will be shared equally by the parties. Subject to State law.
v.	Choice of forum	Franchise Agreement § 7.2	Charlotte, North Carolina. Subject to State law.
w.	Choice of law	Franchise Agreement § 7.1	North Carolina law applies. Subject to State Law.

**ITEM 18  
PUBLIC FIGURES**

The Company does not use any public figure to promote its 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.

**A. SALES PERFORMANCE FOR EXPERIENCED FRANCHISEES**

**Statistics for Calendar Year 2021**

We based this financial performance representation on all experienced milliCare® franchises in the United States that have been operating for at least 2 years as of December 31, 2021 excluding markets which have not reported to us. Several franchisees operate in numerous Marketing Territories, but report as a single franchisee. For 2021, 27 franchisees operated in 40 Marketing Territories.

The following table represents the gross amount of all money and the value of all property directly or indirectly received by the Franchisee for goods sold and services rendered in connection with the Franchised Business ("sales") for calendar year 2021 of milliCare® franchises in the United States that have been operating for at least 2 years, and includes: the number of franchisees in each category of sales; the averages sales in that category; the number and percent of franchisees exceeding the average sales; and the median, high and low for each category.

**Calendar Year 2021**

<b>Category</b>	<b>No.</b>	<b>Average 2021 Sales</b>	<b>No. &amp; % Above Average</b>	<b>Median</b>	<b>High</b>	<b>Low</b>
Top Quartile	6	\$1,902,726	2/6; 33%	\$1,293,473	\$5,814,130	\$464,785
Top Half	13	\$1,048,419	4/13; 31%	\$431,572	\$5,814,130	\$195,678
Bottom Quartile	7	\$119,858	4/7; 57%	\$124,910	\$146,928	\$67,756
Bottom Half	14	\$136,165	9/14; 64%	\$146,928	\$192,623	\$67,756
All	27	\$580,442	4/27; 15%	\$192,623	\$5,814,130	\$67,756

**B. STRATEGIC AND NATIONAL ACCOUNTS**

Starting in 2018, our predecessor placed a special emphasis on securing strategic or national accounts for our franchise system. In order to secure them, it also needed to obtain subcontractors who could provide services for those national accounts and markets where it did not have a milliCare® franchisee available to perform the work. The total system revenue secured from those national and strategic accounts for the years 2018, 2019, 2020 and 2021, and the percentage growth from the prior year are as follows:

<b>Period</b>	<b>Total Revenue</b>	<b>Percent Increased</b>	<b>Subcontractor Amount</b>
2018	\$231,075.91	N/A	\$109,037.61
2019	\$1,127,702.44	388%	\$233,625.36
2020	\$1,679,857.81	49%	\$364,138.34
2021	\$2,488,814.34	48%	\$499,197.98

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

Written substantiation for this financial performance representation will be made available to a prospective franchisee upon reasonable request. This data is based on reports submitted to us and have not been verified or audited.

We recommend that prospective milliCare® franchisees make their own independent investigation to determine whether or not the milliCare® Floor & Textile Care franchise may be profitable and consult with an attorney and other advisors prior to executing the Franchise Agreement.

Other than the preceding financial performance representation, MilliCare Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting the franchisor's management by contacting Stephen Schiller at Stephen Schiller, at milliCare Franchising, 1515 Mockingbird Lane, Charlotte, NC 28209 or 254-718-6981, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

The first four tables below present information for our predecessor’s fiscal years 2019, 2020 and 2021.

**Table No. 1  
SYSTEM-WIDE OUTLET  
SUMMARY FOR YEARS 2019 TO  
2021**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised#	2019	42	45	+3
	2020	45	48	+3
	2021	48	48	0
Company-Owned	2018	0	0	0
	2019	0	0	0
	2020	0	0	0
<b>Total Outlets</b>	<b>2019</b>	<b>42</b>	<b>45</b>	<b>+3</b>
	<b>2020</b>	<b>45</b>	<b>48</b>	<b>+3</b>
	<b>2021</b>	<b>48</b>	<b>48</b>	<b>0</b>

**Table No. 2  
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW  
OWNERS(OTHER THAN THE FRANCHISOR)  
FOR YEARS 2019 TO 2021**

State	Year	Number of Transfers
Illinois	2019	1
	2020	0
	2021	1
Indiana	2019	0
	2020	1
	2021	0
<b>Total</b>	<b>2019</b>	<b>1</b>
	<b>2020</b>	<b>1</b>
	<b>2021</b>	<b>1</b>

**Table No. 3  
STATUS OF FRANCHISED OUTLETS FOR YEARS 2019 TO 2021**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of Year
Alabama	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Arizona	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
California	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Colorado	2019	0	0	0	0	0	0	0
	2020	0	2	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Connecticut	2019	1	0	0	0	0	0	1
	2020	1	0	1	0	0	0	0
	2021	0	0	0	0	0	0	0
Delaware	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Florida	2019	7	0	0	0	0	0	7
	2020	7	0	0	0	0	0	7
	2021	7	0	0	0	0	0	7
Georgia	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Hawaii	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Illinois	2019	1	2	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Indiana	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Kansas	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Kentucky	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Louisiana	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Maryland	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Massachusetts	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Michigan	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

Minnesota	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Missouri	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Nebraska	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Nevada	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
New Hampshire	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
New Jersey	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
New York	2019	2	0	0	0	0	0	2
	2020	2	0	0	1	0	0	1
	2021	1	0	0	0	0	0	1
North Carolina*	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Ohio	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Oklahoma	2019	2	0	0	0	0	0	2
	2020	2	0	0	0	0	0	2
	2021	2	0	0	0	0	0	2
Oregon	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Pennsylvania	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
South Carolina#	2019	0	1	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Tennessee	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	0	3
	2021	3	0	0	0	0	0	3
Texas	2019	1	0	0	0	0	0	1
	2020	1	3	0	0	0	0	4
	2021	4	0	0	0	0	0	4
Utah	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of Year
Virginia	2019	1	0	0	0	0	0	1
	2020	1	0	0	0	0	0	1
	2021	1	0	0	0	0	0	1
Washington	2019	0	0	0	0	0	0	0
	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
Wisconsin	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>Total</b>	<b>2019</b>	<b>42</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>45</b>
	<b>2020</b>	<b>45</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>48</b>
	<b>2021</b>	<b>48</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48</b>

\* There is 1 Franchise whose Territory comprises counties in North Carolina and South Carolina. It is shown only in South Carolina, the state where its business office is located. A few franchisees have Territories in a state above, but their office is located in another state. See Exhibit “G.”

**Table No. 4**  
**STATUS OF COMPANY-OWNED**  
**OUTLETS FOR YEARS 2019 TO 2021**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
<b>Total</b>	<b>2019</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2020</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table No. 5**  
**PROJECTED OPENINGS**  
**AS OF NOVEMBER 29, 2021**

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR (2021)	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR (2021)
California	0	1	0
Georgia	0	1	0
Massachusetts	0	1	0

Nebraska	0	1	0
New York	0	1	0
North Carolina	0	1	0
Oregon	0	1	0
South Carolina	0	1	0
Texas	0	2	0
<b>TOTAL</b>	<b>0</b>	<b>10</b>	<b>0</b>

The names of all franchisees as of December 31, 2021, and the addresses and telephone numbers of all of their outlets, is attached to this disclosure document as Exhibit “G.”

The name, city and state, and the current business telephone number (or, if unknown, the last known telephone number) of the 3 franchisees who had an outlet terminated, cancelled, not renewed, or who have otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the year ended December 31, 2021, or who has not communicated with the Company within 10 weeks of the issuance date of this disclosure document, is shown on Exhibit “H.”

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

Franchisees receive a referral fee of \$10,000 for each prospective franchisee who they refer to the Company and who becomes a milliCare® franchisee. Other employees of the Company may also receive referral fees when they refer prospective franchisees who join the milliCare® Services franchise network.

Former franchisees have signed confidentiality clauses during the past 3 years. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with milliCare®. 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 network being offered that we have created, sponsored or endorsed; or that has asked to be included in this disclosure document.

No independent franchisee organization has asked to be included in this disclosure document.

## **ITEM 21 FINANCIAL STATEMENTS**

Attached in Exhibit “B” is our audited opening day balance sheet as of February 11, 2022. We have not been in business for three or more years and cannot therefore provide all financial statements that would have otherwise been required in this Item. Our fiscal year end is December 31 of each year.



**ITEM 22  
CONTRACTS**

Attached are copies of all of the agreements for use regarding the offering of this franchise:

- Exhibit C. Franchise Agreement
- Exhibit D. Conversion Addendum
- Exhibit E. Option Agreement
- Exhibit F. Confidentiality and Non-Competition Agreement
- Exhibit G. Franchisee Compliance Certification
- Exhibit H. Form of General Release

**ITEM 23  
RECEIPTS**

Attached as the last 2 pages of this disclosure document (after the exhibits) are 2 copies of the Receipt for this disclosure document. Keep 1 signed and dated copy for your records and return the other signed copy to milliCare.

**EXHIBIT A**

**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

<b>STATE</b>	<b>STATE REGULATORY AGENCY</b>	<b>AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY</b>
California	Department of Financial Protection and Innovation <i>Los Angeles</i> 320 West 4 <sup>th</sup> Street Suite 750 Los Angeles, CA 90013-2344 (213) 576-7500 <i>Sacramento</i> 2101 Arena Boulevard Sacramento, CA 95834 (916) 445-7205 <i>San Diego</i> 1350 Front Street, Room 2034 San Diego, CA 92101-3697 (619) 525-4233 <i>San Francisco</i> One Sansome Street, Suite 600 San Francisco, CA 94104-4428 (415) 972-8565	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, Hawaii 96810 (808) 586-2744	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, Indiana 46204 (317) 232-6681	
Maryland	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-7042	Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	
Minnesota	Minnesota Department of Commerce Securities Unit 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York	New York Department of Law Investor Protection Bureau of Franchise 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8285	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492
North Dakota	North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712	Securities Commissioner North Dakota Securities Department State Capitol 5th Floor, Dept. 414 600 East Boulevard Avenue Bismarck, ND 58505-0510 (701) 328-4712
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 S. Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Department of Financial Institutions 150 Israel Road SW Tumwater, WA 98501
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, Wisconsin 53701 (608) 266-2801	

**EXHIBIT B**  
**FINANCIAL STATEMENTS**

**MILLCARE FRANCHISING, LLC**  
**(A Limited Liability Company)**

**BALANCE SHEET**

**FEBRUARY 11, 2022**

MILLCARE FRANCHISING, LLC  
(A Limited Liability Company)  
FEBRUARY 11, 2022

Table of Contents

	<b><u>Page</u></b>
<b>Independent Auditor's Report</b>	1 - 3
<b>Financial Statement</b>	
Balance sheet	4
Notes to financial statement	5 - 8



## INDEPENDENT AUDITOR'S REPORT

To the Member  
milliCare Franchising, LLC

### **Opinion**

We have audited the accompanying balance sheet of milliCare Franchising, LLC, a limited liability company, as of February 11, 2022, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of milliCare Franchising, LLC as of February 11, 2022, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of milliCare Franchising, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statement**

Management is responsible for the preparation and fair presentation of the financial statement in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

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

## **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of milliCare Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about milliCare Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

**Auditor's Responsibilities for the Audit of the Financial Statement (Continued)**

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



CERTIFIED PUBLIC ACCOUNTANTS

Philadelphia, Pennsylvania  
March 10, 2022

**MILLCARE FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**BALANCE SHEET**  
**FEBRUARY 11, 2022**

**ASSETS**

Cash	\$ <u>100,000</u>
TOTAL ASSETS	\$ <u><u>100,000</u></u>

**LIABILITIES AND MEMBER'S EQUITY**

Liabilities	\$ -
Commitments and contingencies (Notes 4 and 5)	
Member's equity	<u>100,000</u>
TOTAL LIABILITIES AND MEMBER'S EQUITY	\$ <u><u>100,000</u></u>

See accompanying notes to financial statement.

**MILLCARE FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENT**  
**FEBRUARY 11, 2022**

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

milliCare Franchising, LLC (the "Company"), a wholly-owned subsidiary of milliCare, Inc. (the "Parent"), was formed on January 31, 2022, as a Delaware limited liability company to sell franchises pursuant to a license agreement dated March 1, 2022, between the Company and the Parent. Pursuant to the Company's standard franchise agreement, franchisees will operate a business under the "milliCare" name and system that provides, to its customers in the United States, cleaning and maintenance of floor coverings, interior finishes and interior furnishings, the application of performance floor coatings, tile and grout cleaning and maintenance, and related services in commercial, industrial, and office properties. The Company has not had significant operations from inception through February 11, 2022.

The Company is a limited liability company and, therefore, the member is not liable for the debts, obligations or other liabilities of the Company, whether arising in contract, tort or otherwise, unless the member has signed a specific guarantee.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of accounting

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

Use of estimates

The preparation of the Company's balance sheet in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet. Actual results could differ from those estimates.

Income taxes

The Company is treated as a partnership for tax purposes and, as such, is not liable for federal or state income taxes. As a single-member limited liability company and, therefore, a disregarded entity for income tax purposes, the Company's assets and liabilities are combined with and included in the income tax return of the Parent. Accordingly, the accompanying financial statement does not include a provision or liability for federal or state income taxes.

Uncertain tax positions

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, management assesses the likelihood that tax positions will be sustained upon examination based on the facts, circumstances and information, including the technical merits of those positions, available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. There were no uncertain tax positions at February 11, 2022.

The Parent will file income tax returns in the U.S. federal jurisdiction and in various state jurisdictions.

**MILLCARE FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENT**  
**FEBRUARY 11, 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue and cost recognition

The Company expects that it will derive substantially all its revenue from franchise agreements related to franchise fee revenue, royalty revenue, transfer fees, promotional fund revenue, and technology fees. No such franchise agreements have been executed as of the date this financial statement was available to be issued.

*Franchise fees and royalties*

Contract consideration from franchisees is expected to consist primarily of initial or renewal franchise fees, multi-unit agreement fees ("MUAs"), sales-based royalties, sales-based promotional fund fees, technology fees and transfer fees payable by a franchisee for the transfer of their franchise unit to another franchisee. The Company expects to also enter into MUAs which grant a franchisee the right to develop two or more franchise territories. The Company intends to collect an up-front fee for the grant of such rights. The initial franchise fees and up-front multi-unit fees are nonrefundable and collectible when the underlying franchise agreement or MUA is signed by the franchisee. Sales-based royalties, sales-based promotional fees, and technology fees are payable on a monthly basis. Renewal and transfer fees will be due from franchisees when an existing franchisee renews the franchise agreement for an additional term or when a transfer to a third party occurs, respectively.

The Company's primary performance obligation under the franchise agreement includes granting certain rights to the Company's intellectual property in addition to a variety of services relating to opening a franchise unit. Those services include training and other such activities commonly referred to collectively as "pre-opening activities." Pre-opening activities consistent with those under FASB Accounting Standards Update ("ASU") No. 2021-02, *Franchisors - Revenue from Contracts with Customers* (Subtopic 952-606) ("ASU 2021-02"), will be recognized as a single performance obligation. For all other pre-opening activities, if any, the Company will determine if a certain portion of those pre-opening activities provided is not brand specific and provides the franchisee with relevant general business information that is separate from the operation of a Company-branded franchise unit. The portion of pre-opening activities that is not brand specific will be deemed to be distinct as it provides a benefit to the franchisee and is not highly interrelated to the use of the Company's intellectual property, and will therefore be accounted for as a separate performance obligation. All other pre-opening activities are expected to be highly interrelated to the use of the Company's intellectual property and will therefore be accounted for as a single performance obligation, which will be satisfied by granting certain rights to use the Company's intellectual property over the term of each franchise agreement.

The Company will estimate the stand-alone selling price of pre-opening activities using an adjusted market assessment approach. The Company will first allocate the initial franchise fees and the fixed consideration under the franchise agreement to the stand-alone selling price of the pre-opening activities and the residual, if any, to the right to access the Company's intellectual property. Consideration allocated to pre-opening activities, other than those included under ASU 2021-02, which are not brand specific will be recognized when those performance obligations are satisfied. Consideration allocated to pre-opening activities included under ASU 2021-02 will be recognized when those performance obligations are satisfied.

**MILLCARE FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENT**  
**FEBRUARY 11, 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Revenue and cost recognition (continued)

*Franchise fees and royalties (continued)*

Initial and renewal franchise fees allocated to the right to access the Company's intellectual property will be recognized as revenue on a straight-line basis over the term of the respective franchise agreement. MUAs generally consist of an obligation to grant the right to open two or more territories. These development rights are not distinct from franchise agreements; therefore, up-front fees paid by franchisees for development rights will be deferred and apportioned to each franchise agreement signed by the franchisee. The pro-rata amount apportioned to each franchise agreement will be recognized as revenue in the same manner as the initial and renewal franchise fees. Initial and renewal franchise fees related to the MUAs will be recorded as contract liabilities at their contract transaction price.

Royalties will be earned as a percentage of franchisee gross sales ("sales-based royalties") over the term of the franchise agreement, as defined in each respective franchise agreement. Franchise royalties which represent sales-based royalties that are related entirely to the use of the Company's intellectual property will be recognized as franchisee sales occur and the royalty is deemed collectible.

*Promotional fund*

The Company may maintain a promotional fund which will be established to develop and purchase national, regional, and local advertising for franchise units. Promotional fund fees will be collected from franchisees based on a percentage of franchisee gross sales. The Company has determined that it acts as a principal in the collection and administration of the promotional fund and therefore will recognize the revenues and expenses related to the marketing and promotional fund on a gross basis. The Company has determined that the right to access its intellectual property and administration of the promotional fund are highly interrelated and therefore will be accounted for as a single performance obligation. As a result, revenues from the promotional fund represent sales-based royalties related to the right to access the Company's intellectual property, which will be recognized as franchisee sales occur.

If promotional fund fees exceed the related promotional expenses in a reporting period, promotional costs will be accrued up to the amount of promotional fund revenues recognized.

*Other revenues*

The Company will recognize revenue from other fees and other services provided to the franchisees as a single performance obligation, when the services are rendered.

*Incremental costs of obtaining a contract*

The Company will capitalize direct and incremental costs, principally consisting of commissions, associated with the sale of franchises and amortize them over the term of the franchise agreement and MUAs. In the case of costs paid related to MUAs for which no signed franchise agreement has been received, these costs will be deferred until the signed franchise agreement is received.

**MILLCARE FRANCHISING, LLC**  
**(A Limited Liability Company)**  
**NOTES TO FINANCIAL STATEMENT**  
**FEBRUARY 11, 2022**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Recently issued but not yet effective accounting pronouncements

In February 2016, FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"), which among other items, requires an entity to recognize lease assets and lease liabilities in the Company's balance sheet and to disclose key information about leasing transactions. In June 2020, FASB issued ASU No. 2020-05, which defers the effective date for annual reporting periods beginning after December 15, 2021. The Company is evaluating the effect that ASU 2016-02 will have on its financial statement and related disclosures.

Subsequent events

In accordance with FASB ASC 855, *Subsequent Events*, the Company has evaluated subsequent events through March 10, 2022, the date on which this financial statement was available to be issued. There were no material subsequent events that required recognition or additional disclosure in this financial statement.

**NOTE 3. CONCENTRATIONS OF CREDIT RISK**

The Company places its cash, which may at times be in excess of Federal Deposit Insurance Corporation insurance limits, with a major financial institution. The Company believes that this policy will limit its exposure to credit risk.

**NOTE 4. RELATED-PARTY TRANSACTIONS**

License agreement

On March 1, 2022, the Company entered into a perpetual license agreement with the Parent for the use of various registered names, including but not limited to "milliCare," as defined in the agreement (the "License Agreement"). Pursuant to the License Agreement, the Company acquired the right to sell "milliCare" franchises, and the right to earn franchise fees, royalties and other fees from franchisees.

Shared services arrangement

On January 31, 2022, the Company entered into a shared service arrangement with the Parent to provide management oversight services and other services, as agreed upon. Pursuant to the shared services arrangement, the Company has agreed to reimburse the Parent for all shared service costs incurred by the Parent on behalf of the Company. From January 31, 2022 through February 11, 2022, there were no shared service fees charged by the Parent for these services.

**NOTE 5. PROMOTIONAL FUND**

Pursuant to the structured form of the franchising arrangement, the Company reserves the right to collect promotional fund fees up to 2% of franchisees' reported sales. These funds are to be spent solely on advertising and related expenses for the benefit of the franchisees, all at the discretion of the Company. As of February 11, 2022, the Company has not yet established a promotional fund.



**EXHIBIT C**  
**FRANCHISE AGREEMENT**

**FRANCHISE AGREEMENT**  
**MILLCARE® FLOOR & TEXTILE CARE**

**milliCare® Services System**

**TABLE OF CONTENTS**

1.	FRANCHISE AND TERM .....	3
	1.1 Grant of Franchise.....	3
	1.2 Current Services.....	4
	1.3 Territory.....	4
	1.4 Term.....	6
2.	OBLIGATIONS OF MILLCARE.....	7
	2.1 Site Selection.....	7
	2.2 Facilities Layout.....	7
	2.3 Confidential Manual.....	7
	2.4 Initial Training.....	8
	2.5 Ongoing Training.....	8
	2.6 Opening Assistance.....	9
	2.7 Advisory Services.....	9
	2.8 Proprietary Products and Proprietary Equipment.....	9
	2.9 Non-Proprietary Equipment and Supplies.....	9
	2.10 Inspection.....	10
	2.11 National or Strategic Accounts.....	10
	2.12 Customer Leads.....	10
3.	OBLIGATIONS OF FRANCHISEE.....	11
	3.1 Lease.....	11
	3.2 Tenant Improvements.....	11
	3.3 Owner Participation and Responsibility.....	11
	3.4 Training.....	11
	3.5 Employees.....	12
	3.6 Opening of Business.....	12
	3.7 Business Hours.....	12
	3.8 Apparel.....	12
	3.9 Use of Marks.....	12
	3.10 Confidential Manual.....	13
	3.11 Proprietary Products.....	13
	3.12 Equipment and Supplies.....	14
	3.13 Pricing.....	14
	3.14 Independent Advertising.....	14
	3.15 Accounting Records and Reports.....	15
	3.16 Maintenance and Repair.....	15

3.17	Confidentiality.....	16
3.18	Competition.....	16
3.19	Insurance.....	17
3.20	Signs.....	18
3.21	Taxes.....	18
3.22	Compliance with Law.....	18
3.23	Operating Costs.....	18
3.24	Success of Business; Information.....	18
3.25	Indemnity.....	19
3.26	National or Strategic Accounts.....	19
3.27	Contracts with Customers.....	19
3.28	Promotion and Development of Business.....	19
3.29	Computer System.....	19
4.	FEES.....	20
4.1	Initial Fee.....	20
4.2	Continuing Fee.....	20
4.3	Technology Fee.....	21
4.4	Promotional Fund.....	21
4.5	Transfer Fee.....	22
4.6	Default Fee.....	<b>Error! Bookmark not defined.</b>
4.7	Non-Attendance Fee.....	22
4.8	Late Payment.....	22
5.	TRANSFERABILITY.....	23
5.1	Transfer by Franchisor.....	23
5.2	Transfer by Franchisee.....	23
5.3	Death or Disability.....	25
5.4	Assignment to Corporation or Limited Liability Company.....	25
5.5	Right of First Refusal.....	26
6.	TERMINATION AND DEFAULTS.....	27
6.1	Termination by Franchisor.....	27
6.2	Rights and Duties of Parties Upon Expiration or Termination.....	28
6.3	Dispute Resolution.....	29
6.4	Termination Not Exclusive Remedy.....	30
6.5	Future Communications.....	31
7.	MISCELLANEOUS.....	31
7.1	Governing Law.....	31
7.2	Forum Selection; Jurisdiction.....	31
7.3	Compliance with Law.....	31
7.4	No Subsequent Waiver.....	31
7.5	No Class Actions.....	31
7.6	No Punitive Damages.....	31

7.7	No Trial By Jury. ....	32
7.8	Continuing Obligations.....	32
7.9	Limitation of Claims. ....	32
7.10	Notices and Communications. ....	32
7.11	Costs and Legal Fees. ....	32
7.12	Modifications to System. ....	33
7.13	Amendment.....	33
7.14	Remedies Cumulative. ....	33
7.15	Other Franchises. ....	33
7.16	Successors and Assigns.....	33
7.17	Relationship of the Parties. ....	33
7.18	Entire Agreement. ....	33
7.19	No Warranties. ....	34
7.20	Severability. ....	34
7.21	Other Parties.....	34
7.22	Accuracy of Representations. ....	34
7.23	Construction.....	34
7.24	Acknowledgements.....	34
7.25	Additional Representations. ....	35
7.26	Counterparts.....	36

**EXHIBITS:**

A –Territory

B – Continuation of Other Non-Competing Businesses

# MILLCARE® FLOOR & TEXTILE CARE

## FRANCHISE AGREEMENT

This Franchise Agreement (the “**Agreement**”) is made by and between milliCare Franchising, LLC. (“**milliCare**”), a Delaware limited liability company with an address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 Carolina limited liability company (“**Franchisor**”), and \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

A. Franchisor owns proprietary know-how and trade secrets relating to the establishment, marketing, promotion, and operation of businesses that provide cleaning, maintenance, and protective treatment of floor coverings, interior finishes and interior furnishings and related services in commercial, industrial, and office properties (the “**milliCare® Services System**” or the “**System**”).

B. Franchisor has expended time, effort, and money to develop and protect business plans, procedures, training programs, and marketing identity in connection with the operation of the milliCare® Services System.

C. Franchisor has rights to the trademark, distinctive logo, and identifying commercial symbol and design “**milliCare®**” for use with cleaning compounds and the service mark and name “**milliCare®**” and accompanying distinctive logo for interior maintenance, and anticipates developing additional trademarks, trade names, service marks, and other commercial symbols (such marks as now existing or as they may be developed hereafter being referred to herein as the “**Marks**”).

D. Franchisor maintains high standards of quality for its products and services such that valuable goodwill is attached to the Marks.

E. Franchisee desires to obtain the right to own and operate a franchised milliCare® services business on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing and the promises contained herein, the parties agree as follows:

### 1. FRANCHISE AND TERM

**1.1 Grant of Franchise.** Franchisor grants to Franchisee, and Franchisee accepts, the right to use the Marks and the milliCare® Services System of Franchisor in the operation of a business (the “**Franchised Business**”) on the terms and conditions set forth in this Agreement. Franchisee may not use the Marks in any other business or offer any products or services which are not included within the Franchised Business without the prior written consent of Franchisor. Franchisee must use the milliCare® Services System to: (1) provide cleaning, maintenance, and protective treatment of carpet; (2) provide cleaning, maintenance, and protective treatment of textile panels and upholstery; (3) provide private-labeled performance coatings chemistries and processes; (4) provide private-labeled tile and grout cleaning and maintenance chemistries and processes, and other hard surface cleaning and maintenance; and (5) provide advisory services to specified clients with the Company’s written consent (which may include consulting services and the sale of performance coatings and maintenance products, including Franchisor’s proprietary

or private-labeled performance coatings and maintenance products (collectively, the “**Services**”). Franchisor reserves the right to introduce new Services or eliminate any current or other Services during the term of this Agreement as part of the milliCare® Services System, provided that any new Services must relate solely to cleaning, maintenance, and related services for commercial, industrial, and office properties. Franchisee shall be required to provide all Services that Franchisor requires and approves for your franchise. Franchisee may not provide Services to residential customers.

**1.2 Current Services.** The current Services that are part of the milliCare® Services System primarily are based upon milliCare® dry maintenance chemistries and processes, private-labeled performance coatings chemistries and processes, and private-labeled tile and grout and other hard surface cleaning/maintenance chemistries and processes. All such services, chemistries, and processes may be supplemented, as Franchisor may determine, by other maintenance services, chemistries, and processes.

**1.3 Territory.** Franchisee is hereby granted Territory defined by geographic boundaries as determined by Franchisor in its sole discretion after giving consideration to relevant demographic information, including population density and the number of square feet of office, commercial and industrial space, the actual boundaries of which are set forth on Exhibit A attached to this Agreement and which will be deemed a part of this Agreement. If you receive a “Protected Territory”, Franchisor will not operate, or grant a franchise for others to operate a milliCare franchised business under the Marks within the Protected Territory except as set forth below. If you receive a “Marketing Territory” Franchisor may operate, or grant franchises to others to operate a milliCare franchised business under the Marks with a Marketing Territory within, or that overlaps with, your Marketing Territory who may advertise and solicit customer accounts within your Marketing Territory and who may be in competition with you.

Franchisee may not conduct any advertising that is circulated outside the Territory or otherwise solicit customer accounts that are located outside the Territory without the prior written consent of Franchisor. Franchisee may not hold itself out to the public as being able to provide the Services outside the Territory. Franchisee may not solicit customers within the Territory with respect to Services that would be provided to such customer both within and outside the Territory (such customer being referred to as a “**Strategic Account**” or “**National Account**”) without the prior written consent of Franchisor. If Franchisee receives customer inquiries or leads from outside the Territory, it must direct such inquiries or leads to Franchisor. The Company retains the right to solicit and sell to National Accounts within the Territory, including solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet. Franchisee may provide Services outside of the Territory only if Franchisor gives you its written consent to provide these Services outside the Territory.

If the Franchisor enters into an agreement to provide Services to any customer that has a location within the Territory, the Franchisor may offer Franchisee the right to service this account at the location and at the terms upon which the Franchisor and this account have agreed. Franchisee may decline to perform Services for National Accounts which are referred by Franchisor. In the event Franchisee enters into an agreement to provide Services to a National Account with upon Franchisor’s consent, Franchisee’s agreement in respect thereof must provide that Services for locations other than in the Territory must be referred to or subcontracted to other milliCare® franchisees (“**Other Franchisees**”). Franchisee must give Other Franchisees a right of first refusal to provide the Services to locations of any National or Strategic Account that are located in the Territories of Other Franchisees. In the event that no other milliCare® franchisee is able to service such National Account, Franchisee may sub-contract such business to a non-milliCare® service provider only if Franchisor gives prior written consent to the use of such non-milliCare® service provider.

If Franchisee is granted a Marketing Territory, Franchisee may not, directly or indirectly, sell, offer to sell, or provide any of the products or Services to any current customer of another milliCare® franchisee (including customers invoiced by that franchisee during the previous 365 days) with respect to all property owned, leased, or managed by that customer within the same building or building complex (“**Customer Accounts**”) in the Marketing Territory (“**Overlapping Franchisee**”). For the purpose of this paragraph, “**customer**” shall be defined as the decision-maker that determines which Franchisor will provide its carpet cleaning and maintenance services. You must submit monthly reports to the Franchisor, in a form and manner as the Franchisor may require, which list all of your current customers and which reflect additions to and deletions from the previous report. Franchisee must post and maintain on the Franchisor’s private extranet, on a monthly basis, a listing of Franchisee’s Customer Accounts, including the name and address of each Customer Account. The provisions of this paragraph are intended to be broadly interpreted to prevent Franchisee from directly or indirectly interfering with any of the customer relationships that have been established by an Overlapping Franchisee in a Marketing Territory. The provisions of this paragraph will not apply if Franchisee obtains written permission, granted by the President or Vice President of the Company, to engage in conduct that otherwise is prohibited in this paragraph. If Franchisee violates any of the provisions of this paragraph, Franchisee must pay to the Overlapping Franchisee(s) 50% of the revenue derived from the Customer Accounts that caused the violation. This revenue must be paid to the Overlapping Franchisee(s) within 10 days of receiving such revenue, for so long as Franchisee receives revenue from those Customer Accounts. However, if Franchisee commits more than 1 violation of the provisions of this paragraph, Franchisor may terminate your Franchise Agreement. This prohibition will apply only if the Customer Accounts creating an Overlapping Franchisee have been entered into the Franchisor’s customer database, and only if an Overlapping Franchisee is subject to the same or similar provisions of this paragraph.

The Franchisor, its parents, or its affiliates have the right to use other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing, to make sales within any the Territory using the Marks. Franchisee may not solicit or accept orders from customers outside of the Territory, and Franchisee may not solicit or accept orders from customers within the Territory if services to that customer will be provided, in whole or in part, outside of the Territory. Franchisee also may not make sales within or outside of the Territory using other channels of distribution, including the Internet, catalog sales, telemarketing, or other direct marketing without Franchisor’s consent.

Franchisor may purchase, merge, acquire or be acquired by or affiliate with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business’ facilities, and Franchisor may then operate, franchise or license those other businesses and/or facilities under any names or marks other than the Marks regardless of the location of these businesses and/or facilities, which may be within the Territory or immediately near it. Franchisee will receive no compensation for these activities.

Franchisor retains the right to solicit and sell to accounts within the Territory that also have locations outside of the Territory, including, but not limited to, solicitation and sales via direct marketing campaigns, telemarketing, and by use of the Internet and other online computer networks, without compensating Franchisee.

## 1.4 Term.

1.4.1 **Initial Term.** This Agreement is effective and binding for an initial term of 10 years commencing on the date of its execution by Franchisor, unless sooner terminated as provided herein.

1.4.2 **Renewal Term.** Subject to Section 1.4.3, Franchisee may renew its right to operate as a franchisee of Franchisor for two successive 5-year terms on the same terms and conditions on which Franchisor is then customarily granting new franchises; or, if Franchisor is not then granting any new franchises, then on the same terms and conditions on which Franchisor is then customarily granting renewal franchises by executing the then current form of such agreement. If renewal is granted, Franchisee will be required to pay a \$5,000 renewal fee. The Franchisee must give Franchisor written notice of intent to renew not more than 180 calendar days nor less than 90 calendar days prior to the expiration of the preceding term.

1.4.3 **Renewal Conditions.** Notwithstanding the foregoing provisions, Franchisor will not be obligated to renew Franchisee's right to operate as a franchisee of Franchisor if Franchisee has failed to satisfy certain renewal conditions, has failed to perform fully Franchisee's duties, obligations and covenants during the preceding term, or is then in default of any provision of this Agreement or any policy or standard of the milliCare® Services System. Among the renewal conditions that Franchisee must satisfy are the following:

(a) Franchisee must have fully complied with all the terms and conditions of this Agreement throughout the term;

(b) Franchisee must have exercised diligent efforts to develop the Franchise to its full potential during the term, in a manner acceptable to Franchisor;

(c) Franchisee must have met Franchisor's then current subjective and objective standards for new franchisees, including those relating to relevant experience, education and licensing, background and past record of compliance with laws, financial capacity, skills, integrity and other qualities of character, and shall have provided Franchisor with all such documentation that Franchisor may have requested to make such a determination, including but not limited to federal income tax returns and/or financial statements for the milliCare® Franchise, and for any other business operated at the same location as that of the Franchise;

(d) Franchisee must have given Franchisor written notice of its election to renew the franchise relationship not less than 90 days nor more than 180 days prior to the end of the term;

(e) Franchisee and its employees must have completed, or must have agreed to complete, at its own expense (including the cost of the course, and all travel, meal, and lodging expenses), all training programs and business consulting programs required by Franchisor. Franchisee, its principal owners, or their designee involved in the Franchised Business must have attended milliCare® University classroom training at least 6 of the 10 years of the Initial Term and at least 3 out of 5 years of any Renewal Term. milliCare® University classroom training is held annually as we determine;

(f) If required by Franchisor, Franchisee, Franchisee's principal owners, or their designee involved in the Franchised Business must have attended all required meetings, seminars, conferences, and other events, and this shall include the requirement that they attend the milliCare® Annual



Exchange Conference at least 6 of the 10 years of the Initial Term and at least 3 of the 5 years of the Renewal Term;

(g) Franchisee must execute a general release releasing Franchisor from any claims arising during the Initial Term and during any Renewal Term; and

(h) Franchisee and its owners must have executed the form of franchise agreement (including any additional supplemental agreements then being used by Franchisor) that Franchisor is then customarily using in connection with the granting of milliCare® franchises, which agreement shall supersede this Agreement and may have terms materially different from those appearing in this Agreement, including, without limitation, requirements to upgrade equipment and facilities, use new systems and procedures, and pay higher fees and Promotional Fund contributions.

1.4.4 **Month-to-Month Operation.** If, with our consent, Franchisee continues to operate the Franchised Business after the end of the term without proper renewal, Franchisee will be deemed to be operating on a month-to-month basis under the terms and conditions of the franchise agreement and other agreements being used by Franchisor at the time of expiration of this Agreement, and from time-to-time thereafter, in connection with the granting of milliCare® franchises; provided, however, that Franchisee's rights to operate the Franchised Business under these circumstances may be terminated by Franchisor at any time and without cause, in Franchisor's sole discretion, upon 10 days prior written notice to Franchisee.

## 2. OBLIGATIONS OF MILLICARE

**2.1 Site Selection.** The Franchised Business may be operated at such location (the "**Location**") within the Territory as may be approved in advance by Franchisor in writing. Final site selection will be subject to the approval of Franchisor, which approval will not be unreasonably withheld. To obtain approval, Franchisee must give Franchisor written notice of the proposed Location, as well as photographs of inside and outside the premises of the proposed Location. If Franchisor does not give Franchisee written notice of disapproval within 20 business days after receipt of the written notice of the proposed Location, then the proposed Location will be deemed to be approved by Franchisor. Franchisee specifically acknowledges that site approval by Franchisor is not to be interpreted as a guarantee of success or profitability of the Franchised Business which is to be operated at the Location.

**2.2 Facilities Layout.** Franchisor will, if requested by Franchisee, provide Franchisee with advice concerning a generalized space plan, workflow and general layout of a typical milliCare® Services System office and warehouse facility.

**2.3 Confidential Manual.** Franchisor will give Franchisee access to the milliCare® Services System Confidential Operating Manual and Confidential Technical Manual (as they may be revised, collectively the "**Confidential Manual**") to use during the term of this Agreement. Franchisor may revise the contents of the Confidential Manual, in a form and manner as Franchisor may determine, to convey to Franchisee advancements and new developments in sales, marketing, operational techniques, and any other items and procedures relevant to the operation of the Franchised Business. Franchisor will send revisions, or a completely revised Confidential Manual, to Franchisee, at no cost to Franchisee. The revisions and/or the Confidential Manual may be in electronic, digital, or another format.

**2.4 Initial Training.** Franchisor will conduct a comprehensive initial training program in the management and operation of the Franchised Business (“**Initial Training Program**”). The Initial Training Program must be successfully completed by Franchisee’s General Manager. The first module of the Initial Training Program must be successfully completed prior to beginning operation of the franchised business. Franchisee must have a minimum of one dedicated, full time, fully trained salesperson. The Initial Training Program, which consists of a program provided in several separate modules, will be conducted during the one-year period following execution of the Franchise Agreement, and will consist of:

2.4.1 Up to 5 calendar days of instruction at Franchisor’s business offices in Spartanburg, South Carolina, at another location in the United States, and/or via a computerized training module, which will include orientation to milliCare®, introduction to the milliCare® franchise program, introduction to commercial maintenance, and advanced commercial maintenance;

2.4.2 Up to 5 calendar days of marketing and sales training at Franchisor’s business offices in Spartanburg, South Carolina, at another location in the United States, and/or via a computerized training module, which will include marketing methods and sales techniques; and

2.4.3 Up to 3 calendar days of startup support at Franchisee’s business location.

Franchisee will be responsible for all travel, food, lodging, and other expenses incurred by Franchisee and any of its employees in connection with attendance at the Initial Training Program. If any trainee fails to successfully complete the Initial Training Program, such trainee will be permitted to repeat the Initial Training Program. If Franchisee’s General Manager or any of its designated salespersons fails to complete the Initial Training Program to the satisfaction of Franchisor, then Franchisor will have the right to terminate this Franchise Agreement.

**2.5 Ongoing Training.** If required by Franchisor, Franchisee and its employees must attend ongoing training programs and training that is part of Franchisor’s education ladder. Franchisee will be responsible for all travel, food, lodging, and other expenses incurred by Franchisee and its employees in connection with attendance at the training set forth below, including any registration fees that may be charged by the Franchisor.

2.5.1 **Specific Training.** Franchisor will provide training on specific, job-related issues for technicians, administrative staff, operations managers, and sales and marketing personnel on an ongoing basis as Franchisor deems appropriate. Ongoing training classes will typically be between 1 and 5 calendar-day sessions. Attendance requirements will be determined by Franchisor in its sole discretion. Specific training may include technical skills training at a designated model franchise, which would include job costing and scheduling, training, job site behavior, equipment usage, storage and maintenance, and marketing and sales techniques for the Services.

2.5.2 **General Training.** Franchisor will provide ongoing general training on an annual basis to introduce new products, services, and equipment, to review sales and marketing practices, and to discuss other topics that are relevant to the Services provided by Franchisee. Ongoing general training classes will be held on a regional, national, or international basis, as determined by the Franchisor, and will typically be 2 or 3 calendar-day sessions. Franchisor will hold ongoing general training at the milliCare® National Exchange Conference, known as the “**Exchange**,” and milliCare® University; and Franchisee, Franchisee’s principal owners, or their designee involved in the Franchised Business for every Territory are required to attend such general training classes as specified by Franchisor; and provided further that in

all events, Franchisee, Franchisee's principal owners, or their designee involved in the Franchised Business shall attend general training at milliCare® University at least 6 years out of the 10 year term of this Agreement as a condition to Franchisee receiving a Renewal Term; and provided further that either Franchisee, Franchisee's principal owners, or their designee involved in the Franchised Business shall attend general training at the Exchange at least 6 years out of the 10 year term as a condition to Franchisee receiving a Renewal Term. Attendance requirements at other ongoing general training sessions will be determined by Franchisor in its sole discretion.

**2.5.3 New Hires.** If Franchisee hires a new General Manager or salesperson, such employee shall be required to complete the Initial Training Program within the one-year period following the date they were hired by Franchisee. In the event that Franchisee hires a new location or operations manager or lead technician, Franchisee will cause each of such employees to attend a course providing the training required for such person's position within 90 calendar days of the date such person is hired by Franchisee or not later than the date such course is next offered by Franchisor if more than three months after such person is hired by Franchisee. Franchisee must notify Franchisor of such new hires in writing within 14 calendar days of the date such person is hired by Franchisee. Franchisor will not charge an initial training fee for such new hires, but Franchisee will be responsible for all of the new hires' expenses incurred in connection with attending the Initial Training Program, including flight, room, board, wages, and insurance.

**2.6 Opening Assistance.** A representative of Franchisor will advise and assist Franchisee in the opening of the Franchised Business and in establishing and standardizing procedures and techniques essential to the operation of a milliCare® Services System business. A representative of Franchisor shall visit Franchisee's location for at least 5 days within 45 days after the opening of the Franchised Business to assist Franchisee in the operation of the Franchised Business.

**2.7 Advisory Services.** Franchisor will provide, as and to the extent required in Franchisor's judgment, a continuing advisory service, which may include consultation on promotional, marketing, and advertising techniques and customer relations. Representatives of Franchisor will visit and consult regularly with Franchisee at no cost to the Franchisee. Field representatives will be available at Franchisee's request for extraordinary consultation and assistance on a fee basis by appointment only. Franchisor's current fee for extraordinary assistance is \$750 per day, plus expenses, and may be increased by Franchisor.

**2.8 Proprietary Products and Proprietary Equipment.** "Proprietary Products and Proprietary Equipment" ("Proprietary Products") are those products and equipment that serve to establish the superior quality or branding of the milliCare® Services System. Franchisor or a person designated by Franchisor (which may be an affiliate of Franchisor) will sell to the Franchisee such milliCare® Proprietary Products as are set forth in the Confidential Manual, and such other Proprietary Products which Franchisor may hereafter develop or obtain. The sale or lease by Franchisor or such other person of such Proprietary Products or equipment to Franchisee will include a commercially reasonable markup. If Franchisor designates a third-party as a supplier of, or to private-label, Proprietary Products to the milliCare® Services System, Franchisor may receive and retain service fees and/or license fees from such provider. Franchisee may not become a wholesaler or distributor of Proprietary Products and may not re-sell Proprietary Products, except in connection with the provision of Services by Franchisee.

**2.9 Non-Proprietary Equipment and Supplies.** Franchisee will have the right to purchase equipment and supply items that Franchisor pre-approves, other than the Proprietary Products, for use in

providing Services, only from suppliers approved in writing by Franchisor or, if there is no approved supplier for a particular equipment or supply item, from such other suppliers who meet all of Franchisor's specifications and standards as to quality, composition, and functionality and adequately demonstrate their capacity and facilities to supply Franchisee's needs in the quantities, at the times, and with the reliability necessary for an efficient operation. A list of approved suppliers and approved products will be included in the Confidential Manual and may be revised by Franchisor from time to time in its sole discretion. Franchisor reserves the right to designate a single supplier for any equipment and supply items and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier may be Franchisor or its affiliates. Franchisor and its affiliates may receive payments from suppliers on account of such supplier's sales to Franchisee and other franchisees, and Franchisor may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate. If Franchisee wishes to purchase any equipment or supplies that have not been approved by Franchisor or from a supplier who has not been approved by Franchisor, Franchisee must submit a written request to change products or suppliers to Franchisor. In order to obtain approval of any such proposed alternative equipment, supply item, or supplier, Franchisee must provide Franchisor with documentation from a source independent of Franchisee or the proposed supplier which demonstrates, to the satisfaction of Franchisor, that the proposed alternate equipment, supply item, or supplier, performs as well as the item or supplier to be replaced. Notwithstanding such documentation, Franchisor will have the right to further test any such proposed equipment or supply item, and to further evaluate any such proposed alternate supplier, and Franchisor will be reimbursed by Franchisee for the costs of testing any such items or suppliers. In addition, Franchisor reserves the right at any time to require substitution of newly developed Proprietary Products for non-proprietary items, which would then be sold to Franchisee in accordance with Section 2.8. The sale by Franchisor of non-proprietary equipment and supplies to Franchisee shall include a commercially reasonable markup. Notwithstanding anything stated above, Franchisor may, in its sole discretion, disapprove proposed and existing suppliers, equipment, and supply items for any reason, including the number of suppliers, equipment, and supply items that has already been approved. In addition, Franchisee may not become a wholesaler or distributor of non-proprietary equipment and supplies related to the Services to other franchisees or to customers of the milliCare® franchise system.

**2.10 Inspection.** In order to preserve the validity and integrity of the Marks, and to assure that Franchisee is properly employing the milliCare® Services System in the operation of the Franchised Business, Franchisor and its agents will have the right of entry and inspection of Franchisee's premises, the right to observe the manner in which Franchisee is rendering the Services, and the right to survey and/or confer with Franchisee's employees, customers, and business associates.

**2.11 National or Strategic Accounts.** To the extent that Franchisor enters into an agreement to provide the Services to any National or Strategic Account which has a location within the Territory, Franchisor may offer Franchisee the right to service such account at such location at the terms upon which Franchisor and the National or Strategic Account have agreed. In the event that there is more than one franchisee licensed by Franchisor in a Marketing Territory, Franchisor may allocate opportunities to service National or Strategic Accounts between such franchisees, as Franchisor in its sole discretion deems appropriate. If, for any reason, Franchisee elects not to service a National or Strategic Account that is offered to Franchisee, Franchisor may, in its sole discretion, service such account or appoint any other party to service such account.

**2.12 Customer Leads.** From time to time during the term of this Agreement, Franchisor and its affiliates may provide Franchisee with the identity of potential customers for the Services within the Territory. Franchisee acknowledges that many of such leads will be produced through the efforts of

affiliated carpet sales representatives. In the event that there is more than one franchisee licensed by Franchisor in a Marketing Territory, Franchisor may allocate such leads between such franchisees, as Franchisor in its sole discretion deems appropriate.

Franchisor may from time to time provide Franchisee with leads for potential customers for Services in locations that are not part of any franchisee's Territory. Franchisee acknowledges and agrees that neither its ability to service, nor the grant of Franchisor's permission to service, customers located outside the Territory affords it any right, title, or interest in or to such area (including any right to service additional customers located outside the Territory, or to acquire such area or any right of first refusal as to such area).

### 3. OBLIGATIONS OF FRANCHISEE

**3.1 Lease.** Franchisee must execute a lease or otherwise secure sales office and warehouse premises for the operation of the Franchised Business within 60 calendar days after execution of this Agreement by Franchisor. If Franchisee does not secure premises within such 60-day period, Franchisor may terminate this Franchise Agreement.

**3.2 Tenant Improvements.** Upon execution of the lease(s) for the Location, Franchisee must commence construction and installation of all tenant improvements, trade fixtures, displays, and interior decor necessary or appropriate to commence business. The leased premises must be maintained in a safe and orderly manner, present a neat and businesslike appearance, and be adequately staffed. A generalized space plan and layout will be suggested in the Confidential Manual, but Franchisee is not required to conform to the same. If requested by Franchisee, Franchisor will make itself reasonably available to assist Franchisee in the design or layout of such premises and in the types of improvements appropriate.

**3.3 Owner Participation and Responsibility.** Franchisee shall be required to have, at all times, a fully trained General Manager and at least one dedicated, full time, fully trained salesperson. Franchisee's General Manager is not required to be a principal of Franchisee. However, if the General Manager is not a principal of Franchisee, Franchisor shall have the right to evaluate and approve or disapprove of such General Manager. If Franchisee owns or operates a non-competing business, as described in Exhibit B of the Franchise Agreement, Franchisee must comply with the milliCare® Co-Brand Guidelines that are incorporated into the Operations Manual, market such services under one or more trading designations separate from the Marks, maintain separate office space (although such space may be located on the premises at the Location), and have the personnel related to such other business(es) wear apparel that does not feature any of the Marks. If Franchisee is a legal entity, the owners, shareholders, and members of Franchisee agree to be bound by all the terms and conditions of this Agreement to the same extent as Franchisee.

**3.4 Training.** Franchisee must ensure that the General Manager successfully complete the Initial Training Program and the Ongoing Training Program, as described in Sections 2.4 and 2.5 of this Agreement; and that the Franchise always has a fully trained General Manager, a Certified Instructor (defined below) and at least one dedicated, full time, fully trained salesperson. Franchisee's employees who sell the Services must complete Franchisor's online sales training. In addition, at least one employee of Franchisee must become certified by the Institute of Inspection, Cleaning and Restoration, or "IICRC" within six months from the date the Franchisee opens the milliCare® business, and the Franchised Business must become certified by the IICRC within 120 days from the date this Agreement is executed. Should the Franchisee's employee certified by the IICRC leave the employment of Franchisee, another employee of

Franchisee must become certified by the IICRC within 6 months of the departure date of the formerly certified employee. Should the Franchised Business lose its certificate by the IICRC, such certification must be obtained again within 120 days of the de-certification.

**3.5 Employees.** Franchisee must hire and train all employees who are necessary for the operation of the Franchised Business. Franchisee must employ a Certified Instructor at all times starting nine months after Franchisee commences business operations. All technicians employed by Franchisee must become milliCare® certified within ninety days from the start of their employment. Franchisee will be solely responsible for the terms of employment of its personnel, including compensation, training, supervision, and payroll tax withholding. With respect to all Services, only Franchisee and its employees may provide such services, and subcontractors are specifically prohibited from providing such services. Franchisee shall take such steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Networking Media Websites (as defined in Section 3.14 below), including, but not limited to, prohibiting employees from posting any information relating to Franchisor or its affiliates, the System, the Marks, or the Franchised Business on any Networking Media Website without Franchisor's prior written approval.

**3.6 Opening of Business.** Franchisee must commence business operations upon completion of the tenant improvements and the issuance of a certificate of occupancy for Franchisee's business premises at the Location, which must be within 60 calendar days from the date on which the Location is deemed approved by the Franchisor. Thereafter, Franchisee must continually operate the Franchised Business as a full-time business enterprise. If Franchisee is delayed in commencing business operations for causes reasonably beyond the control of Franchisee, then the time for performance by Franchisee will be extended for a period equivalent to the time of the delay.

**3.7 Business Hours.** Franchisee must keep the Franchised Business open for business for the number of hours specified in the Confidential Manual unless otherwise authorized in writing by Franchisor.

**3.8 Apparel.** Franchisee and its employees must wear shirts, jackets, or other approved apparel with the milliCare® logo as designated by Franchisor when performing Services for the Franchised Business. In the event Franchisee owns any business(es) other than the Franchised Business or other franchises offered by Franchisor to the extent expressly permitted by Section 3.3, the personnel employed in such other business(es) must wear apparel that does not feature any of the Marks or color schemes of the Franchised Business.

**3.9 Use of Marks.** Franchisee must conduct the Franchised Business only under the Marks and in strict compliance with the Confidential Manual. Franchisor may develop, and require Franchisee to use, additional or substitute Marks in its sole discretion. If Franchisee is a partnership, corporation, limited liability company, or other legal entity, Franchisee may not use any portion of the Marks as part of Franchisee's legal name. Franchisee shall be required to use the "milliCare" name as part of its trade name ("d/b/a"), in such format and style as Franchisor designates from time to time in its sole discretion. Franchisee's trade name may include, in addition to "milliCare," such other name, if any, under which Franchisee previously was engaged in business. Franchisor shall have the right to approve or disapprove Franchisee's trade name.

**3.9.1 Proprietary Rights.** Franchisee acknowledges the exclusive right, title, and interest of Franchisor in and to the Marks and will not take any action contesting or impairing the right, title, and interest of Franchisor in any of the Marks. Franchisee will not represent that Franchisee has any

ownership rights in the Marks and acknowledges that its use of the Marks will not create in its favor any right, title, or interest in or to the Marks, but that all uses will inure to the benefit of Franchisor. Neither Franchisee nor any officer, director, agent, or employee of Franchisee shall in any way register or attempt to register the Marks with any government or any other authority, nor dispute or impugn the validity of the Marks, Franchisor's rights to the Marks or Franchisor's right to use the Marks or grant licenses to others to use the Marks. Franchisee must affix and change trademark notices and indications of registration when and as instructed by Franchisor and must adopt and use in the Franchised Business any new trademarks or service marks owned by Franchisor as they are created or introduced from time to time during the term of this Agreement. Franchisee will assist Franchisor to the extent reasonably requested in obtaining or maintaining any registration of any of the Marks to the extent reasonably requested, including by providing advertising samples.

**3.9.2 *Display of Name.*** At all times during the term of this Agreement, Franchisee will use the Marks and milliCare® name in a form and manner approved by Franchisor, in all advertising, promotions, and communications involving the Franchised Business, including but not limited to telephone yellow pages listings, signs, banners, vans, business cards, stationery, promotional and advertising materials, forms, contracts, Websites (defined in Section 3.14), and all other materials which identify the Franchised Business. All uses of the Marks and milliCare® name by Franchisee must clearly state that Franchisee is independently owned and operated. In the event that Franchisee is expressly permitted by Section 3.3 to own any business(es) other than the Franchised Business unless such business is also a franchise offered by Franchisor, neither Franchisee nor the personnel engaged in such other business(es) may conduct the same under the milliCare® name or any of the Marks or color schemes of the Franchised Business, or operate in any manner so as to cause confusion of origin or sponsorship between milliCare®-related services and products and the services or products offered or rendered by such other business(es).

**3.9.3 *Name Infringement.*** Franchisee will promptly notify Franchisor of any unauthorized use of any of the Marks, or any colorable variation thereof, by third parties. Franchisee will promptly notify Franchisor of any claim, demand, or suit against Franchisee based upon, or arising in connection with, Franchisee's use of any of the Marks. Franchisee acknowledges that Franchisee has no authority to defend or prosecute any action relating to the Marks, and that Franchisor, at its sole discretion, may elect to defend or prosecute any action relating to the Marks. In the event that Franchisor undertakes the defense or prosecution of any litigation relating to the Marks, Franchisee will execute any and all documents and do all acts which may be necessary or of aid, at the determination of Franchisor's legal counsel and at the expense of Franchisor, to carry out the litigation.

**3.10 *Confidential Manual.*** In order to protect the reputation and goodwill associated with the Marks, and to maintain the uniform standards of quality and operations thereunder, Franchisee must conduct the Franchised Business in strict accordance with the Confidential Manual, which shall be in a form as Franchisor may determine, as modified from time to time by Franchisor. If Franchisor elects to provide information to Franchisee on a compact disk or via an electronic file, the original compact disk and all copies must be returned to Franchisor, and all electronic files containing such information must be destroyed or deleted, before such new information will be provided to Franchisee.

**3.11 *Proprietary Products.*** In order to maintain the high standards of quality associated with the milliCare® Services System, Franchisee must purchase such milliCare® Proprietary Products or equipment from Franchisor or a person designated by Franchisor as are referred to in Section 2.8 and as may be set forth in the Confidential Manual. Franchisee must purchase a start-up package of Proprietary Products and equipment at the time Franchisee signs this Agreement. Franchisee must not alter, amend, or

modify any of such Proprietary Products or equipment, or use any other products instead of the Proprietary Products or equipment.

**3.12 Equipment and Supplies.** Franchisee will display, sell, and use only such equipment and supply items of independent suppliers which have been approved by Franchisor in accordance with Section 2.9 hereof. Franchisee must purchase a start-up package of equipment and supply items at the time Franchisee signs this Agreement. Franchisee must purchase or lease at least one van that will be used in the operation of the Franchised Business. In the event Franchisee desires Franchisor approval of a particular supplier, equipment, or supply item, Franchisee will provide the documentation contemplated by Section 2.9 at its sole expense and will reimburse Franchisor for costs of further testing as contemplated by Section 2.9. Franchisee may not enter into or renew any agreement with a third-party vendor of services, supplies, or equipment if such agreement requires that Franchisee disclose information regarding the identity of its customers, or the Services performed by Franchisee for any of its customers. If, as of the date of this Agreement, Franchisee is already a party to an agreement of the sort described in the preceding sentence, Franchisee will not be deemed to be in violation of any of the provisions of this Agreement by virtue thereof for the remainder of the current term of such agreement.

**3.13 Pricing.** Franchisor shall have the right to determine the prices of the products and Services offered and sold by Franchisee, unless it is *per se* unlawful to do so. Franchisor also shall have the right to establish minimum prices and/or maximum prices of the products and Services offered and sold by Franchisee, unless it is *per se* unlawful to do so. Franchisee shall strictly adhere to the lawful prices (including minimum and/or maximum prices) established by Franchisor. Franchisor retains the right to modify the prices from time-to-time in its unfettered discretion. Franchisor also shall have the right to establish suggested prices for the milliCare® products and Services offered and sold by Franchisee, which Franchisee will not be required to adhere to.

**3.14 Independent Advertising.** Franchisee, at its own expense, must conduct local advertising and promotional activities as reasonably required to enhance the public awareness, goodwill, and image of the Franchised Business. Franchisee may not use any advertising, sales, or promotional materials of any kind, or conduct any broadcast advertising or promotion, without first obtaining the written approval of Franchisor, which approval will not be withheld unreasonably. To obtain approval, Franchisee must submit a copy of the proposed advertising to Franchisor for review. If Franchisor does not give Franchisee written notice of disapproval within 15 business days after receipt of the proposed advertising, then such advertising will be deemed to be approved. Notwithstanding the foregoing, Franchisor may from time to time, in its reasonable discretion, provide Franchisee with such marketing programs and brochures developed by Franchisor as Franchisor deems appropriate for use in the Territory. Franchisee may use such of Franchisor's marketing materials in connection with Franchisee's local advertising in accordance with Franchisor's advertising standards and without Franchisor's prior approval unless Franchisor sends written notice to Franchisee that the use of such marketing material is thereafter prohibited. Franchisee must purchase a start-up package of marketing items at the time Franchisee signs this Agreement. Franchisee must comply with all of Franchisor's policies regarding the advertising, promotion, and positioning of the milliCare® brand and image.

Franchisee specifically acknowledges and agrees that any Website shall be deemed "advertising" under this Agreement and will be subject to (among other things) Franchisor's approval under this Section 3.14. (As used in this Agreement, the term "**Website**" means an interactive electronic document contained in a network of computers linked by communications software that refers to the Franchised Business, Marks, Franchisor, and/or the System. The term Website includes, but is not limited to, Internet and World



Wide Web home pages, as well as social and business networking media such as Facebook, Twitter, LinkedIn, and online blogs and forums (“**Networking Media Websites**”) and the Franchisee Website. Franchisee must sign a license agreement with Franchisor’s designated supplier for a branded Website for the Franchised Business (the “**Franchisee Website**”). In connection with any Website, Franchisee agrees to the following:

3.14.1 If Franchisee proposes any material revision to a Website or any of the information contained in a Website, Franchisee shall submit each such revision to Franchisor for Franchisor’s prior written approval.

3.14.2 Franchisee shall not post any information relating to Franchisor or its affiliates, the System, the Marks, or the Franchised Business on a Networking Media Website without Franchisor’s prior written approval; and Franchisee shall not make any posting or other contribution to a Networking Media Website that, in the opinion of Franchisor, (a) is derogatory, disparaging, or critical of Franchisor, (b) is offensive, inflammatory, or indecent, or (c) harms the goodwill and public image of the System and/or the Marks.

### **3.15 Accounting Records and Reports.**

3.15.1 *Maintenance of Books; Reports.* Franchisee must maintain full and complete records of the Franchised Business in accordance with generally accepted accounting principles and the standards and Confidential Manual provided by Franchisor. Franchisee will submit to Franchisor, via any means specified by Franchisor (including electronic means), such information and accounting data as Franchisor may request, including but not limited to profit & loss statements in such format as Franchisor directs for each calendar month (“**Monthly Reports**”) and calendar year (“**Annual Reports**”) within 15 calendar days of the end of each calendar month and calendar year, as appropriate. In addition, within 90 calendar days of the end of each calendar year, Franchisee will furnish Franchisor with unaudited financial statements for the Franchised Business signed by the Franchisee, if the Franchisee is an individual, or the majority partner, shareholder, or member of the Franchisee if the Franchisee is a partnership, corporation, or limited liability company, which shall include an income statement and balance sheet. If Franchisee is a division of a corporation, then the financial statements need only relate to the operations of such division. Within 10 days of filing each year, Franchisee must submit to Franchisor a copy of Franchisee’s income tax returns for the prior year. Additionally, Franchisee must submit reports to Franchisor in the form, content, and frequency specified by Franchisor containing information related to Franchisee’s customers.

3.15.2 *Right of Inspection.* Franchisor has the right, upon a minimum of 48 hours’ notice, to inspect and audit Franchisee’s books, records, ledgers, journals, bank statements, sales tax reports, income tax returns, cash control systems, and other accounting records pertaining to the Franchised Business. If any audit shows that the Franchisee has underpaid any royalties, Promotional Fund contributions (as such term is defined in Section 4.3.1), or other amounts due to Franchisor, Franchisee must immediately make payment to Franchisor to correct the underpayment. If the underpayment exceeds 2% of the total royalties, Promotional Fund contributions or other amounts due in any 12-month period, which includes the date when the underpayment occurred, Franchisee must also pay or reimburse Franchisor for the costs of conducting the audit, in addition to any Late Payment owed to Franchisor.

**3.16 Maintenance and Repair.** Franchisee must maintain the condition and appearance of the Franchised Business in a manner consistent with the milliCare® Services Systems image. Franchisee will perform all maintenance that is reasonably required from time to time to maintain the condition, appearance,

and efficient operation of the Franchised Business, including replacement of worn-out or obsolete fixtures, equipment, signs, supplies and inventory, repair of the interior and exterior of the premises, and periodic cleaning and decorating. If at any time in the Franchisor's reasonable judgment the general state of repair, appearance, or cleanliness of the Franchised Business does not meet Franchisor's standards, then Franchisor will give Franchisee written notice specifying the action to be taken by Franchisee to correct the deficiency, and Franchisee will initiate the required action immediately upon receipt of the notice.

### **3.17 Confidentiality.**

3.17.1 **Proprietary Information.** Franchisee acknowledges that during the term of this Agreement, Franchisee will have access to, become acquainted with, and have disclosed to it by Franchisor confidential information, programs, devices, methods, techniques, and processes that are not generally known to the public pertaining to the promotion, marketing, operation, and management of a business that offers the cleaning, maintenance, and protective treatment of floors, carpet and other floor coverings, textile panels, upholstery, interior finishes and interior furnishings, tile and grout and related services in industrial, commercial, and office properties, including the information contained in the Confidential Manual (the "**Proprietary Information**"); and Franchisee further acknowledges that such Proprietary Information constitutes trade secrets of Franchisor.

3.17.2 **Covenant Not to Disclose or Misuse.** Franchisee must take all steps necessary to preserve and protect the Proprietary Information from publication, communication, or other unauthorized disclosure or misuse. Franchisee must not disclose any of the Proprietary Information, use it in any unauthorized way, or assist any other person or entity to disclose or use it either during the term of this Agreement or at any time thereafter. In particular, Franchisee will require as a condition of the employment of any employee by Franchisee in the management and operation of the Franchised Business that the employee similarly covenants to maintain and protect the Proprietary Information, including the execution of its standard covenants, and Franchisee will be responsible for the compliance with such covenants by its managerial and staff employees, with such covenants being for the benefit of Franchisor and enforceable by Franchisor. In the event Franchisee becomes aware of any actual or threatened violation of any such covenant by any of its employees, Franchisee will promptly and fully advise Franchisor in writing of all related facts known to Franchisee. Franchisee will further cooperate with Franchisor in all ways reasonably requested by Franchisor to prevent or stop any such violation, including without limitation institution or permitting to be instituted in the name of Franchisee any demand, suit, or action that Franchisor determines is advisable, which demand, suit, or action will be maintained and prosecuted solely by and at the expense of Franchisor. The Confidential Manual (as it may be revised from time to time) is, and will be, the sole property of Franchisor, may not be duplicated, and must be returned to Franchisor promptly upon the expiration, nonrenewal, transfer, or other termination of this Agreement.

3.17.3 **Injunctive Relief.** The parties acknowledge that upon violation of any of these covenants, Franchisor will experience irreparable harm and it will be difficult to determine the resulting damages to Franchisor. Therefore, in addition to any other remedies Franchisor may have, Franchisor will be entitled to make application to a court of competent jurisdiction for temporary and permanent injunctive relief without the necessity of proving actual damages.

### **3.18 Competition.**

3.18.1 **Services Limitation.** During the term of this Agreement, except to the extent expressly permitted by Section 3.3, and for the period of 2 years thereafter in the Territory or post-term

within 25-miles of from the Territory of any other milliCare franchised business, Franchisee will not, directly or indirectly, without the consent of Franchisor, for Franchisee or on behalf of or in conjunction with any other person, partnership, corporation, limited liability company, or other legal entity, own, maintain, engage in, be employed by, participate in, or have any interest in the operation of any business that offers products or services that are essentially the same as, or substantially similar to, the products or Services that are part of the milliCare® Services System, except other franchises offered by Franchisor (any business carrying on such activities, being herein called a “**Competing Business**”). For 2 years after the termination or expiration of this Agreement, Franchisee may not, directly or indirectly, sell, offer to sell, or provide any of the products or Services to any customer served or invoiced by Franchisee during the 365 days prior to the termination or expiration of the Agreement.

3.18.2 **Customer Approval.** Franchisee may provide the Services for any customer who is not disapproved in writing by Franchisor. Franchisor may disapprove of customers for any reason.

3.18.3 **Severability of Covenants.** Each of the covenants of Franchisee contained in Sections 3.17.2, 3.18.1, and 3.18.2 is a separate and independent covenant applicable to each of the separate counties and states in the United States in which Franchisor transacts business. To the extent that any such covenant may be determined to be judicially unenforceable in any county or state, that covenant will remain enforceable in every other county and state.

3.18.4 **Covenants of Owners of Franchised Business.** If Franchisee is a partnership, corporation, limited liability company, or other legal entity, each partner, shareholder, member, or other owner of Franchisee will execute and deliver in favor of Franchisor non-disclosure and non-competition covenants, such as those set forth in Exhibit E, in form and substance satisfactory to Franchisor containing provisions substantially the same as those contained in Sections 3.17.2, 3.18.1, and 3.18.2 above.

3.18.5 **Covenants of Employees.** Franchisee must ensure that all employees engaged in the management or operation of the Franchised Business must execute and deliver in favor of Franchisor, prior to commencing employment at the Franchised Business, non-disclosure and non-competition covenants, such as those set forth in Exhibit E, in form and substance satisfactory to Franchisor containing provisions substantially the same as those contained in Sections 3.17.2, 3.18.1, and 3.18.2 above.

### **3.19 Insurance.**

3.19.1 **Duty to Maintain.** Franchisee must obtain and maintain policies of insurance providing the following types of coverage in the amounts set forth in the Confidential Manual:

(a) comprehensive general liability insurance, including broad-form contractual liability, with a combined single limit for death and bodily injury, property damage, and contractual, products, completed operations, contractor, cross or severability-of-interests, and employee types of liabilities;

(b) all-risk property coverage on the contents of the Franchised Business in an amount not less than 90% of the replacement cost;

(c) commercial automobile liability;

(d) violation of employment and labor standards; and

- (e) blanket fidelity insurance for employees.

All such insurance policies must be issued by insurance companies of recognized responsibility, and must be satisfactory to Franchisor in form, substance, and coverage. Each such insurance policy must contain a provision that the policy may not be canceled without 10 calendar days' prior written notice to Franchisor. All comprehensive general liability and automobile insurance policies must designate Franchisor as an additional named insured, and such comprehensive coverage must be maintained in such additional amounts as the landlord of any Authorized Location may require. Franchisor may, in the exercise of its reasonable business judgment, periodically increase the required minimum limits of liability coverage or require Franchisee to maintain additional types of insurance. Franchisee must also maintain workers compensation insurance, unemployment insurance, and all other types of insurance that may be required by applicable law with minimum limits of liability as required by law. Franchisee will deliver to Franchisor a certificate of the issuing insurance company evidencing each policy that is required under this Agreement.

**3.19.2 Failure to Maintain.** If Franchisee fails to obtain or maintain any insurance that is required under this Agreement, Franchisor may, but is not obligated to, obtain the required insurance at the sole cost and expense of Franchisee. All costs incurred by Franchisor must be reimbursed by Franchisee upon demand, together with interest at the lower of 3% above the prime interest rate charged by Franchisor's primary bank and the maximum rate permitted by applicable law, from the date the expense is incurred until the date payment is received by Franchisor.

**3.20 Signs.** Franchisee must maintain and display only standard signs on real estate and motor vehicles in accordance with the specifications established by Franchisor.

**3.21 Taxes.** Franchisee will promptly pay when due all applicable taxes and assessments against the premises and the equipment used in the Franchised Business, and cause to be discharged all liens or encumbrances of every kind or character created or placed upon or against any of its property in accordance with the terms of any agreement, law, ordinance, or court order imposing the same, and all accounts and other indebtedness of every kind incurred by Franchisee in the conduct of the Franchised Business.

**3.22 Compliance with Law.** Franchisee and its owners will comply with all federal, state, and local laws and regulations pertaining to the operation of the Franchised Business and will timely obtain and maintain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Franchised Business. Franchisee will pay promptly, as they become due, all state, city, and county licensing and permit fees and charges in connection with the operation of the Franchised Business.

**3.23 Operating Costs.** Franchisee will maintain and pay its own costs of doing business, including rent, telephone, utilities, insurance, and other fixed and variable expenses.

**3.24 Success of Business; Information.** Franchisee and its owners acknowledge that the success of the business venture contemplated by this Agreement depends primarily upon the business acumen and ability of Franchisee as an independent business owner. Franchisee and its owners acknowledge that neither Franchisor nor any other person has guaranteed or warranted that Franchisee will succeed in the operation of the Franchised Business or has provided or made any sales or income projections of any kind to Franchisee. Franchisee and its owners specifically acknowledge that all material information relating to the offering and operation of the Franchised Business and the Franchisor are contained within Franchisor's Franchise Disclosure Document, this Agreement, and the Confidential Manual, which

Franchisee and its owners have reviewed, that Franchisee and its owners have not relied on any other information in making the decision to enter into this Agreement, and that Franchisor has no obligation to furnish any additional information in connection with this Agreement or the Franchised Business except as expressly contemplated herein. During the term of this Agreement and any time thereafter, Franchisee and its owners specifically agree that no information (financial or otherwise) will be provided to Franchisee or its owners with respect to any company which is affiliated, directly or indirectly, with Franchisor. Franchisee and its owners further acknowledge that there have been no representations, promises, guarantees, or warranties of any kind made by Franchisor to induce Franchisee and its owners to execute this Agreement, except as specifically set forth in the Franchise Disclosure Document that has been delivered to Franchisee and its owners.

**3.25 Indemnity.** Franchisee will, during and after the term of this Agreement, indemnify and hold Franchisor and its affiliates, and each of their employees, officers, directors, shareholders, agents, representatives, successors, and assigns (collectively, “**Indemnitees**”) free and harmless from and against any and all costs (including reasonable attorneys’, accountants’, consultants’, and expert witness fees), damages, liabilities, expenses, claims, demands, actions, or causes of action which may be incurred by or threatened against Indemnitees and which arise out of (i) the Franchisee’s operation of the Franchised Business, (ii) transactions between Franchisee and any third party, or (iii) Franchisee’s improper use of the Marks.

**3.26 National or Strategic Accounts.** In the event that Franchisee enters into an agreement to provide services to any National or Strategic Account which has locations outside the Territory, if any such location is within the Territory of another franchisee of Franchisor, Franchisee shall offer such other franchisee the right to service such account within such other franchisee’s Territory prior to offering such right to any other party, in accordance with Section 1.3 above.

**3.27 Contracts with Customers.** Franchisee may enter into contracts having such term as Franchisee wishes to negotiate; provided, however, that any contract for the performance of any of the Services shall provide that, upon the expiration of this Agreement or any termination of this Agreement by Franchisor in accordance with Section 6.1 or otherwise, either (i) the customer contract must terminate simultaneously with the expiration or termination of this Agreement; or (ii) the customer will receive alternate services not involving the methods or products of Franchisor upon the expiration or termination of this Agreement. In no event will Franchisor be liable for any damages to Franchisee or any customer of Franchisee due to either the violation of this Section 3.27 or Franchisee’s failure or inability to perform Services due to such expiration or termination.

**3.28 Promotion and Development of Business.** Franchisee shall use best efforts to promote and develop the milliCare® Services System and the Services of the Franchised Business, thereby supporting and enhancing the milliCare® Services System for the benefit of the Franchisor and all of its franchisees and offering the best possible service to customers. Franchisee shall fully develop and conduct the Franchised Business in strict compliance with the terms and conditions of this Agreement and the Confidential Manual.

**3.29 Computer System.** Within 15 days from the date hereof, Franchisee must obtain a computer system (including hardware and software) meeting Franchisor’s specifications and thereafter will be required to update such computer system at such times as Franchisor may reasonably require. Franchisee must establish Internet access and 2 e-mail address for the Franchised Business within fourteen days of obtaining the specified computer system (which we will either provide or you may obtain through our

designated supplier). Franchisor shall have the right to specify all or part of Franchisee's e-mail address. When this Agreement expires or is terminated, Franchisee must promptly transfer such e-mail address to Franchisor.

#### 4. FEES

**4.1 Initial Fee.** In consideration of the license granted herein, Franchisee shall pay to Franchisor, on the date this Agreement is executed by Franchisee, an initial fee of \$45,000. If Franchisee already owns a majority interest in a franchise in the milliCare® Services System and is purchasing a majority interest in an additional milliCare® franchise from Franchisor, the initial fee for such additional unit is \$40,000. There is a renewal fee of \$5,000 if Franchisee is renewing its right to operate as a franchisee of Franchisor pursuant to Section 1.4.2 above.

#### 4.2 Continuing Fee.

**4.2.1 Calculation.** In consideration for the continuing use of the Marks and the milliCare® Services System, Franchisee will pay to Franchisor each calendar month continuing royalty and license fees (“**Royalties**”) equal to a percentage of the “Gross Receipts” (as defined below) relating to various portions of the Franchised Business for the previous calendar month. The Royalties are as follows:

(a) 6% of Gross Receipts for sales of products and services associated with the cleaning, maintenance and restoration of textiles and all flooring surfaces, and for sales of any other products or services marketed or performed under the Marks.

(b) You must pay Minimum Royalties for each Territory as follows:

Months 0 to 6 None

Months 7 to 12 Four Hundred Fifty Dollars (\$450.00) per month

Months 13 to 24: Five Hundred Fifty Dollars (\$550.00) per month

Months 25 and thereafter: Six Hundred Fifty Dollars (\$650.00) per month.

**4.2.2 Gross Receipts Defined.** “Gross Receipts” means the amount of all money and the value of all property directly or indirectly received by the Franchisee for goods sold and services rendered in connection with the Franchised Business, whether as cash sales or as payment for any charge, credit balance, or advance deposit (including payments attributable to National Accounts), *minus* (i) sales taxes and other charges collected by Franchisee and paid to a governmental agency other than income taxes, (ii) the amount of any incorrect sales amount, allowances, and discounts to customers, (iii) revenues from providing services under the milliCare® Entry Mats System; and (iv) customer refunds or returns, provided that the revenues from the sales in question have previously been included in Gross Receipts. Gross Receipts shall not include: (i) proceeds from any business which is identified on Exhibit B hereto and which is operated in accordance with Section 3.3; or (ii) amounts payable to you and amounts you pay to other franchisees with respect to any Strategic or National Account with which Franchisee has an agreement to provide services and which we have approved, and for which the services are provided by a franchisee in the network that is not an affiliate of your franchise.

**4.2.3 Payment.** Each payment of royalty and license fees must include a Monthly Report issued by Franchisee for the month for which payment is being made. All such payments and Monthly Reports shall be made in such form as Franchisor may direct. All items which are claimed as

deductions in determining Gross Receipts must be supported by proper documentation. Royalties are due and payable in full on the 15th calendar day of each calendar month based on Gross Receipts for the preceding calendar month. Payments of Royalties are not refundable and must be made via bank wire or such other electronic funds transfer procedure as Franchisor may require.

**4.3 Technology Fee.** Franchisee will pay to Franchisor its then current technology Fee (the “**Technology Fee**”) for: (a) use of the website furnished by the Franchisor and the associated microsite and website pages featuring the Franchisee; and (b) for the software that will be used for scheduling, tracking, etc. and that is intended to help the Franchisee efficiently run its business. As of the Effective Date, the Technology Fee is \$399 per month. Franchisor may increase this fee periodically up to the greater of (i) the fee (or aggregate fees) any vendor charges us or an affiliate for your technology services; or (ii) \$500 per month. The Technology Fee is due and payable in full on the same day, as in the same method and manner, as the Royalty. Payments of the Technology Fee are not refundable. The first payment is due the month accompanying the first payment of Royalties.

#### **4.4 Promotional Fund.**

**4.4.1 Franchisee Contributions.** Franchisee will pay to Franchisor each month as a contribution to the milliCare® Services System promotional fund (the “**Promotional Fund**”) an amount equal to 2% of Franchisee’s Gross Receipts. Promotional Fund contributions are due and payable in full at the same time, and in the same manner, as Royalties.

**4.4.2 Use.** Franchisor will not commingle Promotional Fund contributions with its general funds but will hold all Promotional Fund contributions from all its franchisees in one or more designated accounts.

The Promotional Fund may be used as determined solely by Franchisor:

(a) to develop and purchase national, regional, and local advertising in broadcast, print, and electronic media wherever Franchisor deems fit, and without respect to Franchisee’s geographical location, including a milliCare® website in which franchisees are permitted or required to participate;

(b) to prepare, purchase, and distribute camera-ready advertising copy for use in local advertising, script or text for broadcast advertising, signs, posters, brochures, banners, and other point-of-sale advertising and promotional materials;

(c) to acquire the services of in-house and outside advertising and public relations professionals;

(d) to defray the expense of training programs and conferences intended to develop the marketing and promotional skills of franchisees and their employees;

(e) research and development, tests or target marketing, the conducting of surveys, brand development and promotion;

(f) to carry on, wherever Franchisor deems fit, and without respect to Franchisee’s geographical location, other advertising and promotional activities as Franchisor may

reasonably deem advisable to increase demand for Services offered by the franchise network, including utilizing Networking Media Websites and other emerging media or promotional tactics; and

(g) to pay the reasonable expenses of administering the Promotional Fund, including the reasonable compensation of Franchisor's employees and expenses of the advisory council described in Section 4.4.3 while working on behalf of the Promotional Fund.

**4.4.3 Administration.** The Promotional Fund will be administered by the Franchisor or by an advertising agency selected by the Franchisor. Franchisor, in its sole discretion, may establish a franchisee advisory council from time to time to provide input and suggestions regarding use of the Promotional Fund and the effectiveness of programs funded by the Promotional Fund. If the franchisee advisory council is established, it will consist of representatives of Franchisor and representatives of the franchisees, with the representatives of franchisees constituting a majority of the members thereof. Franchisor shall retain sole discretion over the use of the Promotional Fund.

**4.4.4 Accounting.** Franchisor will account to Franchisee annually for all Promotional Fund contributions received and spent. The accounting will be made by written report within 120 days of the end of each year setting forth the total contributions received from all milliCare® Services System franchisees as a group and all expenditures made by Franchisor, together with the balance on account in the Promotional Fund as of the date of the report.

**4.4.5 Commercial Relationship.** Franchisor and Franchisee agree that the rights and obligations of the parties arising from the Promotional Fund and all related matters are governed solely by this Agreement, and that this Agreement and the Promotional Fund are not in the nature of a "trust," "fiduciary relationship," or similar special relationship. Franchisor and Franchisee agree that the Promotional Fund and this Agreement are based on an ordinary commercial relationship between independent businesspersons.

**4.5 Transfer Fee.** Upon any transfer or assignment of this Agreement or any interest in this Agreement, Franchisee (or the transferee) will pay to Franchisor a transfer fee in an amount equal to \$7,500, but the amount is reduced to \$5,000 if the transfer is to a person or entity that already owns or controls a majority interest in an existing milliCare® franchise) on or before the date of transfer or assignment of this Agreement.

**4.6 Mandatory Conference Fee.** We may require you (or your General Manager) to attend our mandatory conference, which generally will be held annually, as well as milliCare University. You will attend all such conferences and pay us or our designee a mandatory conference fee in the amount we designate. You will also be responsible for all of your travel and living expense related to your attendance at the conference. If Franchisee has been granted a franchise for more than one Territory, each Territory must have a separate General Manager (or other attendee that has been approved by Franchisor) in attendance at each required program or conference and the mandatory conference fee will be payable for each such person. Franchisor may change the amount of the registration fee and the Non-Attendance Fee at any time, in its sole discretion.

**4.7 Late Payment.** Any payment not received by us when due will bear interest at eighteen percent (18%) per year or at the highest rate allowed by applicable law on the date when payment is due, whichever is less. The fact that such charges are imposed shall not be construed as a waiver of our right to



timely payment. In addition, Franchisor may place Franchisee on a “credit hold” whenever Franchisee’s account is more than 30 days past due.

## 5. TRANSFERABILITY

**5.1 Transfer by Franchisor.** There are no restrictions on the right of Franchisor to sell or assign this Agreement in whole or in part; provided, however, that Franchisor will not assign or otherwise transfer this Agreement unless the assignee agrees to assume Franchisor’s obligations hereunder.

### 5.2 Transfer by Franchisee.

**5.2.1 Individual.** If Franchisee is an individual, Franchisee may not sell, assign, transfer, or convey any interest in this Agreement or in the Franchised Business without the prior written consent of Franchisor.

**5.2.2 Corporation.** If the Franchisee is a corporation, then any issuance, redemption, or transfer of the equity or voting shares of the Corporation, or any disposition of the assets of the Corporation in one transaction or in a series of transactions which, in the aggregate, results in either (i) more than a 25% change in the beneficial ownership of the corporation, or (ii) a change in the voting control of the corporation, is a transfer which requires the consent of Franchisor; provided, however, that no issuance or transfers of any percentage interest or other kind of transfer shall be permitted to a Competing Business, or to a trust. The bylaws of the corporation and all share certificates evidencing ownership of the corporation must contain the following provision:

“The issuance or transfer of shares in this corporation is subject to the restrictive provisions of a Franchise Agreement with milliCare Franchising, LLC and any new shareholder and/or transferee, as a condition to the issuance or transfer of shares, agrees to be subject to such Franchise Agreement and all its provisions and requirements. Reference is made to the Franchise Agreement for all particulars.”

**5.2.3 Limited Partnership or Limited Liability Company.** If Franchisee is a general or limited partnership or a limited liability company, then the admission of a new partner or member, or the redemption, purchase, liquidation, or transfer of a partnership or limited liability company membership interest, or any disposition of the assets of the partnership or company, in one transaction or in a series of transactions which, in the aggregate, results in either (i) more than a 25% change in the beneficial ownership of the partnership or company, or (ii) a change in the voting control of the partnership or company, is a transfer which requires the consent of Franchisor; provided, however, that no admissions, purchases, or transfers of a partnership or limited liability company interest of any percentage amount or other kind of transfer shall be permitted to a Competing Business or to a trust. The partnership agreement or limited liability company operating agreement must contain the following provision:

“The issuance or transfer of a legal or beneficial interest in the [partnership] [limited liability company] is subject to the restrictive provisions of a Franchise Agreement with milliCare Franchising, LLC, and any new partner/member and/or transferee, as a condition to the issuance or transfer of such interests, agrees to be subject to such Franchise Agreement and all its provisions and requirements. Reference is made to the Franchise Agreement for all particulars.”

**5.2.4 Conditions to Transfer.** In connection with any transfer which requires Franchisor's consent, Franchisor shall have the right to require that any or all of the following conditions are satisfied, as determined by Franchisor in its sole discretion, in addition to any other conditions imposed by Franchisor:

(a) The proposed transferee or its principals must meet Franchisor's reasonable requirements for experience, net worth, entrepreneurial ability, and character, as applied by Franchisor on a nondiscriminatory basis in selecting new franchisees and must have or obtain before transfer all licenses required by law for operation of the Franchised Business.

(b) The proposed transferee (and each partner, member, or shareholder) must have duly executed an agreement to be bound by, and to assume and perform all the duties of the Franchisee under, the Agreement (including, in the case of such partners, members, or shareholders, the covenants not to compete required by Section 3.18.4).

(c) All maintenance, repairs, and renovation required to bring the Franchisee's premises into compliance with Franchisor's standards must have been completed.

(d) The transferor and each of its partners, members, shareholders, officers, and directors must execute a general release of any and all claims against Franchisor and its affiliates, and their shareholders, officers, directors, employees, and agents.

(e) The fees specified in Sections 4.5, 5.2.4(b) and 5.2.4(c) must have been paid in full; provided, however, that there will be no transfer fee if the transfer or assignment of this Agreement is to the spouse or an adult child of Franchisee, if Franchisee is an individual; or the spouse or an adult child of the majority partner, shareholder, or member of the Franchisee, if Franchisee is a partnership, corporation, or limited liability company.

(f) The sum of the previous calendar year's total revenues of the transferor and of all milliCare® franchises under common control with or by the proposed transferee cannot exceed 15% of the previous calendar year's revenue of all milliCare® franchises in the network.

(g) Franchisee shall, at Franchisor's request, prepare and furnish to the transferee and/or Franchisor such financial reports and other data relating to the Franchised Business and its operations as Franchisor deems reasonably necessary or appropriate for the transferee and/or Franchisor to evaluate the Franchised Business and the proposed transfer, including providing Franchisor with a copy of the proposed purchase/sale agreement between Franchisee and transferee and such other information regarding the terms of the proposed transfer as Franchisor may request. Franchisee authorizes Franchisor to confer with any proposed transferee and furnish it with information concerning the Franchised Business and the terms and conditions of the proposed transfer, and Franchisor may do so without any liability, except for intentional misstatements made to a transferee.

**5.2.5 Effect of Transfer.** No sale, assignment, transfer, conveyance, encumbrance, or gift of any interest in this Agreement or in the Franchised Business will relieve Franchisee, or the shareholders, members, or partners participating in any transfer, of the confidentiality or noncompetition provisions of this Agreement.

**5.2.6 Prohibited Transfers.** For purposes of this Section 5.2, without limiting the generality of the foregoing, Franchisor may withhold its consent for any business reason whatsoever, including, but not limited to: (i) where the proposed sale, assignment, transfer, or conveyance is to a Competing Business or to a manufacturer of carpeting that Franchisor deems to be a competitor of Franchisor or any affiliate of Franchisor; or (ii) where the proposed sale, assignment, transfer, or conveyance would result in the proposed transferee having a percentage of the sales of the milliCare® Services System that Franchisor deems to be undesirable, whether or not such percentage exceeds the percentage provided in the above Section 5.2.4(h). Any purported sale, assignment, transfer, or conveyance without the prior written consent of Franchisor will be null and void and will constitute a material default under this Agreement.

**5.3 Death or Disability.** Upon the death or permanent disability of the Franchisee, if the Franchisee is an individual, or upon the death or permanent disability of the majority shareholder, member, or partner of Franchisee if the Franchisee is a corporation, limited liability company, or a partnership, the spouse, adult children, or estate will have the right to participate in the ownership of the Franchised Business under the terms of this Agreement for a period of 180 calendar days from the date of death or disability. During that time, the spouse, adult children, or estate must either:

(a) satisfy all of the qualifications for a transferee or purchaser of a milliCare® Services System franchise, except that no transfer fee or initial fee will be charged; or

(b) sell, transfer, or assign the Franchised Business to a person who satisfies all of the qualifications for a transferee or purchaser of a milliCare® Services System franchise.

In addition, during such time, Franchisor may enter the Franchised Business premises and take possession of the Franchised Business, its equipment, furniture, fixtures, records, lists, and supplies and continue the operation of the Franchised Business for the benefit and account of Franchisee (after paying operating expenses, including a management fee to be established from time to time in the Confidential Manual) pending the conclusion of whichever of the above options is chosen by Franchisee's spouse, adult children, or estate.

**5.4 Assignment to Corporation or Limited Liability Company.** If Franchisee is a partnership or individual and hereafter desires to conduct the Franchised Business in an incorporated or limited liability company form, Franchisor will not unreasonably withhold its consent to the transfer of this Agreement and Franchisee's interest herein to any corporation or limited liability company formed for that purpose; provided that Franchisee and such corporation or company must, prior to such transfer, satisfy such reasonable requirements as Franchisor shall impose, which may include, without limitation, the following:

(a) Franchisee or its partners will at all times be the record and/or beneficial owner of, and will have, by law or by written agreement satisfactory to Franchisor, voting control of, not less than 51% of the issued and outstanding shares or membership interests of each class of the capital stock or membership interests of such corporation or company;

(b) No other person or entity, except members of Franchisee's or its partners' respective immediate families may own or have any right to acquire any shares, membership interests or other securities of such corporation or company;

(c) The form and content of the articles or certificate of incorporation, organization, or formation of such corporation or company and by-laws of any such corporation or operating agreement of any such company must contain provisions enforceable under applicable law restricting the issuance and transfer of shares, membership interests, or securities of the corporation or company to such extent as Franchisor shall reasonably require;

(d) Franchisor must have been furnished in writing the names and addresses of all existing or prospective shareholders or members of the corporation or company, and Franchisee or its partners and (if requested by Franchisor) each such shareholder or member, or prospective shareholder or member, must have guaranteed in writing (in form and substance satisfactory to Franchisor) the performance by the corporation or company of the obligations of the Franchisee under this Agreement; and

(e) Each shareholder or member must have executed and delivered to Franchisor a non-competition covenant in form and substance satisfactory to Franchisor, containing the covenants not to compete required by Section 3.18.4 hereof.

After assignment of this Agreement to a corporation or limited liability company as above provided, or, if Franchisee is a corporation or limited liability company at the date of this Agreement, the sale, transfer, assignment, or encumbrance or change in rights of any class or series of capital stock, membership interests, or other securities of such corporation or company, whether by operation of law or otherwise, will be deemed a sale by Franchisee or (if a partnership) its partners of its or their interest(s) in this Agreement and will in all respects be subject to the limitations set forth in this Section 5 on the sale of Franchisee's interest in this Agreement. Any merger, consolidation, or reorganization by any corporation or limited liability company having an interest in this Agreement will be deemed a sale of such interest and, unless the prior written consent of Franchisor has been obtained, will constitute a material breach hereof.

**5.5 Right of First Refusal.** If at any time during the term of this Agreement Franchisee receives a bona fide offer to purchase the Franchised Business, which offer Franchisee is willing to accept, Franchisee must give Franchisor written notice of the terms of the offer and the name of the offeror and allow Franchisor to elect to purchase the Franchised Business on the same terms as contained in the offer within 60 business days after Franchisor's receipt of the offer, except that in place of any non-cash consideration described in such offer, Franchisor or Franchisor's designee may pay the fair market value thereof in cash. If Franchisor fails to give written notice of election or declines election within the 60 business days, Franchisee may sell to the offeror on the terms offered, subject to the provisions relating to transferability as set forth in this Section 5, provided that such sale must be consummated within ninety (90) calendar days after the expiration of such 60 business day period; otherwise the restrictions of this Section 5.5 shall be renewed and any sale or transfer by Franchisee of its interest in this Agreement, whether to such offeror or other individual or entity, shall again be subject to the restrictions of this Section 5.5. In the event Franchisor or Franchisor's designee elects to purchase, the purchase must be completed within 90 calendar days from the date of Franchisor's notice of election to purchase. For purposes of this Section 5.5, the term "**fair market value**" of any non-cash consideration shall mean the fair market value of such property as determined by agreement of Franchisee and Franchisor; provided, however, that if the parties are unable to reach such agreement within 60 business days after Franchisor's receipt of the offer, then the fair market value of such property will be determined by one appraiser chosen by the parties, who will determine the value of such property. In the event that the parties are unable to agree upon such an appraiser, the parties agree that the office of the American Arbitration Association ("AAA") in or closest to Spartanburg, South Carolina will be employed to choose an appraiser, and such person will determine the fair market value for these purposes. In the event the appraisal process is utilized, the party whose

valuation of such property less closely approximated the value selected pursuant to the above-described appraisal process, measured by dollar amounts and not by percentages, will pay all costs of the appraisal process. Any delay caused by such appraisal process or the parties' disagreement over the fair market value of any non-cash property will extend the period in which Franchisor is to act under this Section 5.5 by that number of calendar days equal to the period of the delay.

## 6. TERMINATION AND DEFAULTS

**6.1 Termination by Franchisor.** Franchisor may terminate the Franchise Agreement at the time indicated, if any of the following events occurs, each of which shall be deemed a default:

(a) immediately, if the Franchisee or the Franchised Business is declared bankrupt or determined to be insolvent, or all or a substantial part of the assets of the Franchisee or the Franchised Business are assigned to or for the benefit of any creditor, or the Franchisee admits its inability to pay its debts as they come due, or the Franchised Business is seized, taken over, or foreclosed by a government official in the exercise of his duties, or seized, taken over, or foreclosed by a creditor, lienholder, or lessor, provided that a final judgment against the Franchisee remains unsatisfied for 30 calendar days (unless an appeal bond has been filed), or if a levy of execution has been made upon the license granted by this Agreement or upon any property used in the Franchised Business, and it is not discharged within 5 business days; or

(b) immediately, if the Franchisee abandons the Franchised Business by failing to operate the Franchised Business for 5 consecutive calendar days during which the Franchisee is required to operate a business under the terms of this Agreement, or any shorter period after which it is not unreasonable under the facts and circumstances for Franchisor to conclude that the Franchisee does not intend to continue to operate the Franchised Business, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the Franchisee's control; or

(c) immediately upon notice, if the Franchisor discovers that the Franchisee has made any material misrepresentations to Franchisor relating to the acquisition, operation, or maintenance of the Franchised Business; or

(d) immediately upon notice, if the Franchisee is arrested or is indicted for, convicted of, or pleads *nolo contendere* to, a felony or any other criminal misconduct which, in Franchisor's sole judgment, is relevant to the operation of the franchise or impairs the goodwill associated with the System or with the milliCare® name or Marks; or

(e) immediately upon notice, if the Franchisee, after curing any default after notice and opportunity to cure, engages in the same noncompliance, whether or not corrected after notice; or

(f) immediately upon notice, in the event Franchisee attempts to transfer any interest in the Franchisee or the Franchised Business in violation of Section 5; or

(g) immediately upon notice, in the event that Franchisee violates the provisions of Section 3.18 hereof; or

(h) immediately upon notice, if Franchisee breaches any material provision of this Agreement or any other agreement between Franchisee and Franchisor, if such breach is not susceptible to being cured; or

(i) upon 10 calendar days' written notice to Franchisee of its failure to pay any fees or other amounts due to Franchisor, any affiliate of Franchisor, or any other franchisee that is not cured within such 10-day period; or

(j) upon 30 calendar days' written notice to Franchisee of noncompliance with any federal, state, or local law or regulation applicable to the operation of the Franchised Business unless cured within such period; or

(k) upon 30 calendar days' written notice to Franchisee of any failure of Franchisee to perform any obligation under this Agreement, if such failure is susceptible to being cured and is not cured within such 30-day period; or

(l) prior to the opening of the Franchised Business, if Franchisee or any of its designated employees fails to complete the Initial Training Program described in Section 2.4 to the satisfaction of Franchisor; or

(m) upon 30 calendar days' written notice from the date hereof, if Franchisee does not secure premises for and commence the operation of the Franchised Business within such period; or

(n) immediately upon notice, if Franchisee or its owners owns or operates another business or commits any violation of Section 3.3, Section 3.8, or Section 3.9 hereof;

(o) immediately upon notice, if Franchisee commits three or more breaches of any of your obligations under this Agreement, whether or not cured, within any consecutive 12-month period;

(p) immediately upon notice, if Franchisee, after curing any default pursuant to this Agreement, commits the same default again, whether or not cured;

(q) immediately upon notice, if Franchisee or Franchisee's principals materially breach any other agreement with us or any of our affiliates, or threaten any material breach of any such agreement, and fail to cure such breach within any permitted period for cure; or

(o) at such time as Franchisor and Franchisee mutually agree in writing to terminate this Agreement.

**6.2 Rights and Duties of Parties Upon Expiration or Termination.** Upon termination or expiration of this Agreement for any reason, all rights of the Franchisee under the Agreement will immediately terminate, but Franchisee will have the following duties, which will survive termination or expiration of this Agreement:

(a) Franchisee must promptly pay Franchisor all sums owing under the terms of this Agreement, including all damages, costs, and expenses incurred by Franchisor by reason of default

on the part of Franchisee, whether or not the expenses occur before or after the termination or expiration of this Agreement. The parties agree that payment of these amounts is not a penalty, but rather a reasonable estimate of compensation to which Company would be entitled in case of premature termination.

(b) Franchisee must immediately cease use of the Marks in advertising, websites, forms, manuals, slogans, signs, or in any other manner whatsoever. Franchisee will not represent or advertise that Franchisee was formerly a milliCare® Services System franchisee or that Franchisee did business under the Marks.

(c) Franchisee must ensure at its own expense that all mention of the Marks in connection with Franchisee is removed at the earliest possible time from all telephone and other directories, directory assistance records, building directories, signboards, internet sites, internet search engines, membership rosters, and every other place and publication.

(d) Franchisee must take all action to cancel any assumed name or equivalent registration which contains any of the Marks and will furnish Franchisor with satisfactory evidence of cancellation.

(e) Franchisee must cease and desist from all use of the Marks, and must deliver to Franchisor, or its duly authorized representative, all materials and papers upon which the Marks appear. Franchisee will not, at any time, adopt or use any word or mark which is similar to or confusing with the Marks. Franchisee must continue to comply with Sections 3.17 and 3.18 of this Agreement.

(f) Franchisee must return to Franchisor the Confidential Manual and all documents and records that are reasonably necessary or important to the continuation of the Franchised Business.

(g) If Franchisor so elects, Franchisee must sell to Franchisor, at Franchisee's cost, all products, supplies, and equipment which bear the Marks.

### **6.3 Dispute Resolution.**

(a) **Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisor and Franchisor to Franchisor's management and make every effort to resolve the dispute internally. Franchisee must first exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third-party. This agreement to internally resolve disputes will survive termination or expiration of this Agreement.

(b) **Mediation.** At Franchisor's option, all claims or disputes between Franchisee and Franchisor (or its affiliates) arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor (or its affiliates), or any of the parties' respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 6.3(a) above, will be submitted first to mediation to take place in Charlotte, North Carolina under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to

notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party will bear its own cost of mediation and Franchisor and Franchisee will share mediator fees equally. This agreement to mediate will survive any termination or expiration of this Agreement. The parties will not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 6.3(b) if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Marks, the System, or in any Confidential Information or other confidential information; (ii) any of the restrictive covenants contained in this Agreement; and (iii) any of Franchisee's payment obligations under this Agreement.

**(c) Arbitration.** Any controversy or claim arising out of or relating to this Agreement, other than a claim for injunctive relief, will be settled by binding arbitration, and judgment upon the award may be entered in any court having jurisdiction thereof. All arbitrations must be individual proceedings and not a class arbitration or multi-party arbitration. The arbitration must be conducted through the AAA office in Charlotte, North Carolina, and will be conducted by a panel of three arbitrators selected in accordance with the rules and regulations of the AAA applicable to commercial matters. The arbitrators will render a decision based on, and consistent with, North Carolina law and with the facts and evidence that are properly introduced at the hearing. If there are any disputes in matters of public policy, restraint of trade, securities laws violation, or any other matter which cannot be the subject of arbitration, those matters will be separated from all other disputes and those other disputes will first be settled by arbitration. After arbitration, any disputes which cannot be tried by arbitration will be brought before a court of competent jurisdiction. Should the parties be unable to separate matters which will be addressed by arbitration from those which cannot be addressed by arbitration, the allegations and positions of the parties will be brought before the arbitrators, and their decision regarding the appropriateness for arbitration of the matters in controversy will be determinative and binding upon the parties. Unless otherwise determined by the arbitrators, the fees and expenses of arbitration, not including attorneys' fees, will be shared equally by the parties. The parties acknowledge that this alternative dispute resolution procedure is fair and enforceable.

**6.4 Termination Not Exclusive Remedy.** Termination of this Agreement by the parties shall not be an exclusive remedy and shall not in any way affect a party's rights to receive or collect fees or other amounts payable hereunder, to enforce the provisions of this Agreement, to seek and obtain injunctive relief, or to pursue any other legal or equitable remedy for a breach of this Agreement. In lieu of terminating this Agreement as may be permitted herein, Franchisor, in its sole discretion, may allow Franchisee to continue operating the Franchise on a month-to-month basis, and Franchisor may thereafter terminate this Agreement at any time and for any reason upon 10 days' prior written notice to Franchisee. Franchisor may terminate this Agreement upon such 10 days' prior written notice to Franchisee even if Franchisee cured all defaults during the period when the Franchise was being operated on a month-to-month basis.



**6.5 Future Communications.** For three years following the termination or expiration of this Agreement, Franchisee agrees to advise Franchisor of its current business and residential addresses and telephone numbers.

## 7. MISCELLANEOUS

**7.1 Governing Law.** This Agreement has been accepted and made in the State of North Carolina and all rights hereunder will be governed by and interpreted under the internal laws (and not the law of conflicts of laws) of the State of North Carolina.

**7.2 Forum Selection; Jurisdiction.** Any claims not subject to arbitration shall be brought and/or defended to conclusion in the courts located in Charlotte, North Carolina. The parties consent (and waive any objections they might otherwise have) to institute any such claims in a state or federal court of general jurisdiction in Charlotte, North Carolina. The parties irrevocably submit to the jurisdiction of such courts and waive any objections to jurisdiction, venue, or the convenience of the court location.

**7.3 Compliance with Law.** This Agreement will be deemed to contain and will be construed so as to contain and be consistent with, all mandatory provisions and requirements of applicable state and federal law. In particular, Franchisee represents it has a copy of, and is familiar with, the United States Foreign Corrupt Practices Act, 15 U.S.C. §78dd-2 (the “FCPA”), and the purposes of the FCPA; in particular, the FCPA’s prohibition of the payment or the gift of any item of value, either directly or indirectly, by a company organized under the laws or the United States of America or any of its states to an official, employee, or officer of, or person acting in an official capacity for, a government or international organization for the purpose of influencing any action or decision, or inducing him to use his influence with the government or organization in any manner contrary to his position or creating an improper advantage to assist a company in obtaining or retaining business for, with, or in that country or organization or directing business to any person. Currently a copy of the FCPA may be found on the internet at [www.usdoj.gov/criminal/fraud/fcpa.html](http://www.usdoj.gov/criminal/fraud/fcpa.html). Franchisee represents and warrants that it will take no action that would constitute a violation of the FCPA or any law, and Franchisee will obtain a similar undertaking from its affiliates and owners. Further, Franchisee represents that it and its affiliates do and shall comply with all relevant laws against corrupt business practices, against money laundering and against facilitating or supporting person who conspire to commit acts of terror against any person or government.

**7.4 No Subsequent Waiver.** Waiver of any default or breach of this Agreement will not be interpreted as a waiver of any subsequent breach.

**7.5 No Class Actions.** ANY DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, WHETHER RESOLVED IN ARBITRATION OR IN A COURT PROCEEDING, MUST BE RESOLVED IN AN INDIVIDUAL PROCEEDING, AND MAY NOT BE RESOLVED VIA A CLASS ACTION OR SIMILAR MULTI-PARTY PROCEEDING.

**7.6 No Punitive Damages.** FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO, OR CLAIM FOR, ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

**7.7 No Trial By Jury.** FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING.

**7.8 Continuing Obligations.** ALL OBLIGATIONS OF THIS AGREEMENT WHICH EXPRESSLY OR BY THEIR NATURE SURVIVE THE EXPIRATION OR TERMINATION OF THIS AGREEMENT WILL CONTINUE IN FULL FORCE AND EFFECT AFTER AND NOTWITHSTANDING THEIR EXPIRATION OR TERMINATION UNTIL THEY ARE SATISFIED IN FULL OR BY THEIR NATURE EXPIRE.

**7.9 Limitation of Claims.** FRANCHISEE AGREES THAT ANY AND ALL CLAIMS BY FRANCHISEE AGAINST FRANCHISOR ARISING OUT OF, OR RELATING TO, THIS AGREEMENT MAY NOT BE COMMENCED BY FRANCHISEE UNLESS BROUGHT BEFORE THE EARLIER OF: (A) THE EXPIRATION OF ONE YEAR AFTER THE ACT, TRANSACTION, OR OCCURRENCE UPON WHICH SUCH CLAIM IS BASED; OR (B) ONE YEAR AFTER THIS AGREEMENT EXPIRES OR IS TERMINATED FOR ANY REASON. FRANCHISEE AGREES THAT ANY CLAIM OR ACTION NOT BROUGHT WITHIN THE PERIODS REQUIRED UNDER THIS SECTION 7.9 SHALL FOREVER BE BARRED AS A CLAIM, COUNTERCLAIM, DEFENSE, OR SET OFF.

**7.10 Notices and Communications.** All notices or communications required or permitted under this Agreement shall be directed to Franchisor by an overnight delivery service that tracks delivery or by United States mail, first-class postage prepaid, return receipt requested, at the following address:

Notices to Franchisor	MilliCare Franchising, LLC Attention: President 1515 Mockingbird Lane, Suite 410 Charlotte, NC 28209
-----------------------	---

Notices to Franchisee:	_____
	_____
	_____
	Attn: _____

If Franchisee is other than an individual, Franchisee must designate in writing to Franchisor the name and address of its agent to receive notice. Notice to the agent will be conclusively presumed to be full and adequate notice to Franchisee. Notice shall be deemed to have been given on the date of actual receipt, or, if delivery is refused, on the date of attempted delivery.

Notwithstanding the above, any notice by a means which affords the sender evidence of delivery, including but not limited to e-mail, shall be deemed to satisfy any notice requirement.

**7.11 Costs and Legal Fees.** Franchisee shall reimburse Franchisor for the costs and expenses incurred by Franchisor as a result of Franchisee's failure to comply with the terms of this Agreement, including, without limitation, attorneys', accountants', consultants', and expert witness fees, cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses,

whether incurred prior to, in preparation for, in contemplation of, or in connection with the filing of any proceeding to enforce this Agreement.

**7.12 Modifications to System.** Franchisor has the right to operate, develop, and change the System in any manner that is not specifically precluded by this Agreement, and such changes shall become part of the milliCare® Services System. Whenever Franchisor has reserved in this Agreement a right to take or withhold an action, or to grant or decline to grant Franchisee a right to take action or omit an action, except as otherwise expressly provided in this Agreement, Franchisor may make its decision or exercise its rights on the basis of the information readily available to Franchisor, and Franchisor's judgment of what is in its best interests and/or in the best interests of the System, at the time Franchisor's decision is made, shall be deemed to be reasonable and enforceable, without regard to whether other reasonable or even arguably preferable alternative decisions could have been made by Franchisor and without regard to whether Franchisor's decision or the action Franchisor takes promotes Franchisor's financial or other individual interest. Franchisor has the right to enter into agreements with other franchisees that are different than this Agreement, and the existence of different provisions in other franchise agreements shall not in any manner affect the duties of the parties to this Agreement.

**7.13 Amendment.** This Agreement may be amended, modified, or discharged, in whole or in part, only by a document in writing subscribed by all of the parties subscribing to this Agreement.

**7.14 Remedies Cumulative.** The parties are entitled to any and all remedies at law or in equity, in addition to any remedies set forth in this Agreement. Franchisor's right to terminate this Agreement in accordance with Section 6 shall be deemed to permit Franchisor to elect remedies other than termination.

**7.15 Other Franchises.** The parties hereby acknowledge and agree that Franchisor may grant other franchises within a Marketing Territory that are the same as or similar to the Franchised Business.

**7.16 Successors and Assigns.** This Agreement will inure to the benefit of, and be binding upon, the parties hereto and their heirs, successors, representatives, assigns, and transferees to the extent this Agreement is assignable.

**7.17 Relationship of the Parties.** Franchisee is an independent contractor. The operation of the Franchised Business does not make the Franchisee and Franchisor partners or joint venturers or make them agents, servants, employees, or fiduciaries of the other, and Franchisee will not hold itself out to the contrary. Franchisee will advise its suppliers and customers of its independent ownership of the Franchised Business and will clearly state in its business forms, stationery, advertising, and elsewhere that it is independently owned and operated.

**7.18 Entire Agreement.** This Agreement, together with its Exhibits, expresses fully the understanding by and between the parties, and all prior understandings, agreements, commitments, conditions, warranties, and representations of any kind, oral or written, as to the Franchised Business (except as to information and representations submitted by Franchisee to Franchisor in the application to purchase the Franchise) are cancelled and null, void and of no effect. Any previous matter, presently covered within this Agreement, is hereby superseded and cancelled with no further liabilities or obligations of the parties with respect to such matter, except as to any monies due and unpaid between the parties to this Agreement at the time of execution of this Agreement. Nothing in this Agreement or in any related agreement between Franchisor and Franchisee is intended to disclaim the representations in Franchisor's Franchise Disclosure Document.

**7.19 No Warranties.** Franchisor makes no warranties or guarantees upon which Franchisee may rely, and assumes no liability or obligation to Franchisee, by providing any waiver, approval, consent, or suggestion to Franchisee in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

**7.20 Severability.** If any term or provision of this Agreement is held invalid or unenforceable by a court of competent jurisdiction, then the remainder of this Agreement will continue in full force and effect, except to the extent either party would fail to obtain the substantial benefit of its bargain.

**7.21 Other Parties.** If Franchisee is a partnership, joint venture, association, corporation, limited liability company, or other legal entity, then all persons who have any beneficial interest in Franchisee must execute this Franchise Agreement where indicated below and will be bound jointly and severally by all of the terms and provisions hereof.

**7.22 Accuracy of Representations.** Franchisee and its owners represent and warrant to Franchisor that (a) all statements, documents, materials, and information submitted to Franchisor, including the application for the rights granted by this Agreement, are true, correct and complete in all material respects, and there have been no material omissions; and (b) Franchisee and its owners agree to comply with and/or to assist Franchisor to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and its owners certify, represent and warrant that none of their property or interests is subject to being “blocked” under any of the Anti-Terrorism Laws and that Franchisee and its owners are not otherwise in violation of any of the Anti-Terrorism Laws. “**Anti-Terrorism Laws**” means Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Franchisee agrees to promptly advise Franchisor of any material change in the information or statements submitted to Franchisor. Franchisee acknowledges and understands that Franchisor has entered into this Agreement in reliance on the statements and information submitted to Franchisor by Franchisee and its owners, and that any material breach, inaccuracy or omission is grounds for Franchisor to terminate this Agreement.

**7.23 Construction.** All headings of the various sections and subsections of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, feminine, neuter, or singular usage will be construed to include the masculine, feminine, neuter, singular, or plural, wherever applicable.

**7.24 Acknowledgements.** Franchisee expressly acknowledges and accepts the following:

(a) Franchisee received from Franchisor a Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least 14 calendar days prior to the execution of this or any other binding agreement or the payment of any consideration to Franchisor. Franchisee also received this Agreement and any related agreements with all blanks completed at least 7 calendar days prior to the execution of this Agreement;

(b) Franchisee’s success in owning and operating a milliCare® Services System franchise is speculative and will depend on many factors including, to a large extent, Franchisee’s independent business ability and personal efforts. Franchisee further agrees that Franchisee or one of Franchisee’s principal owners will devote best efforts to the management and development of the Franchise;

(c) neither Franchisor nor any person or affiliate has guaranteed any results to Franchisee and cannot, except under and to the extent of the terms of this Agreement, exercise control over Franchisee's business;

(d) Franchisee did not receive from Franchisor oral or written information contrary to the information contained in the Franchise Disclosure Document and this Agreement. Nothing in this Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document that Franchisor provided to Franchisee;

(e) Franchisee did not receive oral or written financial performance representations, except as provided in the Franchise Disclosure Document, and has not relied on any warranty or representation, expressed or implied, as to the potential success of the business venture contemplated by this Agreement;

(f) Franchisor has encouraged Franchisee, and Franchisee has had ample opportunity, to seek legal and/or other professional guidance and advice prior to signing the Franchise Agreement, and Franchisor has encouraged Franchisee to contact existing milliCare® franchisees to gain a better understanding of the requirements and benefits of owning a milliCare® franchise;

(g) Franchisee has had a full opportunity to review the Franchise Disclosure Document, Franchise Agreement, and related agreements provided by Franchisor and understands the terms, conditions, and obligations of the Franchise Agreement;

(h) No representations or promises have been made by Franchisor or any person or affiliate to induce Franchisee to enter into this Agreement except as specifically included in this Agreement; and

(i) Franchisee has dealt in varied business transactions in the past, and Franchisee is not purchasing a milliCare® franchise for speculative purposes.

**7.25 Additional Representations.** Franchisee makes the following additional warranties and representations:

(a) Franchisee is a (check one):

- partnership
- corporation
- sole proprietorship
- limited liability company

(b) If Franchisee is a corporation, limited liability company, or partnership, the name and address of, and percentage interest owned by, each shareholder, member, or partner is as follows:

NAME

ADDRESS

PERCENTAGE INTEREST

---

---

---

---

---

(c) The address where Franchisee's records are maintained is:

---

---

(d) The name and address of Franchisee's designated agent to receive notice is:

---

---

---

**Franchisee must not substitute a new designated agent without prior written notice to Franchisor.**

(e) The name and address of Franchisee's manager is:

---

---

---

**7.26 Counterparts.** This Agreement may be executed in counterparts, all of which together will constitute one and the same Agreement.

*(Signature page to Franchise Agreement follows)*

The parties have executed this Franchise Agreement on \_\_\_\_\_, 20\_\_.

FRANCHISEE:

(If an individual)

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

(If a corporation)

Name of corporation: \_\_\_\_\_

State of incorporation: \_\_\_\_\_

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

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

(If a general or limited partnership)

Name of partnership: \_\_\_\_\_

State of organization: \_\_\_\_\_

Name of managing or general

Partner: \_\_\_\_\_

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

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

(If a limited liability company)

Name of company: \_\_\_\_\_

State of organization: \_\_\_\_\_

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

Title [member or manager]: \_\_\_\_\_

\_\_\_\_\_

FRANCHISOR:

MilliCare Franchising, LLC

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

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

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

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

Each of the undersigned individuals or entities certifies that he/she/it is an owner of the above-named Franchisee and hereby executes this Franchise Agreement and agrees to be bound by all the terms and conditions thereof to the same extent as the Franchisee:

Print Name of Shareholder/ Partner/Member:

_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____
_____	Signed: _____

THE SUBMISSION OF THIS AGREEMENT TO YOU DOES NOT CONSTITUTE AN OFFER. THIS AGREEMENT IS NOT EFFECTIVE UNTIL SIGNED BY A CORPORATE OFFICER OF MILLICARE FRANCHISING, LLC. NO FIELD REPRESENTATIVE OR SALESMAN IS AUTHORIZED TO EXECUTE THIS AGREEMENT ON BEHALF OF MILLICARE FLOOR & TEXTILE CARE. FRANCHISEE IS ADVISED NOT TO INCUR ANY EXPENSE OR OBLIGATION WITH RESPECT TO THE FRANCHISED BUSINESS UNTIL FRANCHISEE HAS RECEIVED A FULLY EXECUTED COPY OF THIS AGREEMENT.



**EXHIBIT A**

**Territory**

The Franchisee's Territory (as described in Section 1.3 of the Franchise Agreement of which this Exhibit A is a part) is: \_\_\_\_\_

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

The Territory is a:

Protected Territory  \_\_\_\_\_  
Initial

Marketing Territory  \_\_\_\_\_  
Initial

FRANCHISOR:

MilliCare Franchising, LLC

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

\_\_\_\_\_

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

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

FRANCHISEE:

\_\_\_\_\_

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

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

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

**EXHIBIT B**

**Continuation of Other Non-Competing Businesses**

The Franchisee is granted the right to continue to own the following non-competing business(es) throughout the term of the Franchise Agreement, which business(es) is/are not part of the Franchised Business, in accordance with Section 3.3 of the Franchise Agreement of which this Exhibit B is a part:

---

---

FRANCHISOR:

MilliCare Franchising, LLC

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

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

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

FRANCHISEE:

\_\_\_\_\_

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

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

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

**EXHIBIT D**  
**CONVERSION ADDENDUM**

## MILLCARE FLOOR & TEXTILE CARE

### CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

**THIS CONVERSION ADDENDUM TO THE FRANCHISE AGREEMENT** (this "Addendum") is effective as of \_\_\_\_\_, 20\_\_ (the "Effective Date"), regardless of the actual date of signature, by and between MilliCare Franchising, LLC. ("milliCare") a Delaware limited liability company ("Franchisor") and \_\_\_\_\_, an ("Franchisee"). This Addendum supplements the Franchise Agreement of even date herewith (the "Agreement") by and between the parties.

1. **Incorporation and Precedence.** This Addendum is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Addendum governs, controls and supersedes any inconsistent or conflicting terms of the Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the Agreement.

2. **Conversion Program.** The Franchisee has applied to become a Franchised Business under the Franchisor's conversion program, and the Franchisor has agreed to award a conversion franchise to the Franchisee. Since the conversion program differs (as detailed in this Addendum) from the standard franchise program, the parties are signing this Addendum to properly detail the features of the conversion program and how the relationship between the parties differs from the standard MilliCare Floor & Textile Care franchise agreement. Prior to acquiring the franchise, Franchisee operated, and continues to operate, a commercial floor and textile maintenance business known as \_\_\_\_\_ (the "Existing Business"). The Existing Business is located at \_\_\_\_\_ (the "Existing Premises"). The Existing Business provides commercial floor and textile maintenance to the commercial accounts (the "Existing Accounts"), each with the annual total revenue shown on Exhibit A to this Addendum during the 12-month period immediately preceding the 1st day of the month preceding the Effective Date; the total of which is the "Annual Maintenance Revenue" or "AMR." Franchisee desires to operate the Franchised Business combined with the continued operation of the Existing Business under the milliCare® System. The Franchised Business will be operated from the same location as the Existing Business, and the Existing Business will be consolidated into the Franchised Business so that from the Effective Date going forward, the Existing Business and the Franchised Business will be operated and accounted for as one.

3. **AMR.** The Franchisee represents and warrants that its AMR is \$\_\_\_\_\_.

4. **Initial Fee.** If you currently operate a business similar to a Franchised Business and you achieved a minimum of \$200,000 in revenue from your existing commercial account customers within the full 12-month period before the month in which you sign the Agreement, then you may be eligible for the Conversion Program. Under this Addendum, the initial fee is reduced by the following percentages resulting in the following amounts based on the following AMR levels:

AMR	% Reduction	Resulting Initial Fee
\$200,000 - \$300,000	10%	\$40,500
\$300,001 - \$400,000	15%	\$38,250
\$400,001 - \$500,000	20%	\$36,000
\$500,001 - \$600,000	25%	\$33,750
\$600,001 - \$700,000	30%	\$31,500

AMR	% Reduction	Resulting Initial Fee
\$700,001 - \$800,000	35%	\$29,250
\$800,001 - \$900,000	40%	\$27,000
\$900,001 - \$1,000,000	45%	\$24,750
\$1,000,001 and above	50%	\$22,500

5. **Royalties and Promotional Fund Contributions.** During the term of the Agreement, Franchisee shall pay Franchisor Royalties and Promotional Fund Contributions as required by the Agreement, but reduced as follows solely during the following time periods only for the Gross Receipts up to and including the amount of the AMR:

(a) If your conversion business has documented revenues within the previous 12 months of at minimum \$200,000.00 up to \$600,000.00 in gross revenue; you will qualify for a 3% Royalty rate for the first 12-months following your conversion and a 4% Royalty rate in months 13-14 following your conversion. Your Promotional Fund contribution will be reduced to 1% for through the first 24 months following conversion.

(b) If your conversion business has documented revenues within the previous 12 months of at minimum \$600,001.00 and above in gross revenue; you will qualify for a 2.5% Royalty rate for the first 12-months following your conversion and a 3% Royalty rate in months 13-24 following your conversion. Your Promotional Fund contribution will be reduced to 1% for through the first 24 months following conversion.

(c) Otherwise, and for all Gross Receipts over the AMR, the Royalty will be at the same rate otherwise stated in the Agreement.

6. **Approved Location / Site / Facilities Layout.** Franchisor approves the location of the Existing Business for the operation of the Franchised Business and will not be required to provide Franchisee with advice regarding is facilities layout.

7. **Opening Date.** Franchisee must commence business operations no later than \_\_\_\_\_ months of the Effective Date.

10. **Transfers.** If there is a transfer of the franchise and the, then this Addendum will automatically be cancelled, and the Agreement will continue in effect without modification by this Addendum.

11. **Termination.** If for any reason the Agreement terminates or expires, all of your rights under this Addendum also end, effective as of the same date of termination or expiration of the Agreement.

Intending to be bound, the parties sign and deliver this Addendum as of the Effective Date, regardless of the actual date of signature.

**FRANCHISOR:**

**milliCare Franchising, LLC**

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

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

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

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

**FRANCHISEE:**

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

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

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

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

**EXHIBIT E**  
**OPTION AGREEMENT**

**MULTI-UNIT OPTION AGREEMENT**

THIS MULTI-UNIT OPTION AGREEMENT (“Agreement”) is made and entered into on \_\_\_\_\_, 20\_\_, by and between milliCare Franchising, LLC., a Delaware limited liability company with its principal place of business at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 (“Franchisor”), and \_\_\_\_\_, an individual residing at \_\_\_\_\_, or \_\_\_\_\_, a \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“Developer”).

**BACKGROUND**

A. Contemporaneous with the execution of this Agreement, Developer and Franchisor entered into Franchisor’s current form of single-unit franchise agreement (the “First Franchise Agreement”) for the right to establish and operate a single MilliCare Floor & Textile Care franchised business (the “First Franchised Business”).

B. Franchisor offers qualified franchisees the right and option to open and operate an additional MilliCare Floor & Textile Care franchised business (the “Additional Franchised Business”) during the time periods set forth below and subject to the terms and conditions of this Agreement.

C. Developer wishes to purchase an option to establish and an Additional Franchised Business under the terms and conditions set forth in this Agreement.

**NOW, THEREFORE**, for valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Agreement

**1. GRANT OF OPTION AND OPENING DEADLINES**

1.1 **Grant.** Upon the execution of this Agreement, Developer will pay Franchisor an option fee equal to twenty percent (20%) of Franchisor’s then current initial franchise fee (the “Option Fee”). The Option fee is deemed fully earned upon payment and is nonrefundable under any circumstances but will be credited towards the initial franchise fee due for the Additional Franchised Business.

1.2 **Eligibility.** Developer must purchase this option and execute this Agreement contemporaneously with Developer’s execution of the First Franchise Agreement.

1.3 **Option Area.** The Developer has the option to purchase an Additional Franchised Business for the following Territory:

\_\_\_\_\_  
\_\_\_\_\_.

**2. EXERCISE OF OPTION.** In order to exercise its option to acquire an Additional Franchised Business, Developer must satisfy all of the following conditions:



(a) Execute Franchisor's then-current form of franchise agreement for that Additional Franchised Business (the "Additional Franchise Agreement") within 18-months of its execution of the First Franchise Agreement;

(b) Pay Franchisor the balance due for the initial franchise fee due for an Additional Franchise Agreement;

(c) Developer must not default under this Agreement, or any other agreement with Franchisor or its affiliates, including any other franchise agreement, and must have fully and faithfully performed all of Developer's material obligations under any such agreements throughout their respective terms;

(d) Neither this Agreement, the First Franchise Agreement, nor any other agreement Franchisor has entered into with Developer has been terminated by Franchisor;

(e) Developer has timely paid any fees or other monies due to Franchisor as and when due under the terms of the First Franchise Agreement or any other agreement with Franchisor;

(f) There has been no change in the effective control of Developer (by way of change in share ownership, membership or partnership interest, or otherwise) without Franchisor's written consent; and

(g) Developer's personnel have successfully completed Franchisor's training programs.

**3. ASSIGNMENT.** Developer's rights under this Agreement are personal to Developer and Developer may not sell, transfer, or assign any right granted herein without Franchisor's prior written consent, which may be withheld in its sole discretion. Notwithstanding, if Developer is an individual or a partnership, Developer has the right to assign its rights under this Agreement to a corporation or limited liability company that is wholly owned by Developer according to the same terms and conditions as provided in the First Franchise Agreement. Franchisor has the right to assign this Agreement in whole or in part in its sole discretion.

**4. CHOICE OF LAW AND DISPUTE RESOLUTION.** Section 3.25 (Indemnity), Section 6.3 (Dispute Resolution) and Section 7 (Miscellaneous) of the First Franchise Agreement are incorporated by reference into this agreement as if set forth at length herein.

**5. TIME OF THE ESSENSE.** Time is of the essence with respect to any time fixed for performance of any requirement set forth in this Agreement.

**6. ACKNOWLEDGEMENT.** Developer acknowledges that this Agreement is not a franchise agreement and does not confer upon Developer any rights to use Franchisor's Marks or its System.

**7. CONSTRUCTION OF LANGUAGE.** Any term defined in the First Franchise Agreement which is not defined in this Agreement will be ascribed the meaning given to it in the First Franchise Agreement. The language of this Agreement will be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Developer, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.

**IN WITNESS WHEREOF**, the parties hereto have duly signed and delivered this Agreement in duplicate on the day and year first above written.

**FRANCHISOR**

**milliCare Franchising, LLC**

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

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

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

**DEVELOPER**

\_\_\_\_\_

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

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

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

**EXHIBIT F**  
**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

## CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**THIS CONFIDENTIALITY AND NON-COMPETITION AGREEMENT (“Agreement”)** is made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_, by and between \_\_\_\_\_ (the “**Franchisee**”), and \_\_\_\_\_, who is an owner, partner, shareholder, member, manager, supervisor, and employee of Franchisee (the “**Individual**”).

### RECITALS:

**WHEREAS**, MilliCare Franchising, LLC (“**milliCare**”) owns proprietary know-how and trade secrets relating to the establishment, marketing, promotion, and operation of businesses that provide cleaning, maintenance, and protective treatment of floors and floor coverings, interior finishes and interior furnishings, tile and grout, and related services in commercial, industrial, and office properties (the “**milliCare® Services System**”);

**WHEREAS**, milliCare has expended time, effort, and money to develop and protect business plans, procedures, training programs, and marketing identity in connection with the operation of the milliCare® Services System;

**WHEREAS**, milliCare has rights to the trademark, distinctive logo, and identifying commercial symbol and design “milliCare®” for use with cleaning compounds and the service mark and name “milliCare®” and accompanying distinctive logo for interior maintenance, and anticipates developing additional trademarks, trade names, service marks, and other commercial symbols (such marks as now existing or as they may be developed hereafter being referred to herein as the “**Marks**”);

**WHEREAS**, milliCare maintains high standards of quality for its products and services such that valuable goodwill is attached to the Marks;

**WHEREAS**, milliCare has licensed Franchisee, under a milliCare Floor & Textile Care Franchise Agreement (the “**Franchise Agreement**”), to operate a milliCare® Services System franchise under the Marks using milliCare’s trade secrets and other proprietary and confidential information in accordance with the milliCare® Services System;

**WHEREAS**, Individual, by virtue of his or her position with Franchisee, will gain access to certain of milliCare’s Confidential Information, as defined herein, and must therefore be bound by the same confidentiality and non-competition agreement to which Franchisee is bound; and

**WHEREAS**, in order to protect milliCare’s Confidential Information and intellectual property rights, milliCare requires, as a condition to Franchisee’s license under the Franchise Agreement, that Franchisee’s owners and employees enter into a Confidentiality and Non-Competition Agreement, in which the specified Individual promises to adhere to certain non-disclosure and non-competition covenants.

**IN CONSIDERATION** of these promises, Individual’s status with Franchisee, the conditions stated herein, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties agree as follows:

1. Individual hereby acknowledges that the milliCare® Services System and the Marks are the sole and exclusive property of milliCare and hereby agrees that he/she shall not, directly or indirectly, in any manner or fashion, challenge or contest the right, title, or interest of milliCare in and to the milliCare® Services System, nor shall Individual claim any right, title or interest in or to the Marks.

2. Individual shall not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, entity, association, or corporation any confidential information, knowledge, know-how, or techniques concerning the methods of operation of the business franchised thereunder which may be communicated to Individual or of which Individual may be apprised by virtue of Franchisee's operation under the terms of the Franchise Agreement ("**Confidential Information**"). In addition, any and all information, knowledge, know-how, and techniques which milliCare designates as confidential (including the Confidential Manual specified in Franchise Agreement) shall be deemed Confidential Information for purposes of this Agreement, except information which, at or after the time of disclosure by milliCare to Franchisee, had become or later becomes a part of the public domain, through publication or communication by others.
3. Individual specifically acknowledges that, pursuant to the Franchise Agreement, and by virtue of its status with Franchisee, Individual will receive valuable specialized training and Confidential Information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of the milliCare® Services System.
4. Individual covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by milliCare, Individual shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:
  - (i) Divert or attempt to divert any business or customer of the milliCare® Services System or of any franchisee using the milliCare® Services System to any competitor, 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 milliCare® Services System;
  - (ii) Employ or seek to employ any person who is at that time employed by milliCare, Franchisee, or any other franchisee of milliCare, or otherwise directly or indirectly induce such person to leave his or her employment; or
  - (iii) Own, maintain, engage in, participate in, make loans to, or have any interest in any business that offers products or services that are essentially the same as, or substantially similar to, the products or services that are part of the milliCare® Services System, except other franchises offered by milliCare (any business carrying on such activities being herein called a "**Competing Business**").
5. Individual covenants and agrees that during the Post-Term Period (defined below), except as otherwise approved in writing by milliCare, Individual shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation, or entity:
  - (a) Provide or seek to provide products or services that are essentially the same as, or substantially similar to, the products or services that are part of the milliCare® Services System, to any customer who was a customer of Franchisee, milliCare, or another franchisee of the milliCare® Services System at any time during the twelve months prior to the beginning of the Post-Term Period;
  - (b) Employ or seek to employ any person who, at any time during the six months prior to the beginning of the Post-Term Period, was employed by milliCare or by another franchisee of the milliCare® Services System; or

(c) Own, maintain, engage in, participate in, or have any interest in any Competing Business in the Franchisee's Territory. (This sub-section (c) shall not apply to those individuals who are only employees of Franchisee.)

6. As used in this Agreement, the term "Post-Term Period" shall mean a continuous uninterrupted period of 2 years from the date of: (a) a transfer permitted under Section 5 of the Franchise Agreement; (b) expiration or termination of the Franchise Agreement (regardless of the cause for termination); and/or (c) termination of Individual's status with Franchisee.
7. Individual acknowledges that any failure to comply with the requirements of this Agreement will cause milliCare irreparable injury, and Individual agrees to pay all court costs and reasonable attorneys' fees incurred by milliCare in obtaining specific performance of, or an injunction against violation of, the requirements of this Agreement.
8. All agreements and covenants contained herein are severable. If any of them, or any part or parts of them, shall be held invalid by any court of competent jurisdiction for any reason, then the Individual agrees that the court shall have the authority to reform and modify that provision in order that the restriction shall be the maximum necessary to protect milliCare's and/or Franchisee's legitimate business needs as permitted by applicable law and public policy. In so doing, Individual agrees that the court shall impose the provision with retroactive effect as close as possible to the provision held to be invalid.
9. No delay or failure by milliCare or Franchisee to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right provided herein, and no waiver of any violation of any terms and provisions of this Agreement shall be construed as a waiver of any succeeding violation of the same or any other provision of this Agreement.
10. Individual hereby acknowledges and agrees that milliCare is an intended third-party beneficiary of this Agreement with the right to enforce it, independently or jointly with Franchisee.
11. This Agreement shall survive the termination of Individual's relationship with Franchisee and the transfer, termination, or expiration of the Franchise Agreement.

**IN WITNESS WHEREOF**, Franchisee and Individual attest that each has read and understands the terms of this Agreement, and voluntarily signed this Agreement on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

FRANCHISEE

INDIVIDUAL

\_\_\_\_\_

\_\_\_\_\_

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

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

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

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

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

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

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

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

**EXHIBIT G**  
**LIST OF FRANCHISEES**

**Current as of December 31, 2021**

**United States Franchises**

<b>Franchisee Name</b>	<b>Owner Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Telephone Number</b>
milliCare by DryTech - NW FL, S AL	Paul Knox	2225 S. Broad Avenue	Lanett	Alabama	36863	(334) 319-0955
milliCare by DryTech Carpet Care - Montgomery	Paul Knox	2225 S. Broad Avenue	Lanett	Alabama	36863	(334) 319-0955
milliCare by Corporate Flooring Solutions	Rodney Brown	3535 E. Broadway Road	Phoenix	Arizona	85040	(480) 820-1073
milliCare by Advanced Green Solutions	Michael Gottlieb Ryan Afromsky	16742 Stagg Street, Unit 102	Van Nuys	California	91406	(818) 901-7949
milliCare by EBC Carpet Services - Wilmington	Chip Rankin	1300 First State Blvd, Suite 1	Wilmington	Delaware	19804	(302) 995-7461
milliCare by EBC Carpet Services - Philadelphia	Chip Rankin	1300 First State Blvd., Suite 1	Wilmington	Delaware	19804	(302) 995-7461
milliCare by Sustaining Interiors	Grace Cubarrubia	4100 North Powerline Road, Suite E-5	Pompano Beach	Florida	33073-9998	(561) 972-5311
milliCare by Cubix - Jacksonville	Rick DeVane	9454 Phillips Highway, Suite 3	Jacksonville	Florida	32256	(904) 524-0519
milliCare by Cubix - Albany-Tallahassee	Rick DeVane	9454 Phillips Highway, Suite 3	Jacksonville	Florida	32256	(904) 296-9355
milliCare by Suncoast Facility Services	Randy Keech	6625 55th Street, North Suite 110/120	Pinellas Park	Florida	33781	(727) 420-8802
milliCare by Cubix - Orlando	Rick DeVane	6450 Kingspointe Parkway, Suite 10	Orlando	Florida	32819	(407) 373-7410
milliCare by Cubix - Tampa	Rick DeVane	3927 Progress Road, Suite 101	Lakeland	Florida	33811	(863) 937-7073
milliCare by KleanWorx, LLC	Travis Shepard	2213 Avalon Road	Alpharetta	Georgia	30009	(404) 402-3000
milliCare by Optimum Floor Care	Trish Jensen	812 Central Avenue	Roselle	Illinois	60172	(314) 368-4475
milliCare by Magnificent Floor Care	Trish Jensen	812 Central Ave	Roseville	Illinois	60172	(630) 742-7044



<b>Franchisee Name</b>	<b>Owner Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Telephone Number</b>
milliCare by –MR Jensen – Crown Point	Trish Jensen	2080 Concourse Drive	St. Louis	Missouri	63146	(314) 291-4811
milliCare by Carpet Concepts - Indianapolis	Barbara Heffernan	7898 East 88th Street	Indianapolis	Indiana	46256	(513) 772-7060
milliCare by Total Installation Management Specialists	Kim Bishop	3919 North Hillcrest, Suite 2	Wichita	Kansas	67220	(316) 267-0584
milliCare of Kentucky	Jeff Blackstone	146 Wood Hill Road	Bardstown	Kentucky	40004	(502) 493-5911
milliCare by Floor Care Concepts	Michael Davis	823 Carroll Street, Suite A3	Mandeville	Louisiana	70448	(985) 789-8786
milliCare by EBC Carpet Services - Balt/Wash	Chip Rankin	4385 Nicole Drive	Lanham	Maryland	20706	(301) 552-1800
Mid-Michigan milliCare	Jack McAlpine	15620 Dice Road	Hemlock	Michigan	48626	(989) 780-1079
milliCare by MR Jensen Enterprises-Peoria	Trish Jensen	2080 Concourse Drive	St. Louis	Missouri	63146	(314) 291-4811
milliCare by RTH Commercial Interiors	Bob Harrison	6528 Raytown Road, Suite H	Raytown	Missouri	64133	(816) 358-1220
milliCare by MR Jensen Enterprises	Trish Jensen	2080 Concourse Drive	St. Louis	Missouri	63146	(314) 291-4811
milliCare by EcoDry	Jim Skillen	160 B Fornelius Avenue	Clifton	New Jersey	07013	(973) 574-9955
milliCare of Western New York	Michael Opsitnick Jr	132 Fox Chapel Road	Henrietta	New York	14467	(585) 472-6225
milliCare by Clean Environments, Inc. - Knoxville	Nina Young	869 Riverside Drive	Asheville	North Carolina	28804	(828) 239-0040
milliCare by Clean Environments, Inc. - Asheville	Nina Young	869 Riverside Drive	Asheville	North Carolina	28804	(828) 239-0040
milliCare by Carpet Concepts - Columbus	Barbara Heffernan	7536 Reliance Street	Worthington	Ohio	43085	(513) 772-7060
milliCare by Carpet Concepts - Cincinnati	Barbara Heffernan	9048 Sutton Place	Hamilton	Ohio	45011	(513) 772-7060
milliCare of Northern Ohio	Michael Opsitnick Jr	Raintree Industrial Park, 5380-F Nainman Pkwy	Solon	Ohio	44139	(330) 603-8525

<b>Franchisee Name</b>	<b>Owner Name</b>	<b>Street Address</b>	<b>City</b>	<b>State</b>	<b>Zip Code</b>	<b>Telephone Number</b>
milliCare by Facility Solutions of Oklahoma	Ryan Tait	8021 West Reno Avenue	Oklahoma City	Oklahoma	73127	(405) 232-3379
milliCare by MES Oklahoma	Tim McCollough	5663-O South Mingo Road	Tulsa	Oklahoma	74146	(918) 270-1515
milliCare of Western Pennsylvania	Michael Opsitnick Jr	2828 Broadway Blvd, Unit 8	Monroeville	Pennsylvania	15146	(330) 603-8525
milliCare by CIS DryCare	Jim Graf	4903 Old William Penn Highway	Monroeville	Pennsylvania	15146	(724) 733-4486
milliCare by Select Facility Solutions Charlotte	Brian Farmer	203 Belmont Stakes Way	Greenville	South Carolina	29615	(864) 616-1828
milliCare by Select Facility Solutions Greenville	Brian Farmer	1018 South Batesville Road, Bldg 3-C	Greer	South Carolina	29650	(864) 616-1828
milliCare by Premium Floor Care and Services	Nancy Fechter	3895 Vantech Drive, Bldg D	Memphis	Tennessee	38115	(901) 869-9055
milliCare by Sustainable Flooring Solutions	Tom Yow	4825 Trousdale Drive, Suite 107	Nashville	Tennessee	37220	(615) 833-3506
milliCare by Ecoclean	Fred King	4584 Ripley Drive, 9B	El Paso	Texas	79922	(915) 581-4326
milliCare by Commercial Floor Source	Carol Cluff	1645 South 500 West	Woods Cross	Utah	84014	(801) 580-5965
milliCare by EBC Carpet Services	Chip Rankin	814 Greenbriar Circle, Suite O	Chesapeake	Virginia	23320	(757) 424-0405
milliCare by Lonestar Facility Solutions – DFW East	Robert Pace	624 Haggard St., Suite 709	Plano	Texas	75074	(469) 703-0019
milliCare by Lonestar Facility Solutions – DFW West	Robert Pace	624 Haggard St., Suite 709	Plano	Texas	75074	(469) 703-0019
milliCare by Lonestar Facility Solutions – Austin	Robert Pace	1401 Lavacca Street #858	Austin	Texas	78701	(469) 703-0019
milliCare by Arete Commercial Hygiene - North	Jason Mantas	372 Mountain View Road, #3	Johnstown	Colorado	80534	(303) 222-1056
milliCare by Arete Commercial Hygiene – South	Jason Mantas	372 Mountain View Road, #3	Johnstown	Colorado	80534	(303) 222-1056

**EXHIBIT H**

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM**

The following is a list of the name, city and state and current business telephone number, of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the franchisor within 10 weeks of the disclosure document issuance date.

None.

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

**EXHIBIT I**  
**FRANCHISEE COMPLIANCE CERTIFICATION**

**MILLCARE FLOOR & TEXTILE CARE  
FRANCHISEE COMPLIANCE CERTIFICATION**

As you know, MilliCare Franchising, LLC (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a “milliCare®” franchised business. The purpose of this questionnaire is to determine whether any statements or promises were made to you that the Franchisor has not authorized 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.

Where a question refers to a “person speaking on behalf of the Franchisor,” this phrase does not include milliCare® franchisees, who are not authorized to speak on behalf of the Franchisor.

(1) Have you received and personally reviewed the Franchise Agreement and each exhibit attached to it?

Yes \_\_\_\_ No \_\_\_\_

(2) Do you understand all of the information contained in the Franchise Agreement and each exhibit attached to it?

Yes \_\_\_\_ No \_\_\_\_

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

(3) Have you received and personally reviewed milliCare’s franchise disclosure document (“FDD”) that was provided to you?

Yes \_\_\_\_ No \_\_\_\_

(4) Did you sign a receipt for the FDD indicating the date you received it?

Yes \_\_\_\_ No \_\_\_\_

(5) Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

Yes \_\_\_\_ No \_\_\_\_

If no, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

(6) Have you had the opportunity to discuss the benefits and risks of establishing and operating a “milliCare®” franchised business with an attorney, accountant, or other professional advisor?

Yes \_\_\_\_ No \_\_\_\_

(7) Do you understand that the success or failure of your “milliCare®” franchised 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 \_\_\_\_

(8) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise that is different from the information contained in the FDD concerning the revenues, profits or operating costs of “milliCare®” franchised businesses operated by the Franchisor or its franchisees?

Yes \_\_\_\_ No \_\_\_\_

(9) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the amount of money you may earn in operating the “milliCare®” franchised business?

Yes \_\_\_\_ No. \_\_\_\_

(10) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the total amount of revenue that your “milliCare®” franchised business will generate?

Yes \_\_\_\_ No \_\_\_\_

(11) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise regarding the costs you may incur in operating the “milliCare®” franchised business that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_ No \_\_\_\_

(12) Has any employee or other person speaking on behalf of the Franchisor made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a “milliCare®” franchised business?

Yes \_\_\_\_ No \_\_\_\_

(13) Has any employee or other person speaking on behalf of the Franchisor made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that the Franchisor will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes \_\_\_\_ No \_\_\_\_

(14) Have you at any time had any discussions with or received any information from a representative of a franchise broker concerning the Franchisor?

Yes \_\_\_\_ No \_\_\_\_ (If “No,” please skip to question 18)

(15) Please list the individual(s) associated with a franchise broker with whom you had conversions or received any information about the Franchisor.

---

---

(16) Please review your answers to questions 8-13 of this Compliance Certification. Would your answers to any of these questions be different based upon any conversations with or information received from any individual listed in question 15?

Yes \_\_\_\_\_ No \_\_\_\_\_

(17) If "Yes," please describe in detail everything said or provided to you that caused you to answer "Yes" to question 16.

---

---

(18) Have you entered into any binding agreement with the Franchisor, or any individual listed in Question 15 concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

(19) Have you paid any money to the Franchisor, or any individual listed in Question 15 concerning the purchase of this franchise prior to today?

Yes \_\_\_\_\_ No \_\_\_\_\_

(20) If you have answered "Yes" to any one of questions 8-19, please provide a full explanation of each "yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.) If you have answered "no" to each of questions 8-19, please leave the following lines blank.

Please understand that your responses to these questions are important to us and that we will rely on them.

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

FRANCHISE APPLICANT

\_\_\_\_\_, 20\_\_



**EXHIBIT J**  
**STATE ADDENDA**

CALIFORNIA

**ADDENDUM TO THE  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF CALIFORNIA**

The following paragraphs are added to the Disclosure Document:

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at [www.dpfi.ca.gov](http://www.dpfi.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.

THE FRANCHISE AGREEMENT CONTAINS PROVISIONS THAT LIMIT FRANCHISEE'S RIGHTS AND MAY NOT BE ENFORCEABLE IN YOUR STATE INCLUDING, BUT NOT LIMITED TO, A TIME LIMIT TO RAISE CLAIMS AGAINST THE FRANCHISOR, LIMITATION OF DAMAGES AND WAIVER OF JURY TRIAL.

The following paragraphs are added at the end of Item 17 of the Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

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

Termination Upon Bankruptcy. 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.*).

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of South Carolina with certain exceptions. These provisions may not be enforceable under California law.

Arbitration. The Franchise Agreement requires binding arbitration. The arbitration is to occur at the office of the American Arbitration Association in Spartanburg, South Carolina with costs being borne by the non-prevailing party.

Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Neither the Franchisor, nor any person or franchise broker in Item 2 of the Franchise Disclosure Document, is subject to any currently effective order of any national securities

association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that associate or exchange.

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

ILLINOIS

**ADDENDUM TO THE  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the milliCare Floor & Textile Care Franchise Disclosure Document for use in the State of Illinois shall be amended as follows:

1. Item 17(b), under the heading “Renewal or extension of the term,” shall be amended by the addition of the following language at the end thereof:

Your rights upon non-renewal may be affected by Illinois law, 815 ILCS 705/20.

2. Item 17(f), under the heading “Termination by the Company with cause,” shall be amended by the addition of the following language at the end thereof:

The conditions under which your franchise can be terminated may be affected by Illinois law, 815 ILCS 705/19.

3. Item 17(v), under the heading “Choice of forum,” shall be amended by the addition of the following language at the end thereof:

You may commence an action against us in Illinois with respect to any cause of action arising under Illinois law.

4. Item 17(w), under the heading “Choice of law,” shall be amended by the addition of the following language at the end thereof:

Illinois law, however, will apply to all claims arising under Illinois law.

5. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987 are met independently without reference to this Addendum to the Franchise Disclosure Document.

\* \* \*

**AMENDMENT TO THE  
MILLICARE FLOOR & TEXTILE CARE  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the parties to the milliCare Floor & Textile Care Franchise Agreement (the “**Franchise Agreement**”) agree as follows with respect to franchises sold in the state of Illinois:

1. Section 1.4.3 of the Franchise Agreement, under the heading “Renewal Conditions,” shall be supplemented by the addition of the following language at the end of the Section:

If any of the provisions of this Section 1.4.3 concerning non-renewal are inconsistent with the provisions of Section 20 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 20 of the Act shall apply.

2. Section 6.1 of the Franchise Agreement, under the heading “Termination by Franchisor,” shall be supplemented by the addition of the following language at the end of the Section:

If any of the provisions of this Section 6.1 concerning termination are inconsistent with Section 19 of the Illinois Franchise Disclosure Act of 1987, then the provisions of Section 19 of the Act shall apply.

3. Section 7.1 of the Franchise Agreement, under the heading “Governing Law,” shall be supplemented by the addition of the following language at the end of the Section:

Illinois law, however, will apply to all claims arising under Illinois law.

4. Section 7.2 of the Franchise Agreement, under the heading “Forum Selection; Jurisdiction,” shall be supplemented by the addition of the following language at the end of the Section:

Franchisee shall not, however, be required to litigate any cause of action, with the exception of arbitration proceedings, arising under the Franchise Agreement or Illinois law outside of the state of Illinois.

5. Section 7.6 of the Franchise Agreement, under the heading “No Punitive Damages,” shall be supplemented by the addition of the following language at the end of the Section:

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise disclosure Act or any other law of the State of Illinois is void.

6. Section 7.7 of the Franchise Agreement, under the heading “No Trial By Jury,” shall be supplemented by the addition of the following language at the end of the Section:

Any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act or any law of the State of Illinois is void.

7. Section 7.9 of the Franchise Agreement, under the heading “Limitation of Claims,” shall be supplemented by the addition of the following language at the end of the Section:

No action shall be maintained under the Illinois Franchise Disclosure Act of 1987 to enforce any liability created by the Act unless brought before the expiration of 3 years after the act or transaction constituting the violation upon which it is based, the expiration of one year after Franchisee becomes aware of facts or circumstances reasonably indicating that it may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to Franchisee of a written notice disclosing the violation, whichever shall first expire.

8. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Illinois Franchise disclosure Act of 1987 are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement in duplicate on the date indicated below.

FRANCHISEE:

FRANCHISOR:

(If an individual)

MilliCare Franchising, LLC

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

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

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

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

(If a corporation)

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

Name of corporation: \_\_\_\_\_

State of incorporation: \_\_\_\_\_

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

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

(If a general or limited partnership)

Name of partnership: \_\_\_\_\_

State of organization: \_\_\_\_\_

Name of managing or general Partner: \_\_\_\_\_

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

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

(If a limited liability company)

Name of company: \_\_\_\_\_

State of organization: \_\_\_\_\_

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

Title [member or manager]: \_\_\_\_\_



## MARYLAND

**ADDENDUM TO THE  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MARYLAND**

1. Item 17 is amended by adding the following language after the table:
  - (a) You may sue 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.
  - (b) The provision in the franchise agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under Federal Bankruptcy Law (11 U.S.C. Section 1010 et seq.)
  - (c) 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.

**AMENDMENT TO THE  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MARYLAND**

The parties to the milliCare Floor & Textile Care Franchise Agreement (the “**Franchise Agreement**”) agree as follows with respect to franchises sold in the state of Maryland:

1. **No Release, Estoppel or Waiver of State Law.** All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law (“**Maryland Law**”).

2. **Jurisdiction.** Any litigation arising on claims under Maryland Law may be brought by the Franchisee in Maryland.

3. **Limitation on Claims.** All claims arising under the Maryland Law must be brought within 3 years after the grant of the franchise.

4. **General Release.** 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.

IN WITNESS WHEREOF, the parties hereto have duly executed this Illinois Amendment to the Franchise Agreement in duplicate on the date indicated below.

FRANCHISEE:

FRANCHISOR:

(If an individual)

MilliCare Franchising, LLC

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

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

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

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

(If a corporation)

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

Name of corporation: \_\_\_\_\_

State of incorporation: \_\_\_\_\_

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

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

(If a general or limited partnership)

Name of partnership: \_\_\_\_\_

State of organization: \_\_\_\_\_

Name of managing or general

Partner: \_\_\_\_\_

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

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

(If a limited liability company)

Name of company: \_\_\_\_\_

State of organization: \_\_\_\_\_

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

Title [member or manager]: \_\_\_\_\_

**RIDER TO  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE COMPLIANCE CERTIFICATION  
REQUIRED BY THE STATE OF MARYLAND**

The following is added to the Franchise Compliance Certification:

All representations requiring prospective franchisees to assent to a release, estoppels or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

FRANCHISE APPLICANT

\_\_\_\_\_, 20\_\_

MINNESOTA

**ADDENDUM TO THE  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, the Franchise Disclosure Document of milliCare Floor & Textile Care for use in the state of Minnesota shall be amended to include the following:

1. Item 13, “Trademarks,” shall be amended by deleting the sixth paragraph and substituting the following paragraph in lieu thereof:

You must promptly notify the Company of any unauthorized use of any of the trademarks, or any colorable variation of the trademarks, by third parties. You must promptly notify the Company of any claim, demand, or suit against you based upon, or arising in connection with, your use of the trademarks. You have no authority to defend or prosecute any action relating to the trademarks, and the Company in its sole discretion, may elect to defend or prosecute any action relating to the trademarks. If the Company defends or prosecutes any action relating to the trademarks, you will execute any and all documents and do all acts necessary to carry out the litigation. Pursuant to Minnesota Stat. Sec. 80C.12, Subd. 1(g), we are required to protect any rights which you have to use our Marks.

2. Items 17 (b), (c), (e), and (k) of the Franchise Agreement chart, under the headings “Renewal or extension of the term,” “Requirements for you to renew or extend,” “Termination by the Company without cause” and “Transfer by you – definition,” shall be amended by the addition of the following language at the conclusion of the provisions:

Minnesota law provides franchisees with certain termination, non-renewal, and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise not be unreasonably denied.

3. Item 17(m) of the Franchise Agreement chart, under the heading “Conditions for Company approval of transfer,” shall be amended by adding the following language at the end of the Item:

The general release will not apply to any liability under the Minnesota Franchise Law.

4. Item 17 (v) of the Franchise Agreement chart, under the heading “Choice of forum,” shall be amended by deleting in its entirety and replacing it with the following:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit you from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of the Franchisee’s rights as

provided for in Minnesota Statutes, Chapter 80C, or the Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. Item 17(w) of the Franchise Agreement chart, under the heading entitled "Choice of law," shall be amended by adding the following language at the end of the Item:

This provision may not be enforceable under Minnesota law.

6. Each provision of this Addendum to the Franchise Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22 and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930 are met independently without reference to this Addendum to the Franchise Disclosure Document.



**AMENDMENT TO MILLICARE FLOOR & TEXTILE CARE  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn Rules. §§ 2860.0100 through 2860.9930, the parties to the attached milliCare Floor & Textile Care Franchise Agreement (the “**Franchise Agreement**”) agree as follows:

1. Sections 1.4, 5.2.4 and 6.1 of the Franchise Agreement, under the headings entitled “Term,” “Conditions to Transfer,” and “Termination by Franchisor,” shall be supplemented by the addition of the following language:

Minnesota law provides franchisees with certain termination, non-renewal and transfer rights. In sum, Minn. Stat. § 80C.14 (subd. 3, 4, and 5) currently requires, except specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of nonrenewal of the Agreement, and that consent to the transfer of the franchise not be unreasonably withheld.

2. Section 3.9.3 of the Agreement, under the heading “Obligations of Franchisee,” shall be amended by the addition of the following new paragraph:

Pursuant to Minnesota Stat. Sec. 800.12, Subd. 1(g), Franchisor is required to protect any rights Franchisee may have to Franchisor’s Marks.

3. Section 7.1 of the Franchise Agreement, under the heading entitled “Governing Law” shall be supplemented by the addition of the following:

7.1.1 Pursuant to Minn. Stat. § 80C.21, this Section 25 shall not in any way abrogate or reduce any rights of the Franchisee as provided for in the Minnesota Franchises Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

4. Section 7.2 of the Franchise Agreement, under the heading entitled “Forum Selection; Jurisdiction,” shall be supplemented by the addition of the following language:

Minn. Stat. Section 80C.21 and Minn. Rule 2860.4400J prohibits Franchisor from requiring litigation to be conducted outside Minnesota. This Section 26.4 shall not in any way abrogate or reduce any of Franchisee’s rights as provided for in the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce.

5. Section 7.2 of the Franchise Agreement, under the heading entitled “Forum Selection; Jurisdiction,” shall be supplemented by the addition of the following:

Pursuant to Minn. Stat. § 80C.17 (subd. 5), this Section 7.2 shall not in any way abrogate or reduce the time period for bringing a civil action under Minn. Stat. § 80C.17.

Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act, Minn. Stat. §§ 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules §§ 2860.0100 through 2860.9930, are met independently without reference to this Amendment.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Minnesota Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

ATTEST

**MILLCARE FRANCHISING, LLC**

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

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

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

**FRANCHISEE**

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

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

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

NEW YORK

**ADDENDUM TO THE  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF NEW YORK**

1. **The following information is added to the cover page of the Franchise Disclosure Document:**

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective

order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

**3. The following is added to the end of Item 4:**

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as 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 that officer or general partner of the franchisor held this position in the company or partnership.

**4. The following is added to the end of Item 5:**

The initial fee constitutes part of our general operating funds and will be used as such in our discretion.

**5. The following is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for franchisee to renew or extend,” and Item 17(m), entitled “Conditions for franchisor approval of transfer”:**

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

**6. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:**

You may terminate the agreement on any grounds available by law.

**7. The following is added to the end of the “Summary” section of Item 17(j), titled “Assignment of contract by franchisor”:**

However, no assignment will 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.

**8. The following is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law”:**

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA

**ADDENDUM TO  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE DISCLOSURE DOCUMENT  
FOR USE IN NORTH DAKOTA**

(1) The first sentence of the summary column of Item 17, paragraph c. of this disclosure document is modified as follows:

"Sign new franchise agreement, which may contain materially different terms and conditions than your initial franchise agreement, comply with current Franchise Agreement, exercise diligent efforts to develop your franchise during the term in a manner acceptable to us, meet our then current subjective and objective standards for new franchisees, provide us with requested documentation, give timely notice of desire to renew, execute a general release (except for matters coming under the North Dakota Franchise Investment Law (the "ND Law"), complete required training and consulting programs, and attend all required meetings and events."

(2) The summary column of Item 17, paragraph (i) of this disclosure document is modified by adding the following at the end of the sentence:

"The Franchisee is not required to pay liquidated damages upon termination for any matters coming under the ND Law."

(3) The Summary column of Item 17, paragraph (r) of this disclosure document is modified by adding the following at the end of the sentence:

"Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota."

(4) The Summary column of Item 17, paragraph (u) of this disclosure document is amended by adding the following at the end of the paragraph:

"except those matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location and may not be remote from the franchisee's place of business."

(5) The Summary column of Item 17, paragraph (v) of this disclosure document is amended to read as follows:

"Except for matters coming under the ND Law, litigation must be in Spartanburg, South Carolina."

(6) The Summary column of Item 17, paragraph (w) of this disclosure document is amended to read as follows:

"Except for matters coming under the ND Law, the laws of South Carolina apply."

(8) The Franchisee is not required to consent to a waiver of exemplary and punitive damages.

(7) The Franchisee is not required to waive jury trial for any matters coming under the ND Law.

(8) The Franchisee is not required to consent to limitation of claims within 1 year for any matters coming under the ND Law.

(9) The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.



**RIDER TO  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE AGREEMENT  
FOR USE IN NORTH DAKOTA**

This Rider is entered into this \_\_\_\_\_, 20\_\_ (the “**Effective Date**”), between **MILLCARE, FRANCHISING, LLC** (“**milliCare**”), a Delaware limited liability company (“**Franchisor**”), and \_\_\_\_\_ (“**Franchisee**”) and amends the Franchise Agreement between the parties dated as of the Effective Date, (the “**Agreement**”).

1. **Precedence and Defined Terms.** This Rider is an integral part of, and is incorporated into, the Agreement. Nevertheless, this Rider supersedes any inconsistent or conflicting provisions of the Agreement. Terms not otherwise defined in this Rider have the meanings as defined in the Agreement.

2. **Renewal Conditions.** Franchisee is not required to sign a general release as to any matters coming under the North Dakota Franchise Investment Law (the “**ND Law**”).

3. **Liquidated Damages Upon Termination Due to Franchisee’s Default.** The provision relating to Liquidated Damages is deleted.

4. **Competition.** Covenants not to compete, such as those mentioned in in this section, are generally considered unenforceable in the state of North Dakota.

5. **Arbitration.** All matters coming under the ND Law will be submitted to arbitration in a mutually agreeable location and may not be remote from the Franchisee's place of business.

6. **Forum Selection; Jurisdiction.** All matters coming under the ND Law may be brought in the courts of North Dakota.

7. **Governing Law.** This Agreement will be governed by and interpreted under the laws of North Dakota.

8. **No Punitive Damages.** Section 7.6 of the Franchise Agreement is deleted in its entirety.

9. **No Trial by Jury.** Section 7.7 of the Franchise Agreement is deleted in its entirety.

10. **Limitation of Claims.** The statute of limitations under ND Law applies to all matters coming under ND Law.

11. **Costs and Legal Fees.** The prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney’s fees.

Intending to be bound the Franchisor and Franchisee sign and deliver this Rider in 2 counterparts effective on the date of execution of the Agreement, regardless of actual date of signature.

**MILLCARE FRANCHISING, LLC**

**FRANCHISEE**

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

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

VIRGINIA

**ADDENDUM TO THE  
MILLCARE FLOOR & TEXTILE CARE  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for MilliCare Franchising, LLC for use in the Commonwealth of Virginia shall be amended as follow:

The following statements are added to Item 17.h:

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

WASHINGTON

**ADDENDUM TO THE MILLICARE FLOOR & TEXTILE CARE  
FRANCHISE DISCLOSURE DOCUMENT  
REQUIRED BY THE STATE OF WASHINGTON**

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

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

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

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

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

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

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

**ADDENDUM TO MILLICARE FLOOR & TEXTILE CARE  
FRANCHISE AGREEMENT  
REQUIRED BY THE STATE OF WASHINGTON**

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

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

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

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

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

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

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

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed, and delivered this Amendment to the Franchise Agreement on the same date as that on which the Franchise Agreement was executed.

**ATTEST**

**MILLCARE FRANCHISING, LLC**

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

**FRANCHISEE**

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

**EXHIBIT J**  
**FORM OF GENERAL RELEASE**

RELEASE OF CLAIMS

IN CONSIDERATION of MilliCare Franchising, LLC (“milliCare”), agreeing to a renewal term for the milliCare Floor & Textile Care franchise owned by \_\_\_\_\_ in \_\_\_\_\_, \_\_\_\_\_ (“\_\_\_\_\_”), \_\_\_\_\_ and its member(s), \_\_\_\_\_ (“\_\_\_\_\_”), for themselves and for their affiliates, officers, employees, and agents, and their respective successors and assigns, agree to hereby release milliCare, its affiliates, their collective shareholders or members, officers, employees, and agents, and their respective heirs, successors, and assigns, from any claims arising out of their franchise agreement with milliCare, and any other claims they may have, or may in the future be found to have, arising out of said franchise relationship or any other association with milliCare, its affiliates, shareholders or members, officers, employees, and agents, and their respective successors and assigns to date (the “Claims”).

And \_\_\_\_\_ do hereby acknowledge that this Release is given by them in full satisfaction and settlement of any Claims, and they fully understand that neither they, nor their successors or assigns, can make any further claim as to any Claims against the persons or entities who are hereby released, nor can any person or persons representing them.

It is distinctly understood and agreed as follows: 1) that this Release shall act and operate as a Full and Complete Release of the persons and entities referred to herein from any Claims; 2) that this Release expresses a full and complete settlement of any and all liabilities claimed; and, 3) regardless of the adequacy or inadequacy of the consideration or other amount paid, it is intended to be final and complete.

\_\_\_\_\_ and \_\_\_\_\_ hereby declare and represent that in making this Release they have relied wholly upon their own judgment, belief and knowledge of the nature and extent of any Claims, and that they have not been influenced to any extent whatever in making this



Release by any representations or statements regarding any Claims, or regarding any other matters, made by the persons or entities who are hereby released, or by any person or persons representing them or any of them.

It is further understood and agreed that there is no promise or agreement on the part of the persons or entities who are hereby released to do or omit to do any act or thing not herein mentioned, that this Release contains the entire agreement of \_\_\_\_\_ and \_\_\_\_\_ as to any Claims, and that the terms of this Release are contractual and not a mere recital.

And \_\_\_\_\_ do further state that they have read the foregoing Release, understand the contents thereof, and that they signed the same as their own free act upon the advice of counsel.

WITNESS our hand and seal this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

WITNESS:

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

\_\_\_\_\_

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

Its: Member

\_\_\_\_\_

\_\_\_\_\_, Individually

\_\_\_\_\_

\_\_\_\_\_, Individually

**EXHIBIT L**

**STATE EFFECTIVE DATES**

## State Effective Dates

The following states have franchise laws that require the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

<b>STATE</b>	<b>EFFECTIVE DATE</b>
California	Not Registered
Florida	Not Registered
Hawaii	Not Registered
Illinois	Not Registered
Indiana	Not Registered
Kentucky	Not Registered
Maryland	Not Registered
Michigan	Not Registered
Minnesota	Not Registered
New York	Not Registered
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Texas	Effective
Utah	Not Registered
Virginia	Not Registered
Washington	Not Registered
Wisconsin	Not Registered

## 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 milliCare Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If milliCare Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit A to this disclosure document).

The franchisor is milliCare Franchising, LLC, located at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. Its telephone number is 254-718-6981

We authorize the respective state agencies identified on Exhibit A to receive service of process for us if we are registered in the particular state.

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
Stephen Schiller	milliCare Franchising, LLC 1515 Mockingbird Lane, Suite 410 Charlotte, NC 28209	254-718-6981

Issuance Date: March 11, 2022. (See State Effective Dates page immediately prior to the Receipt for state effective dates.)

I have received a disclosure document dated: March 11, 2022, that included the following exhibits:

- A. State Administrators and Agents for Service of Process
- B. Financial Statements
- C. Franchise Agreement
- D. Conversion Addendum
- E. Confidentiality and Non-Competition Agreement
- F. List of Franchisees
- G. List of Franchisees Who Have Left The System
- H. Franchisee Compliance Certification
- I. State Addenda
- J. Form of General Release
- K. State Effective Dates

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

\_\_\_\_\_  
Prospective Franchisee

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

**RETAIN THIS COPY**

**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 milliCare Franchising, LLC. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If milliCare Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit A to this disclosure document).

The franchisor is milliCare Franchising, LLC, located at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. Its telephone number is 254-718-6981.

We authorize the respective state agencies identified on Exhibit A to receive service of process for us if we are registered in the particular state.

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
Stephen Schiller	milliCare Franchising, LLC 1515 Mockingbird Lane, Suite 410 Charlotte, NC 28209	254-718-6981

Issuance Date: March 11, 2022. (See State Effective Dates page immediately prior to the Receipt for state effective dates.)

I have received a disclosure document dated: March 11, 2022, that included the following exhibits:

- A. State Administrators and Agents for Service of Process
- B. Financial Statements
- C. Franchise Agreement
- D. Conversion Addendum
- E. Confidentiality and Non-Competition Agreement
- F. List of Franchisees
- G. List of Franchisees Who Have Left The System
- H. Franchisee Compliance Certification
- I. State Addenda
- J. Form of General Release
- K. State Effective Dates

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

\_\_\_\_\_  
Prospective Franchisee

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

**RETURN THIS COPY TO MILLICARE**