

FRANCHISE DISCLOSURE DOCUMENT



Clintar Franchising, Inc.
(A Delaware Corporation)
1515 Mockingbird Lane, Suite 410
Charlotte, NC 28209
1-800-361-3542
www.franchise.clintar.com

The franchise offered is for a Clintar Commercial Outdoor Services business which will provide groundskeeping services, landscape management, landscape enhancement, vegetation control, snow and ice control, roadway and parking lot maintenance and irrigation system maintenance to commercial, industrial, and office properties.

The total investment necessary to begin operation of a new Clintar franchise is \$164,100 to \$273,700. This includes \$39,900 that must be paid to us.

The total investment necessary to begin operating a conversion Clintar franchise is \$52,150 to \$204,710. This includes \$19,950 to \$35,910 that must be paid to us.

We also provide qualified franchisees with the right to execute an Option Agreement for the operation of additional Clintar franchises. The total investment necessary for an Option for a second Clintar franchise is \$171,080 to \$280,680. This includes \$46,880 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 Clintar Franchising, Inc., 1515 Mockingbird Lane, Suite 410, 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 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: August 14, 2023, as Amended October 12, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	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 “H” and “I.”
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21, or Exhibit “B” includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Clintar Commercial Outdoor Services business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be a Clintar Commercial Outdoor Services franchisee?	Item 20 or Exhibits “H” and “I” list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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 North Carolina. 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.
2. **Mandatory Minimum Payments.** You must make mandatory minimum royalty payments or advertising fund payments regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
3. **Short Operating History.** The franchisor is at an early stage of development and has limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the Franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.

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

**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

DISCLOSURES REQUIRED BY CONNECTICUT LAW

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

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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, Clintar Franchising, Inc. “**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 corporation formed on March 2, 2023, with our principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 and we conduct business under our corporate name and our proprietary marks, including the mark “Clintar Commercial Outdoor Services”.

Our parent is Clintar, Inc. (d/b/a EverSmith Brands) (“EverSmith Brands”), a Delaware corporation formed on July 2, 2021, with an address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. EverSmith Brands’ parent is EverSmith Brands Intermediate Holding Company (f/k/a Clintar Intermediate Holding Company), a Delaware corporation formed on November 25, 2020, and EverSmith Brands Holding Company (f/k/a Clintar Holding Company), a Delaware corporation formed on November 25, 2020, each with an address of 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209. EverSmith Brands Holding Company (f/k/a 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.

We began offering franchises as of the issuance date of this disclosure document. We do not operate a business of the type being offered in this disclosure document. We have not conducted business in any other line of business or offered franchises in any other line of business. We have no other business activities.

Our affiliate TruServe Groundscare, Inc. is an Ontario corporation formed on January 1, 2008, with an address at 200 Cachet Wood Court, Unit 119, Markham, ON, Canada L6C 0Z8, offers outdoor service franchises under the “Clintar Outdoor Commercial Services” mark in Canada featuring landscape design and grounds maintenance. Our affiliate and its predecessor have offered Clintar Commercial Outdoor Services franchises since 1982. As of December 31, 2022, there are 20 franchised Clintar Outdoor Commercial Services businesses operating in Canada.

Our affiliate milliCare, Inc. is a Delaware Corporation formed on September 17, 2021, with its principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209, whose predecessor offered milliCare Floor & Textile Care franchises from January 2011 until December 2021. Our affiliate, and milliCare, Inc.’s subsidiary, is milliCare Franchising, LLC, which is a Delaware limited liability company formed on January 31, 2022, with its principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 and has offered milliCare Floor & Textile Care franchises since March 2022. milliCare Floor & Textile Care franchised businesses offer cleaning and maintenance of floor coverings and interior finishes and related services. As of December 31, 2022, there are 51 milliCare Floor & Textile Care franchises operating in the United States.

Our affiliate Kitchen Guard Franchising, Inc. is a Delaware corporation formed on June 23, 2023, with its principal business address at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 and intends to offer franchises in 2023. A Kitchen Guard franchised business will offer commercial kitchen exhaust system cleaning, inspection, maintenance, and restoration services. As of the date of this disclosure document, there are no Kitchen Guard franchises operating in the United States.

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

The Company franchises a full-service landscape, snow removal, outdoor property service provider, and related services under our trademark, distinctive logo, identifying commercial symbol or design "Clintar Commercial Outdoor Services", the service mark and name "Clintar" or accompanying distinctive logo 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 "**Clintar System**" or the "**Franchised Business**"). You must provide (1) groundskeeping services, (2) landscape maintenance, (3) landscape enhancements, (4) vegetation control, (5) snow and ice control, (5) irrigation system maintenance (where permitted by law); and (6) lawn, shrub and tree insect and disease control; and optional services include (i) roadway and parking lot maintenance, (ii) commercial landscape construction; and (iii) residential landscape/hardscape design and build (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 Clintar System. You must provide all Services that the Company requires and approves for your franchise. You may not provide Services to residential customers without the Company's express prior written consent.

Franchisees that convert an existing commercial outdoor property 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 landscaping and commercial property outdoor maintenance companies, as well as flooring companies that provide these landscaping, snow/ice removal, and outdoor maintenance services, and may include us or other Clintar franchisees.

Your Franchised Business will be subject to federal, state, county, and municipality laws and regulations. You must investigate all applicable laws and regulations, and your cost to comply with such laws and regulations, and you should do so before purchasing a franchise from us. OSHA and workplace safety regulations as well as other state and local specific safety and workplace regulations may affect the types of safety devices and equipment you must make available to or be required to offer to your employees. These can vary from jurisdiction to jurisdiction and specific inquiry should be made with your state and local authorities.

Each state has specific licensing requirements that must be met in the areas of general pest (structural), termite control and agricultural related pest control services. You must also comply with all federal, state, and local laws regarding pesticide usage and storage, including the Federal Insecticide, Fungicide and Rodenticide Act, and various state and local requirements for contractors. You must obtain, at your expense, a Pest Control Operator's License, or its equivalent, from all applicable state, county and municipal authorities before you start operation of the Franchised Business or retain the services of a qualified operator with the required credentials. You must also comply with applicable environmental regulations in connection with the use, storage and disposal of certain chemicals and pesticides you will use in your Franchised Business

There are specific regulations pertaining to the irrigation services and you must comply with all local, state and federal codes and regulations and all Environmental Protection Agency ("EPA") and other environmental regulations pertaining to irrigation services. Certain states or local authorities may not

permit irrigation systems due to water restrictions and other methods efforts to conserve water. You should investigate any restrictions on the services that you can offer. We will not require you to offer any services prohibited by law in your jurisdiction. You may be required by local and state authorities to obtain certain permits, registrations, certifications or licenses to operate an irrigation business. You must obtain any required licenses and permits, and ensure that your employees and others providing services associated with the irrigation services to customers have all required licenses and permits, relating to the operation of the irrigation services. You must comply with any state or local licensing or regulatory requirements that may apply to the irrigation services. You must meet all local, state, or federal contracting laws that may apply to offering this service.

We are not presently aware of any other regulations or special permits required for you to operate your Franchised Business. Applicable laws and regulations are subject to change. Specific inquiry should be made with your state and local authorities.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer and Director: Robert Gannett

Robert Gannett has served as our CEO and a director since our inception on March 2, 2023. Mr. Gannett serves as our affiliate TruServe Groundscare, Inc. CEO and director since September 13, 2021. He also serves as our affiliate milliCare Franchising, LLC's CEO and President since its inception in January 2022, our affiliate Kitchen Guard Franchising, Inc. since its inception in June 2023, and as the Chief Executive Officer of milliCare, Inc. since September 2021 and of EverSmith Brands since July 2021. Previously Mr. Gannett served as Division President of ServiceMaster Restore from July 2019 to December 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 January 2016 to July 2019.

President: Terry Nicholson

Terry Nicholson has served as our President since our inception. Mr. Nicholson joined our affiliate, TruServe Groundscare, Inc. in January 1985 serving in various roles of increasing responsibility. Since 1999, Mr. Nicholson has served as its Vice-President, Operations.

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 affiliate TruServe Groundscare, Inc. since December 2020. Mr. Lenahan also serves in the same capacity for milliCare, Inc. since September 2021, EverSmith Brands since July 2021, milliCare Franchising, LLC since its inception in January 2022, and Kitchen Guard Franchising, Inc. since its inception in June 2023. 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 affiliates TruServe Groundscare, Inc. since December 2020, milliCare, Inc., Inc. since September 2021, EverSmith Brands since July 2021, milliCare Franchising, LLC since its inception in January 2022, and Kitchen Guard

Franchising, Inc. since its inception in June 2023. Mr. Sauer is a senior partner in The Riverside Company, in its Santa Monica, California offices and has been with the company since 2004.

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 EverSmith Brands since October 2021, our affiliate TruServe Groundscare, Inc. since October 2021, milliCare Franchising, LLC since its inception in January 2022, and Kitchen Guard Franchising, Inc. since its inception in June 2023. Previously, Mr. Schiller served as Vice President of Franchise Development for Neighborly Brands in Waco, Texas from 2012 to 2021.

Franchise Business Director: Sean Murphy

Sean Murphy has served as our Franchise Business Director since our inception. Mr. Murphy holds the same position in our affiliate, TruServe Groundscare, since August 2022. Previously, Mr. Murphy served as Vice President of Operations for Orange Theory Fitness, in Edmonton, Alberta, from October 2021 until August 2022. From July 2020 until October 2021, Mr. Murphy served as Managing Partner of Franchise Solutions in Bomanville, Ontario. Mr. Murphy was an owner of a Tim Horton's franchised location in Bancroft, Ontario from December 2012 until April 2020.

**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 \$39,900. 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 Clintar business owner a 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:

AMR	% Reduction	Resulting Initial Fee
\$200,000 - \$300,000	10%	\$35,910
\$300,001 - \$400,000	15%	\$33,915
\$400,001 - \$500,000	20%	\$31,920
\$500,001 - \$600,000	25%	\$29,925
\$600,001 - \$700,000	30%	\$27,930
\$700,001 - \$800,000	35%	\$25,935
\$800,001 - \$900,000	40%	\$23,940
\$900,001 - \$1,000,000	45%	\$21,945
\$1,000,001 and above	50%	\$19,950

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 \$34,900 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.

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 Clintar 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	6% of Gross Receipts. You must pay us minimum monthly royalty of \$1,000 - \$2,000 depending on how long you have been operating. (See Notes 1 & 2)	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. Minimum Royalties for a single Territory, or the first Territory in the event you own multiple Territories, commence on the six-month anniversary of your completion of the Clintar Academy Initial Training Program.	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)
Promotional Fund	2% of your Gross Receipts (Note 3)	Same as Royalty	Same as Royalty
Technology Fee	Currently, \$499 per month or the fee (or aggregate fees) any vendor charges us for your technology services. In addition, on provider charges 0.038% of your Gross Receipts as a license fee that you will be responsible to pay through the Technology Fee, which may be increased accordingly. If you own multiple Territories, you are only required to pay a single Technology Fee but will pay 0.038% of your combined Gross Receipts of your multiple Territories. (Note 4)	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	50% of the then current initial franchise fee. (Note 5)	Before sale or transfer of your franchise	Reduced to \$5,000 for transfers to existing franchisees approved for expansion.
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
Additional Training or extraordinary consultation	\$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. You will also have to pay the current fee for extraordinary training or consultations.
Annual Conference	Currently, \$975 a year (Note 7)	As incurred on the date we specify	
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) 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. The amount of the Royalty for participants in the Conversion Program is reduced as follows: you will begin reporting revenue at the beginning of the first month upon completion of the Clintar Academy Initial Training Program. Based on the size of the 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% Royalty for year 1 and a 4% Royalty for year 2. Your promotional fund rate will be 1% for years 1 and 2. Royalty 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% Royalty for year 1 and a 3% Royalty for year 2. Your Promotional Fund rate will be 1% for years 1 and 2. Royalty and Promotional Fund rates will resort to standard scale as set forth earlier in Item 6.
- You must pay a minimum monthly Royalty for each Territory you own. Payment of the minimum monthly Royalty for single a Territory or the first Territory in the event you own multiple Territories commences on the six-month anniversary of your completion of the Clintar Academy Initial Training Program and shall be in the following amounts:

Months 6 to 18: \$1,000.00 per month

Months 18 and thereafter: \$2,000.00 per month

**conversion franchise businesses will have a minimum of 3% of converted revenue beginning the month after completion of the Clintar Academy Initial Training Program.

- If you own multiple Territories, the minimum monthly Royalty for the first Territory will commence on the six-month anniversary of your completion of the Clintar Academy Initial Training Program, with the minimum monthly Royalty for the second Territory commencing 12 months after minimums commence for the first Territory, and minimums for any additional Territories will commence 12 months after minimums commence for the prior Territory.

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

(3) 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 Clintar 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.

(4) You must sign a license agreement for the use of the Franchisee Website and subscribe to and use the required operating software for all Clintar businesses which currently includes Aspire,

Microsoft Office 365, QuickBooks Online plus ProfitKeeper or Qvinci. 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 Clintar System. Currently, Aspire charges 0.038% of your Gross Receipts as a license fee that you will be responsible to pay through the Technology Fee, which may be increased accordingly.

(5) The Transfer Fee is 50% of our then current initial franchise fee if transfer is to outside 3rd party. The 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 Clintar franchise. The Transfer Fee is due on or before the effective date of the transfer.

(6) You must pay for all of your travel expenses incurred during the Clintar Academy Initial Training Program, including airfare or other travel expenses, food, and lodging.

(7) The registration fee for the annual conference is currently \$975. Every Clintar franchisee (or the General Manager) for every Territory must attend the Clintar 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. You must pay for all of your travel expenses incurred during the Clintar Academy Initial Training Program, including airfare or other travel expenses, food, and lodging.

ITEM 7 ESTIMATED INITIAL INVESTMENT

a. Your Estimated Initial Investment for a new Clintar franchise

YOUR ESTIMATED INITIAL INVESTMENT				
Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial fee	\$39,900 ¹	Lump Sum	Upon signing Franchise Agreement	Company
Travel, lodging and related expenses during Initial Training	\$1,200 - \$3,800 ²	As Incurred	Before Opening	Airlines, hotels, and restaurants
Inventory	\$2,500- \$10,000 ³	Lump Sum	Upon signing Franchise Agreement	Approved Vendors
Rent - 3 months	\$10,000 - \$20,000 ⁴	As Incurred	Before opening	Landlord
Tenant improvements	\$1,000 - \$7,000 ⁵	As Incurred	Before opening	Landlord and Suppliers
Other Equipment (leases) and Supplies (office & small tools)	\$5,000 – \$20,000	Lump Sum or financed if available	Before opening	Approved Vendors
Vehicle & equipment lease deposits - 3 months	\$20,000 - \$50,000 ⁶	As Incurred	Before opening and monthly	Vendors
Computer equipment	\$1,500 - \$3,000 ⁷	As Incurred	Before opening and monthly	Vendors
Signage	\$1,000 - \$5,000	As Incurred	Before Opening	Vendors

Licenses and Professional Services	\$2,000 - \$5,000 ⁸	As Incurred	Before opening	Government authorities, professional advisors
Insurance Premiums – 3 months	\$5,000 - \$10,000	Monthly	Before Opening and monthly thereafter	Vendors
Additional Funds - 3 months	\$75,000 - \$100,000 ⁹	As Incurred	As needed	Employees, Vendors, Utilities, etc.
Total	\$164,100- \$273,700¹⁰			

b. Your Estimated Initial Investment for a conversion Clintar Franchise

YOUR ESTIMATED INITIAL INVESTMENT				
Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial fee	\$19,950 to \$35,910 ¹	Lump Sum	Upon signing Franchise Agreement	Company
Travel, lodging and related expenses during Initial Training	\$1,200 - \$3,800 ²	As Incurred	Prior to Opening	Airlines, hotels, and restaurants
Inventory	\$0 - \$10,000 ³	Lump Sum	Upon signing Franchise Agreement	Approved Vendors
Other Equipment (leases) and Supplies (office & small tools)	\$0 – 20,000 ³	Lump Sum or Financed if applicable	Upon signing Franchise Agreement	Approved Vendors
Rent - 3 months	\$0 - \$10,000 ⁴	As Incurred	Before opening	Landlord
Tenant improvements	\$0 - \$7,000 ⁵	As Incurred	Before opening	Landlord and Suppliers
Vehicle Expenses - 3 months	\$0 - \$50,000 ⁶	As Incurred	Before opening and monthly	Vendors
Computer equipment	\$0 - \$3,000 ⁷	As Incurred	Before opening and monthly	Vendors
Signage	\$1,000 - \$5,000	As Incurred	Before Opening	Vendors
Additional Funds - 3 months	\$30,000 - \$60,000 ⁹	As Incurred	As needed	Employees, Vendors, Utilities, etc.
Total	\$ 52,150- \$ 204,710¹⁰			

- c. **Your Estimated Initial Investment for a new Clintar franchise with an Option Agreement to purchase an additional Clintar franchise.**

YOUR ESTIMATED INITIAL INVESTMENT				
Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Option Fee Deposit	\$6,980 ¹ -	Lump Sum	Upon signing Franchise Agreement for the first franchise	Us
Initial Invest for First Franchise	\$164,100 - \$273,700	See Chart in Item 7(a) above.		
Total	\$171,080 - \$280,680¹⁰			

Notes:

None of these fees or 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. We do not finance any part of your initial investment.

- (1) The nonrefundable Initial fee is \$39,900. If you are an existing franchisee and are buying an additional franchise, the initial fee is \$34,900.

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, with the high-range representing AMR between \$200,000 - \$300,000. 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 \$34,900, 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 Clintar Academy Initial Training Program, including airfare or other travel expenses, food, and lodging.

- (3) Opening Inventory of uniforms, marketing items, equipment, and supplies. If you are granted the right to operate your franchise under the Conversion Program, your costs may be as low as \$0 if you have previously obtained the required items in connection with your existing business.

- (4) You must lease space for your office, warehouse and vehicles. A typical Clintar business premises will be between 1,000 – 3,000 square feet for an office space, 2,500 – 10,000 square feet for a warehouse and up to 20,000 square feet for yard space. Rent and the cost of the tenant improvements will depend on the size, location, and condition of the premises, and landlord contributions, if any. If your office and warehouse are in 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 Clintar 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. If you are granted the right to operate your franchise under the Conversion Program, your costs may be as low as \$0 if you have previously obtained the space in connection with your existing business.

- (5) Your cost will be a function of the condition of the real estate and the extent of the necessary improvements. If you are granted the right to operate your franchise under the Conversion Program, your

costs may be as low as \$0 if you have previously completed the appropriate buildout and improvements in connection with your existing business.

(6) The number of vehicles depends on the size and location of your business operations and whether you will provide optional services. You are required to own or lease at least a pickup truck, a salt truck, skid steer or loader, trailer, and mowing equipment for your business. Optional equipment includes a line striper, mini-excavator, and small power equipment. This estimate is for 3 months of required equipment since these expenses will begin prior to the opening of your business, which could be up to 3 months. If you are granted the right to operate your franchise under the Conversion Program, your costs may be as low as \$0 if you have previously obtained the required vehicles in connection with your existing business.

(7) Includes computer hardware, software, and peripheral equipment. If you are granted the right to operate your franchise under the Conversion Program, your costs may be as low as \$0 if you have previously obtained the required items in connection with your existing business.

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

(9) This estimates your initial additional funds for the initial phase of 3 months. These expenses include payroll costs. If you sign a Conversion Agreement, the low end of certain items is set at \$0 as you may already have the requisite equipment. If you sign an Option Agreement, the initial investment for the first franchise figures in Chart (c) represents the total estimated initial investment required to open the first franchise (see the Single Unit in Item 7(a) chart above for additional details). The Company has relied on its experience in Canada and its affiliate, milliCare's US operations, to compile these estimates.

(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 Canada and its affiliate, milliCare's US operations, 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 Clintar System, you must purchase products and inventory only from the Company, an affiliate of the Company, or another supplier designated by the Company. Currently, neither the Company nor any affiliate are the supplier of any products or services to System franchisees, but we reserve the right to sell proprietary and non-proprietary equipment and supplies, in the future to franchisees.

The required inventory of products, equipment, and supplies necessary to operate the Franchised Business is listed in the Clintar System Confidential Operating Manual (the "Confidential Manual"). The required purchase of products and equipment from the Company, its affiliates or its designated suppliers, or according to our specifications 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. 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 have 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 by written notice or update to the Confidential Manual. The Company may at any time require the substitution of newly developed proprietary products for non-proprietary items.

You must purchase and maintain from a company we approve, insurance that insures both you and us, our affiliates our parent companies, and our customers and the owners of any property you service. The insurance policies must include, at a minimum: (i) commercial general liability insurance covering claims for personal injuries and property damage with minimum limits of \$2,000,000 per occurrence, \$5,000,000 general aggregate, \$2,000,000 products/completed operations aggregate; (ii) employers liability insurance with minimum limits of \$1,000,000 for bodily injury caused by accident or disease, or the minimum required by state law (whichever is greater); (iii) vehicle liability for owner, leased, hired and non-owned vehicles with minimum limits of \$1,000,000 combined single limit for bodily injury and property damage per occurrence; (iv) umbrella liability insurance with minimum limits of \$1,000,000; (v) Worker's Compensation Insurance; (vi) any other such insurance coverages or amounts as required by law or agreement related to the Franchised Business; and (vii) any other insurance we may require from time to time, including cyber insurance. Additional insurance requirements will be set forth in the Confidential Manual. All liability insurance policies must name us (and our affiliates, officers, directors and employees), as well as any subcontractors on the particular property, and/or our customers and/or the owners of any property you service) as additional insureds.

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

The Company and/or an affiliate may negotiate purchase arrangements with suppliers (including price terms) for the benefit of franchisees and to promote the overall interests of the Clintar Services franchise network and our interests as the Franchisor. We are not required to negotiate purchase arrangements. There are currently no purchasing or distribution cooperatives that we require you to participate in. We reserve the right to form such cooperatives in the future and may require your

participation in our sole discretion. We do not provide material benefits to a franchisee based on a franchisee's use of designated or approved suppliers; 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.

We and our affiliates also reserve the right to derive revenue from any of the purchases or leases System franchisees are required to make in connection with the Franchised Business. As of the fiscal year ended December 31, 2022, neither we nor any affiliate derived any revenue on account of required purchases or leases by franchisees.

ITEM 9 FRANCHISEE'S OBLIGATIONS

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

	Obligation	Section in Agreement	Item in Disclosure Document
a.	Site selection and acquisition/lease	Franchise Agreement §§ 2.1, 3.1 Option Agreement: n/a	Item 11
b.	Pre-opening purchases/leases	Franchise Agreement §§ 3.1, 3.10, 3.13, 3.14, 3.2, 3.22 Option Agreement: n/a	Items 8, 11
c.	Site development and other pre-opening requirements	Franchise Agreement §§ 3.2, 3.4 Option Agreement §2	Items 7, 11
d.	Initial and ongoing training	Franchise Agreement §§ 2.4, 2.5, 2.6, 3.4 Option Agreement: n/a	Item 11
e.	Opening	Franchise Agreement § 3.7 Option Agreement: n/a	Item 11
f.	Fees	Franchise Agreement §§ 2.4, 2.5, 2.7, 3.13, 3.14, 3.16, 3.17, 4.1-4.5 Option Agreement: 1.1	Items 5, 6, 7
g.	Compliance with standards and policies - Confidential Manual	Franchise Agreement §§ 2.3, 3.12, 3.28, 7.6 Option Agreement: n/a	Item 11
h.	Trademarks and proprietary information	Franchise Agreement §§ 1.1, 3.11, 3.19 Option Agreement: n/a	Items 13, 14
i.	Restrictions on products/services offered	Franchise Agreement §§ 1.1, 1.2, 2.7, 2.8, 2.9, 3.3, 3.13, 3.15, 3.20 Option Agreement: n/a	Item 2 8, 16
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quotas	Franchise Agreement §§ 1.3, 3.3, 3.9, 3.30, 6.1 Option Agreement: n/a	Item 12
l.	Ongoing product/service purchases	Franchise Agreement §§ 3.13, 3.14 Option Agreement: n/a	Item 8
m.	Maintenance, appearance and remodeling requirements	Franchise Agreement §§ 3.11, 3.18, 3.22, 7.6 Option Agreement: n/a	Item 11
n.	Insurance	Franchise Agreement § 3.21 Option Agreement: n/a	Item 7
o.	Advertising	Franchise Agreement §§ 3.16, 4.3 Option Agreement: n/a	Items 6, 11
p.	Indemnification	Franchise Agreement § 3.25 Option Agreement §4	None

q.	Owner's participation/ management/staffing	Franchise Agreement §§ 3.3, 3.4, 3.5, 3.6, 3.7, 3.26, 3.30 Option Agreement: n/a	Item 15
r.	Records and reports	Franchise Agreement §§ 3.15, 3.28 Option Agreement: n/a	Item 11
s.	Inspections and audits	Franchise Agreement §§ 2.10, 3.15	Item 6
t.	Transfer	Franchise Agreement § 5 Option Agreement § 3	Items 6, 17
u.	Renewal	Franchise Agreement § 1.4 Option Agreement: n/a	Item 17
v.	Post-termination obligations	Franchise Agreement §§ 3.18, 3.27, 3.29, 6.2, 6.5 Option Agreement: n/a	Item 17, Exhibit "F"
w.	Non-competition covenants	Franchise Agreement §§ 1.3, 3.3, 3.18 Option Agreement: n/a	Item 17, Exhibit "F"
x.	Dispute resolution	Franchise Agreement §§ 6.3, 6.4, 6.5, 7.1, 7.2, 7.5, 7.6, 7.7 Option Agreement §4	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

Site Selection Assistance

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 the 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 do not generally own the premises and generally do not lease them to franchisees. We may terminate the Franchise Agreement if you do not secure an acceptable site within 60 days of its effective date. If you do not live in the territory or do not already own/lease space in the territory, you must execute a lease within 180-days of its effective

date (Franchise Agreement § 3.1).

Other Pre-Opening Obligations

The Company or a supplier designated by Company (which may be an affiliate) will sell to the Franchisee such Clintar 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 (Franchise Agreement § 2.8).

The Company will provide sources of supply for the purchase or lease of non-Proprietary Products, for use in providing Services. A list of approved suppliers and approved products will be included in the Confidential Manual and may be revised by the Company from time to time in its sole discretion. The Company 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 the Company or its affiliates. The Company and its affiliates may receive payments from suppliers on account of such supplier's sales to Franchisee and other franchisees, and The Company may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate (Franchise Agreement § 2.9).

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 Clintar 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. The Table of Contents of our Confidential Manual is attached as Exhibit "G". Our Confidential Manual consists of approximately 230 pages.

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 Clintar System business. There is no fee for this assistance (Franchise Agreement § 2.6).

Initial Training

The Company will conduct a comprehensive Initial Training Program in the management and operation of the Franchised Business (Franchise Agreement § 2.4). The Clintar Academy 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 Clintar Academy 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
History / Philosophy / Mission of Clintar	1		200 Cachet Woods Court, Unit 119 Markham, ON Canada L6C 0Z8 (or location we designate)
Pre-Opening Procedures	2		200 Cachet Woods Court, Unit 119 Markham, ON Canada L6C 0Z8 (or location we designate)
People Development	3		200 Cachet Woods Court, Unit 119 Markham, ON Canada L6C 0Z8 (or location we designate)
Marketing	2		200 Cachet Woods Court, Unit 119 Markham, ON Canada L6C 0Z8 (or location we designate)
Sales Procedures	4		200 Cachet Woods Court, Unit 119 Markham, ON Canada L6C 0Z8 (or location we designate)
Snow Service Procedures	8		200 Cachet Woods Court, Unit 119 Markham, ON Canada L6C 0Z8 (or location we designate)
Landscape Service Procedures	8		200 Cachet Woods Court, Unit 119 Markham, ON Canada L6C 0Z8 (or location we designate)
Daily Operating Procedures	4	8	200 Cachet Woods Court, Unit 119 Markham, ON Canada L6C 0Z8 (or location we designate)
TOTAL	32	8	

Initial training is held at least twice a year, in Spring and Fall. The instructional materials will be provided by the Company and will consist of the Confidential Manual, forms, and other training materials.

Our Initial Training Program will be conducted by Terry Nicholson, our President, and/or Sean Murphy, our Franchise Business Director, and Salley Harvey. Mr. Nicholson has over 38 years of Clintar technical and operations training experience, while Mr. Murphy has 1 year of experience with our affiliate with our affiliate in Canada. Ms. Harvey has 1 year of experience with our affiliate in Canada, and over 40 years of experience in the industry. The instructors will also include other individuals listed in Item 2 and other employees and industry consultants.

Your General Manager must complete the entire Clintar Academy Initial Training Program to our satisfaction. You must pay for all travel, food, lodging, and other expenses for your employees that attend any component of the Clintar Academy 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 Clintar 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 to introduce new products, services, and equipment, to review sales and marketing practices, and to discuss other relevant topics at its annual conference. Other specific training modules may be offered from time to time (some via electronic learning vehicles) through Clintar Academy 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). Currently, we may charge \$750 for extraordinary training that is required by us or requested by you which we deem appropriate or necessary.

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 one 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.

Advertising

You must contribute 1% of your Gross Receipts to a promotional fund in the first 24-months of your operations, thereafter you will contribute 2% of your Gross Receipts to the promotional fund (the “**Promotional Fund**”). Only Clintar franchisees will contribute to the Promotional Fund. Other franchisees will contribute the same amounts for the same time periods of their operations.

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 Clintar 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. In the fiscal year ended December 31, 2022, the Promotional Fund was not operational and there were no contributions or expenditures. Upon request, 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. Franchisor is not required to have the Promotional Fund audited. 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).

Computer System

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

Office 365, Aspire, and QuickBooks Online plus Profitkeeper or Qvinci. Within 14 days of obtaining the specified computer system, you must acquire functional high-speed Internet access, 2 POP@Clintar.com 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 Clintar 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 Clintar business and sign a license agreement for use of the Franchisee Website, the current Technology Fee is \$499 but this base fee will increase as the license fee for the Aspire program is calculated on a percentage of your Gross Receipts. We may increase this fee periodically up to the greater of the fee (or aggregate fees) any vendor charges us or an affiliate for your technology services. Currently, one software provider charges 0.038% of your Gross Receipts as a license fee that you will be responsible to pay through the Technology Fee, which may be increased accordingly. The approximate cost of the computer hardware, software, and peripheral equipment is between \$500 and \$3,000 to purchase.

Time to Open

You must open your business upon satisfactory completion of the Clintar Academy Initial Training Program, completion of the tenant improvements and the issuance of a certificate of occupancy for the business premises at the Location. If you do not live in the Territory, or do not already own/lease space in the Territory, you must secure a location and sign a lease within 180-days of signing the Franchise Agreement. Most franchisees open their business within 180 days after signing the Franchise Agreement. You must open your business no later than 270 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 defined by geographic boundaries and will have a population between 400,000 and 700,000 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, will be set forth on an exhibit to the Franchise Agreement that will be signed by both you and the Company. If you execute an Option Agreement (attached as Exhibit “E” to this disclosure document), Section 1.3 of the Option Agreement will identify the Territory for the Additional Franchise Business subject to the option.

We will not operate or grant a franchise for others to operate a Clintar franchised business within the Territory except as set forth below. 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. Unless you execute an Option Agreement (attached as Exhibit “E” to this disclosure document), you have no options, rights of first refusal, or similar rights to acquire additional franchisees.

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 are 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, direct mail, telemarketing, or other direct marketing without the Company's consent.

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.

To keep your Territory, you must comply with the terms of Franchise Agreement and satisfy the performance criteria and generate a minimum of \$1,000,000 of annual Gross Receipts in the Territory beginning in your third year of operation. We may permit you to relocate your Territory to an open territory, provided that you provide us with notice of the change, and you secure a location within the new territory. You may relocate your warehouse facilities and office with our written consent, which will not be unreasonably withheld provided the new location is located within your Territory. Any relocation will be at your sole expense, and we may charge our then-current relocation fee (if any) for services that we render in connection with the relocation. When considering a request for relocation, we may take into account the desirability of the proposed new location, its distance from other and future-planned franchised locations, the traffic patterns, security, cost, and the demographics of the area, as well as any other related factors we deem appropriate.

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. 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.

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

We grant you a limited, non-exclusive license to use our primary mark “Clintar Commercial Outdoor Services” and certain other Marks in connection with the operation of your Franchised Business within your Territory, provided you use these Marks as outlined in your Franchise Agreement and the Confidential Manual. The following are our primary trademarks that we have applied to have registered on the Principal Register of the United States Patent and Trademark Office (“USPTO”):

Mark	Application Date	Register and Serial Number
	June 8, 2023	98033003
CLINTAR LANDSCAPE MANAGEMENT	June 8, 2023	98033000
CLINTAR COMMERCIAL OUTDOOR SERVICES	June 8, 2023	98032997
CLINTAR	June 8, 2023	9802994

We do not have a federal registration for our principal trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use the trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.

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. We have filed all required affidavits in connection with the Marks.

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 has the sole right to direct and control any administrative proceeding or litigation involving the Marks, including the right to settle the proceedings or litigation.

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.

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. There is no requirement that the General Manager have an equity interest in your entity. 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 Clintar Co-Brand Guidelines that are incorporated into the Confidential 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 Clintar franchise with contiguous Marketing Territories, you may not be required to maintain a separate product and equipment storage space for each Clintar 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 Clintar System (See Items 1 and 8).

You may provide the Services only to commercial, industrial, and office customers, and not to residential customers unless we provide our prior written consent. You may provide Services for any non-residential customer in the Territory who is not disapproved in writing by the Company.

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 Option Agreement: n/a	10 years
b.	Renewal or extension of the term	Franchise Agreement §§ 1.4.2, 1.4.3 Option Agreement: n/a	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 Option Agreement: n/a	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.
d.	Termination by you	None	Not Applicable
e.	Termination by the Company without cause	None	Not Applicable
f.	Termination by the Company with cause	Franchise Agreement § 6.1 Option Agreement: n/a	The Company can terminate your franchise if you default.
g.	“Cause” defined-curable defaults	Franchise Agreement § 6.1 Option Agreement: n/a	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 Option Agreement: n/a	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, uncureable breach, failure to maintain minimum performance, 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 §§ 3.20, 6.2, 6.5, 6.6 Option Agreement: n/a	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.

		Option Agreement §3	The Company may assign the Option Agreement in whole or in part in its sole discretion.
k.	“ Transfer ” by you – definition	Franchise Agreement § 5.2 Option Agreement n/a	Includes transfer of assets and change in ownership.
l.	The Company’s approval of transfer by you	Franchise Agreement §§ 5.2, 5.4 Option Agreement §3	The Company is not required to approve transfer requests but may approve transfers if certain conditions are satisfied. Franchisee’s rights under the Option Agreement are personal and may not sell, transfer, or assign any right granted without the Company’s prior written consent, which may be withheld in its sole discretion
m.	Conditions for Company approval of transfer-	Franchise Agreement §§ 5.2.4(a)-(i) Option Agreement §3	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, 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 Clintar franchises in the network. If Franchisee is an individual or a partnership, Franchisee has the right to assign its rights under the Option Agreement to a corporation or limited liability company that is wholly owned by Franchisee according to the same terms and conditions as provided in the First Franchise Agreement.
n.	The Company’s right of first refusal to acquire your business	Franchise Agreement § 5.5 Option Agreement: n/a	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 Option Agreement: n/a	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 Option Agreement: n/a	Franchise must be transferred to a qualified successor within 6 months.

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.

BACKGROUND

This Item sets forth certain historical data submitted by our affiliate's franchisees operating substantially similar businesses in Canada as offered in this disclosure document. The table below sets forth the high, average, median, and low gross revenue of our affiliate's Canadian Clintar Commercial Outdoor Service franchises for the period January 1, 2022 through December 31, 2022 (the "Measurement Period"). The information below is for the 19 Canadian franchises who were open and operating for the entire Measurement Period. The table below excludes one Canadian franchise that opened in 2022 and therefore did not operate for the Measurement Period.

We have not audited this information, nor independently verified this information. Written substantiation of the data used in preparing this information will be made available upon reasonable request.

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

GROSS REVENUES

January 1, 2022, to December 31, 2022

Franchise	Gross Revenue C\$
1	\$12,256,997
2	\$10,373,478
3	\$7,002,211
4	\$6,652,348
5	\$6,104,891
6	\$5,059,743
7	\$4,617,232
8	\$4,426,304
9	\$3,568,437
10	\$3,526,280
11	\$3,026,388
12	\$2,949,099
13	\$2,914,686
14	\$2,718,235

Franchise	Gross Revenue C\$
15	\$2,683,690
16	\$2,605,072
17	\$2,207,978
18	\$1,381,459
19	\$858,045

Notes:

1. Figures are presented in Canadian dollars. In 2022, the average US dollar to Canadian Dollar exchange rate was 1.30 CAD for 1 USD per the IRS yearly average exchange rates for converting foreign currencies into US dollars.

2. The average Gross Revenue for the 19 Canadian franchises was C\$4,470,135 and the median Gross Revenue was C\$3,526,280.

GENERAL NOTES TO ITEM 19

We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. We suggest strongly that you consult your financial advisor or personal accountant concerning the preparation of your financial projections.

Other than the preceding financial performance representation, Clintar Franchising, Inc. 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 Clintar Franchising, Inc., 1515 Mockingbird Lane, Suite 401, 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 fiscal years 2020, 2021 and 2022.

Table No. 1

SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2020 TO 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	2020	0	0	0
	2021	0	0	0
	2022	0	0	0

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

State	Year	Number of Transfers
Total	2020	0
	2021	0
	2022	0

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

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewal	Reacquired by Franchisor	Ceased Operations—Other Reasons	Outlets at End of Year
Total	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0

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

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
Total	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

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

STATE	FRANCHISE AGREEMENTS SIGNED BUT OUTLET NOT OPENED	PROJECTED NEW FRANCHISED OUTLETS IN THE NEXT FISCAL YEAR	PROJECTED NEW COMPANY-OWNED OUTLETS IN THE NEXT FISCAL YEAR
Michigan	0	2	0
New York	0	1	0
Pennsylvania	0	2	0
TOTAL	0	5	0

The names of all franchisees as of December 31, 2022, and the addresses and telephone numbers of all of their outlets, is attached to this disclosure document as Exhibit “H.” The name, city and state, and the current business telephone number (or, if unknown, the last known telephone number) of the 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, 2022, or who has not communicated with the Company within 10 weeks of the issuance date of this disclosure document, is shown on Exhibit “I.”

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

No franchisees have signed confidentiality clauses during the past 3 years. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experience with Clintar. 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 to this Disclosure Document as Exhibit “B” are the audited consolidated financial statements of EverSmith Brands Holding Company, our parent, for the years ended December 31, 2022 and 2021 respectively, as well as its unaudited interim financial information as of August 31, 2023. Our parent, EverSmith Brands Holding Company, has guaranteed our performance to you. A copy of the Guaranty of Performance is included as Exhibit “B-1”. Neither we, nor our parent, have been in business for three or more years and cannot therefore provide all of the 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 J.	Franchisee Compliance Certification
Exhibit L.	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 Clintar.

EXHIBIT A

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

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
California	Department of Financial Protection and Innovation <i>Los Angeles</i> 320 West 4 th 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	
Connecticut	Securities & Business Investments Division Department of Banking 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
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
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 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600	Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101-2198 (651) 539-1600
New York	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222	Attention: Uniform Commercial Code New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492

STATE	STATE REGULATORY AGENCY	AGENT TO RECEIVE PROCESS IN STATE, IF DIFFERENT THAN THE STATE REGULATORY AGENCY
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	
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

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022 and 2021

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Financial Statements
Years Ended December 31, 2022 and 2021

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

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Independent Auditor's Report

The Board of Directors
EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
Charlotte, North Carolina

Opinion

We have audited the consolidated financial statements of EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter - Leases

As discussed in Note 2 to the consolidated financial statements, the Company has changed its method for accounting for leases in 2022 due to the adoption of Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



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

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

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

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, LLP

May 26, 2023

Consolidated Financial Statements

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Balance Sheets

<i>December 31,</i>	<i>2022</i>	<i>2021</i>
Assets		
Current Assets		
Cash	\$ 4,733,869	\$ 2,684,033
Advertising fund restricted assets	489,807	-
Accounts receivable, less allowance for doubtful accounts	3,162,056	3,135,363
Inventory	35,256	132,698
Prepaid expenses and other current assets	142,332	305,372
Deferred contract acquisition costs, short-term	29,975	-
Total Current Assets	8,593,295	6,257,466
Property and Equipment, Net	217,041	238,377
Other Assets		
Income tax receivable	35,457	180,344
Deferred contract acquisition costs, long-term	262,079	-
Intangibles, net	4,036,649	4,633,910
Goodwill, net	7,416,106	8,918,593
Operating right-of-use assets	410,947	-
Total Other Assets	12,161,238	13,732,847
Total Assets	\$ 20,971,574	\$ 20,228,690
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 1,908,612	\$ 2,196,899
Advertising fund restricted liabilities	486,509	426,976
Accrued expenses	677,961	595,242
Accrued compensation	981,195	403,894
Short-term deferred revenue	62,758	-
Current portion of operating lease obligations	144,553	-
Total Current Liabilities	4,261,588	3,623,011
Long-Term Liabilities		
Long-term deferred revenue	459,845	-
Operating lease obligations, less current portion	268,324	-
Deferred income taxes	1,120,624	1,128,446
Total Long-Term Liabilities	1,848,793	1,128,446
Total Liabilities	6,110,381	4,751,457
Stockholders' Equity		
Common stock, \$0.01 par value, 300,000 shares authorized at December 31, 2022 and December 31, 2021, respectively, and 21,380 and 18,823 shares issued and outstanding at December 31, 2022 and December 31, 2021, respectively	214	188
Additional paid-in capital	23,852,537	19,782,866
Accumulated deficit	(8,098,798)	(4,293,208)
Accumulated other comprehensive loss	(892,760)	(12,613)
Total Stockholders' Equity	14,861,193	15,477,233
Total Liabilities and Stockholders' Equity	\$ 20,971,574	\$ 20,228,690

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Operations

<i>Year ended December 31,</i>	2022	2021
Revenue		
Royalty fees	\$ 5,644,549	\$ 4,221,988
Professional service fees	10,874,796	7,665,510
Promotional Fund revenue	322,017	-
Initial franchise fees	17,621	-
Chemical product revenue	248,347	-
Other revenue	103,106	-
Total Revenue	17,210,436	11,887,498
Operating Costs and Expenses		
Cost of professional service revenue	9,360,432	6,510,378
Selling, general, and administrative	9,770,701	6,518,333
Depreciation and amortization	1,510,787	1,176,192
Transaction expenses	-	741,042
Total Operating Costs and Expenses	20,641,920	14,945,945
Loss from Operations	(3,431,484)	(3,058,447)
Other Expense (Income), Net	26,410	(18,234)
Loss from Operations, before income taxes	(3,457,894)	(3,040,213)
Income Tax Expense	347,696	80,953
Net Loss	(3,805,590)	(3,121,166)
Foreign Currency Translation Adjustment	(880,147)	(14,615)
Comprehensive Loss	\$ (4,685,737)	\$ (3,135,781)

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Stockholders' Equity

	Common Stock			Accumulated Other Comprehensive Income (Loss)	Accumulated Deficit	Total Stockholders' Equity
	Shares	\$0.01 Par Value	Additional Paid-in Capital			
Balance, December 31, 2020	16,500	\$ 165	\$ 16,499,835	\$ 2,002	\$ (1,172,042)	\$ 15,329,960
Issuance of common stock	2,323	23	3,249,977	-	-	3,250,000
Stock-based compensation	-	-	33,054	-	-	33,054
Net loss	-	-	-	-	(3,121,166)	(3,121,166)
Foreign currency translation adjustment	-	-	-	(14,615)	-	(14,615)
Balance, December 31, 2021	18,823	188	19,782,866	(12,613)	(4,293,208)	15,477,233
Issuance of common stock	2,557	26	3,999,974	-	-	4,000,000
Stock-based compensation	-	-	69,697	-	-	69,697
Net loss	-	-	-	-	(3,805,590)	(3,805,590)
Foreign currency translation adjustment	-	-	-	(880,147)	-	(880,147)
Balance, December 31, 2022	21,380	\$ 214	\$ 23,852,537	\$ (892,760)	\$ (8,098,798)	\$ 14,861,193

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
and Subsidiaries

Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Net loss	\$ (3,805,590)	\$ (3,121,166)
Reconciliation of net loss to net cash used in operating activities, net of assets acquired and liabilities assumed in business acquisitions:		
Depreciation and amortization expense	1,510,787	1,176,192
Amortization of right-of-use assets	163,136	-
Stock compensation expense	69,697	33,054
Deferred income taxes	347,696	80,953
Gain on sale of property and equipment	-	(8,462)
Bad debt expense	128,577	143,441
Change in operating assets and liabilities, net of assets acquired and liabilities assumed:		
Accounts receivable	(286,545)	(589,433)
Inventory	95,603	47,684
Advertising fund restricted assets and liabilities	(125,595)	-
Deferred contract acquisition costs	(292,054)	-
Income tax receivable	(174,537)	(378,992)
Prepaid expenses and other current assets	135,786	(222,120)
Accounts payable	(219,503)	986,206
Deferred revenue	523,745	-
Right-of-use lease liability	(161,129)	-
Accrued expenses	615,859	98,128
Net Cash Used in Operating Activities	(1,474,067)	(1,754,515)
Cash Flows from Investing Activities		
Business acquisition, net of cash acquired	-	(1,481,148)
Capital expenditures	(52,917)	(55,862)
Proceeds from sale of property and equipment	-	55,338
Net Cash Used in Investing Activities	(52,917)	(1,481,672)
Cash Flows from Financing Activities		
Proceeds from issuance of common stock	4,000,000	3,250,000
Net Cash Provided by Financing Activities	4,000,000	3,250,000
Net Effect of Exchange Rate Changes on Cash	(118,501)	(4,095)
Net Increase in Cash and Restricted Cash	2,354,515	9,718
Cash and Restricted Cash, beginning of year	2,684,033	2,674,315
Cash and Restricted Cash, end of year	\$ 5,038,548	\$ 2,684,033
Supplemental Disclosures of Cash Flow Information		
Taxes paid in cash	\$ 192,280	\$ 378,992
Supplemental Disclosures of Noncash Investing and Financing Activities		
Liabilities assumed in connection with business acquisition	\$ -	\$ 538,973
Operating lease right-of-use assets obtained in exchange for operating lease liabilities upon ASC 842 adoption	567,758	-

See accompanying notes to consolidated financial statements.

EverSmith Brands Holding Company
(f/k/a Clintar Holding Company)
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Notes to Consolidated Financial Statements

1. Organization and Description of Business

The accompanying consolidated financial statements include the accounts of EverSmith Brands Holding Company, formerly known as Clintar Holding Company (Holdings), a Delaware corporation, and its wholly owned subsidiaries, EverSmith Brands Intermediate Holding Company, formerly known as Clintar Intermediate Holding Company; 2792705 Ontario Inc.; TruNet (Quebec); TruServe Groundscare Inc.; Clintar, Inc.; milliCare, Inc.; and milliCare Franchising, LLC (collectively, Clintar or the Company). Effective March 14, 2023, the name of the Holdings was rebranded to EverSmith Brands Holding Company.

On December 14, 2020, Riverside Micro-Cap Fund V, L.P. and Riverside Micro-Cap Fund V-A, L.P. (collectively, RMCF or Riverside) acquired a majority ownership in the Company through RMCF's investment in Holdings and a stock purchase agreement with 2792705 Ontario Inc.

Holdings, headquartered in Charlotte, North Carolina, is a holding company owning subsidiaries principally engaged as franchisors of businesses, which provide landscaping and snow removal services throughout Canada, as well as providing landscaping and snow removal services directly to customers where franchising territories do not exist.

On November 12, 2021, the Company acquired the assets of milliCare Inc., a complimentary franchisor of businesses, which provides operating floor and textile care services throughout the Eastern United States, as well as providing professional floor cleaning directly to customers where franchising territories do not exist.

2. Summary of Significant Accounting Policies

Basis of Presentation and Consolidation

The accompanying consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) and include the results of EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and its subsidiaries for the years ended December 31, 2022 and 2021. The results of milliCare Inc. are included from the date of acquisition, November 12, 2021, through December 31, 2022. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Significant estimates made by management in the preparation of the consolidated financial statements include, among other estimates, the determination of the purchase price allocations and the related valuation of intangible assets and other assets and liabilities acquired, depreciation and amortization, useful lives, stock-based compensation, and the allowance for doubtful accounts.

EverSmith Brands Holding Company
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Notes to Consolidated Financial Statements

Reclassifications

Advertising fund restricted liabilities previously included in accrued expenses as of December 31, 2021 were reclassified to advertising fund restricted liabilities on the consolidated balance sheet to conform to the current year presentation. This reclassification does not result in any changes to previously reported total assets, stockholder's equity, and net income.

Foreign Currency Translation

The reporting currency of the Company is the U.S. dollar (USD). The Company's functional currency for its operations in Canada is the Canadian dollar (CAD). Assets and liabilities are translated using the exchange rates as of year-end and revenues and expenses are translated using average exchange rates. Equity is translated at historical rates with resulting translation gains and losses included in the Company's consolidated statement of stockholders' equity as a component of accumulated other comprehensive income (loss).

Gains and losses arising from foreign currency transactions are included in the consolidated statement of operations in operating expenses. Intercompany balances denominated in a currency other than the functional currency of the parties to the transaction create foreign currency gains and losses that survive consolidation, even though the intercompany balances do not.

Concentrations of Risk

One customer group made up approximately 31% and 60% of the Company's net sales for the years ending December 31, 2022 and 2021, respectively. The same customer group made up approximately 16% and 24% of the Company's outstanding accounts receivable at December 31, 2022 and 2021, respectively. No other customer groups exceeded 10% of the Company's revenue for the years ended December 31, 2022 and 2021, respectively or outstanding accounts receivable at December 31, 2022 and 2021, respectively.

Cash

Cash includes cash on deposit and highly liquid investments with original maturities of three months or less. The Company places its cash and cash equivalents with institutions with high-credit quality. However, at certain times, such cash and cash equivalents may be in excess of Federal Deposit Insurance Corporation limits of \$250,000. Additionally, the Company maintains cash in various foreign institutions amounting to \$1,351,550 and \$2,308,897 as of December 31, 2022 and 2021, respectively, converted at year-end exchange rates. The Company has not experienced any losses on such amounts.

Restricted Cash

In accordance with the milliCare's franchise agreements, certain cash accounts established for promotional or advertising contributions and spending are restricted in their use for cash collected by the promotional fund, usage of which is restricted for advertising activities and is included in advertising funds restricted assets on the consolidated balance sheet. Refer to Note 8 for further information.

EverSmith Brands Holding Company
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Notes to Consolidated Financial Statements

Reconciliation of cash and restricted cash at end of period:

<i>Year ended December 31,</i>	2022	2021
Cash	\$ 4,733,869	\$ 2,684,033
Restricted cash, included in advertising fund restricted assets	304,679	-
Total Cash and Restricted Cash	\$ 5,038,548	\$ 2,684,033

Property and Equipment, Net

Property and equipment are recorded at the estimated fair market value at the date of the respective business acquisitions. Additions subsequent to the business acquisitions are recorded at cost, less accumulated depreciation and amortization. The Company has adopted the straight-line method of depreciation and amortization over the estimated useful lives of the assets, as follows:

Asset Category	Years
Office and computer equipment	5
Furniture and fixtures	5
Leasehold improvements	Shorter of the lease term or estimated life of the asset

For the years ended December 31, 2022 and 2021, depreciation expense for property and equipment of \$62,839 and \$62,468 is included in depreciation and amortization within the accompanying consolidated statements of operations.

Business Combinations

When the Company acquires businesses in a business combination, the total consideration paid is allocated to the fair value of the tangible assets, liabilities, and identifiable intangible assets acquired. Any residual purchase consideration is recorded as goodwill. The allocation of the purchase price requires management to make significant estimates in determining the fair values of assets acquired and liabilities assumed. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events and circumstances may occur that may affect the accuracy or validity of these estimates. Acquisition-related costs are expensed as incurred. Refer to Note 3 for further information.

Goodwill

Goodwill represents the purchase price in excess of the fair value of net assets acquired in a business combination. As discussed below, on December 14, 2020, the Company elected to adopt Accounting Standards Update (ASU) 2014-02, *Intangibles - Goodwill and Other (Topic 350)*, which allows private companies to amortize goodwill, an alternative to the previously issued standard ASU 2011-08. Upon adoption on December 14, 2020, the Company began to amortize goodwill over ten years. Under ASU 2014-02, the Company has elected to test goodwill for impairment at the entity level. Goodwill will be tested for impairment when a triggering event occurs that indicates the fair value of the entity may be below the carrying amount, including goodwill. There were no impairment charges for the years ended December 31, 2022 and 2021.

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Notes to Consolidated Financial Statements

In December 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-08, *Business Combinations (Topic 805)*, to allow private companies an accounting alternative that no longer requires recognition of customer-related intangibles assets, unless they are capable of being sold or licensed independently from the other assets of the business, and noncompetition agreements separately from goodwill in a business combination if the company has adopted ASU 2014-02. The Company adopted ASU 2014-08 at December 14, 2020 and, accordingly, did not separately value any customer-related intangible assets or noncompetition agreements for the acquisitions described in Note 3.

In March 2021, the FASB issued ASU 2021-03, *Intangibles - Goodwill and Other (Topic 350): Accounting Alternative for Evaluating Triggering Events*, which provides private companies and not-for-profit entities with an accounting alternative to perform the goodwill impairment triggering event evaluation as of the end of the reporting period. Under current guidance in Accounting Standards Codification (ASC) 350-20, an entity is required to identify and evaluate goodwill impairment triggering events when they occur to determine whether it is more likely than not that the fair value of an entity is less than its carrying amount. If an entity determines that it is more likely than not that goodwill is impaired, it must test goodwill for impairment using the triggering event date as the measurement date. Under ASU 2021-03, an entity that elects this alternative is not required to monitor for goodwill impairment triggering events during the reporting period but, instead, should evaluate the facts and circumstances as of the end of each reporting period to determine whether a triggering event exists and, if so, whether it is more likely than not that goodwill is impaired. The amendments in this update are effective on a prospective basis for fiscal years beginning after December 15, 2019. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance as of March 30, 2021. The Company adopted ASU 2021-03 on December 14, 2020.

Definite-Lived Intangible Assets

Intangible assets consist of trade names and franchise agreements and were recorded at their estimated fair value at the date of acquisitions. These assets are amortized on a straight-line basis that approximates the estimated pattern benefit to be realized from each asset over their estimated useful lives ranging from six to 20 years. The Company evaluates definite-lived intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset might not be recoverable. An impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset are less than its carrying amount. There were no impairment charges recorded related to definite-lived intangible assets for the years ended December 31, 2022 and 2021.

Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2022 and 2021, the Company incurred advertising expense of \$526,098 and \$260,376, respectively, which is included in selling, general, and administrative expenses on the consolidated statements of operations.

Revenue Recognition

In accordance with ASC 606, *Revenue from Contracts with Customers (Topic 606)*, revenue is recognized when (or as) a customer obtains control of promised goods or services. The amount of revenue is measured as the transaction price that reflects the consideration that the Company

EverSmith Brands Holding Company
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Notes to Consolidated Financial Statements

expects to be entitled to receive in exchange for these services. The Company generates all revenue from contracts with customers.

To achieve the core principle of this new standard, the Company applies the following steps:

1. Identification of the Contract, or Contracts, with the Customer

The Company considers the terms and conditions of the contract and customary business practices in identifying contracts under ASC 606. The Company determines it has a contract with a customer when the contract is approved, the Company can identify each party's rights regarding the services to be transferred, the Company can identify the payment terms for the services, the Company has determined that the customer has the ability and intent to pay, and the contract has commercial substance. The Company applies judgment in determining the customer's ability and intent to pay, which is based on a variety of factors, including the customer's historical payment experience or, in the case of a new customer, credit, and financial information pertaining to the customer. At contract inception, the Company evaluates whether two or more contracts should be combined and accounted together as a single contract.

2. Identification of the Performance Obligations in the Contract

Performance obligations promised in a contract are identified based on the services and the products that will be transferred to the customer that are both capable of being distinct, whereby the customer can benefit from the service either on its own or together with other resources that are readily available from third parties or from the Company, and are distinct in the context of the contract, whereby the transfer of the services and the products is separately identifiable from other promises in the contract. The Company considers the following distinct goods and services to represent separate performance obligations for the purpose of revenue recognition: initial franchise fees, royalty fees, monthly technology fees, monthly bookkeeping fees, renewal fees, landscaping services, and snow removal services.

3. Determination of the Transaction Price

The transaction price is determined based on the consideration to which the Company expects to be entitled in exchange for transferring services to the customer. Variable consideration is included in the transaction price if, in the Company's judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.

4. Allocation of the Transaction Price to the Performance Obligation in the Contract

If the contract contains a single performance obligation, the entire transaction price is allocated to the single performance obligation. Contracts that contain multiple performance obligations require an allocation of the transaction price to each performance obligation based on a relative standalone selling price (SSP).

5. Recognition of the Revenue When, or as, the Company Satisfies a Performance Obligation

Revenue is recognized at the time (or as) the related performance obligation is satisfied by transferring control of the promised good or service to the customer in an amount that reflects the consideration that the Company expects to receive in exchange for those goods and services.

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The Company derives its revenue from the following sources:

Franchise Revenue

The terms of the franchise agreements for the Company are typically ten years. As part of each agreement, the Company identified one performance obligation that requires the Company to provide a combination of the following relating to upfront franchisee fees:

- *Intellectual Property (IP)* - Licenses grant an exclusive right to establish and operate a landscaping, snow removal, and commercial floor cleaning business under the trademarks and systems established as part of the Clintar or milliCare license during the term of the agreement.
- *Continuing Consulting Services* - These services include the review of plans, equipment and merchandise selection, establishment and implementation of administrative, bookkeeping, accounting, inventory control, and general operating procedures.
- *Operations Manual and Brand-Specific Training Services* - These provide training programs, operating manuals, development of standards, and pricing policies, specific to the Clintar and milliCare brands.
- *Pre-Opening services* - These provide primarily site selection, training programs, and setting up the franchisee records.

The Company determined that the services noted above represent a set of integrated or highly interrelated tasks/services and are, therefore, accounted for as a single performance obligation of the providing the franchise license. The standard specifically identifies franchise rights as an example of a symbolic license. This type of license is satisfied over time since the customer simultaneously receives and consumes the benefit as the entity performs its obligation to provide access and, therefore, meets the criterion of recognizing revenue over time. Royalty fees represent the majority of consideration the Company receives under franchise agreements and are recognized over time each month. Revenue related to upfront fees allocated to this single performance obligation is recognized over time using a straight-line measure of progress as the control of various services is provided to the customer ratably over the term of the contract for the initial upfront fee. The renewal option provides continued access for the franchise rights (symbolic license) for an extended period of time and, therefore, would also be recognized over time (over the course of the renewal term) as it meets the above-mentioned criterion. The contracts the Company enters contain several types of payments, including:

- *Clintar Initial Franchisee Fees* - Franchise agreements require an initial fee of \$40,000 CAD for each territory. The initial franchise fees are due and payable when a contract is signed and is not refundable.
- *milliCare Initial Franchise Fees* - Franchise agreements require an initial franchise fee of \$45,000 USD. Effective in 2023, the Company increased the initial franchise fee amount to \$49,000. For existing franchise owners who may be approved for a second franchise license, the Company offers a discount of \$9,000. The Company offers a \$5,000 discount for veterans who present satisfactory evidence of honorable discharge. Franchisees are eligible for discounts within the first 12 months of operations if revenue levels exceed \$200,000.
- *Royalty Fees* - The Company receives monthly royalty payments based on a percentage of each franchisee's gross billings throughout the initial term. The franchisee is required to

EverSmith Brands Holding Company
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Notes to Consolidated Financial Statements

meet a certain minimum revenue level for the payment of these royalty fees in any given month, payable monthly on or before the 15th of each month and based upon gross sales for the immediately preceding month.

- *Bookkeeping Services* - The Company receives monthly fees for performing bookkeeping services to franchisees.
- *Monthly Technology Fees* - The Company receives monthly fees for the use of its technology.
- *Renewal Fees* - Franchise agreements include renewal options for an additional ten-year term. The Company has not historically charged a renewal fee.
- *Promotional Fund Revenue* - milliCare maintains a national advertising fund established to collect and administer funds contributed for use in advertising and promotional programs for franchisees in the United States. Franchisees make contributions to the national advertising fund based on a percentage of sales of the franchisees. As of December 31, 2022 and 2021, the Company recorded a promotional fund liability of \$486,509 and \$426,976, respectively, for funds received and reserved for future advertising spend. Refer to Note 8 for further information.

The Company recognizes revenue for each performance obligation identified within the customer franchise agreement when, or as, the performance obligation is satisfied by transferring the promised goods or services. All revenue is recognized over time.

Landscaping, Snow Removal, and Professional Floor Cleaning Services

The Company's professional services include snow removal, landscaping, and professional floor cleaning services to where a franchisee territory is not located. Revenue is recognized over time as the services are rendered.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable represent trade receivables from customers for which the Company has not yet received payment. Accounts receivable are presented net of an allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make required payments, or the customer canceling prior to the service being rendered. In evaluating the sufficiency of the allowance for doubtful accounts, the Company considers the specific details of the customer account, the age of the outstanding balance, the current economic environment, and historical credit trends. Any change in the assumptions used in analyzing a specific account receivable might result in an additional allowance for doubtful accounts being recognized in the period in which the change occurs. Receivable balances are charged off when all collection efforts have failed, and management determines the balance is uncollectable. In the case of balances relating to services not yet rendered, the balance is charged off when the customer cancels the service or when the Company determines that the invoiced service will no longer be provided, whichever occurs first. The allowance for doubtful accounts was \$263,852 and \$143,879 at December 31, 2022 and 2021, respectively.

Deferred Revenue

The Company records amounts that have been invoiced to its clients in either deferred revenue or revenue depending on whether the revenue recognition criteria described above have been met.

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Deferred revenue that will be recognized during the succeeding 12-month period from the respective balance sheet date is recorded as short-term deferred revenue and the remaining portion is recorded as long-term.

Contract liabilities consist of deferred revenue and include payments received in advance of performance under the contract and non-cancellable amounts billed in advance relating to initial franchise fee invoiced. Such amounts typically relate to the initial franchise fee paid and are recognized as revenue over the contract period, which is generally ten years.

Transaction Price Allocated to Remaining Performance Obligations

As of December 31, 2022, \$522,603 of deferred revenue is expected to be recognized from remaining performance obligations. This is comprised of initial franchise fees.

The estimated revenues from the remaining performance obligations do not include uncommitted contract amounts such as (i) amounts that are cancelable by the client without any significant penalty, (ii) future billings for time and material contracts, and (iii) amounts associated with optional services and renewal periods.

Deferred Contract Acquisition Costs

The Company capitalizes sales commissions and certain parts of bonuses paid to internal sales personnel and third-party broker fees that are incremental to the acquisition of customer contracts. These costs are recorded as deferred contract acquisition costs on the consolidated balance sheets. The Company determines whether costs should be deferred based on sales compensation plans. If the commissions or third-party broker fees are, in fact, incremental and would not have occurred absent the customer contract, such commissions or broker fees are capitalized and deferred, as further described below.

Sales commissions for renewal of a franchise agreement or other services are not considered commensurate with the commissions paid for the acquisition of the initial franchisee agreement given the substantive difference in commission rates between new and renewal contracts. Commissions and bonuses paid upon the initial acquisition of a contract are amortized on a straight-line basis over an estimated period of benefit of ten years. Commissions on professional services are typically recognized when incurred because professional services are performed in less than one year. The Company determined the period of benefit for commissions paid for the acquisition of the initial franchise agreements by taking into consideration the initial estimated customer life. The Company determined the period of benefit for renewal of franchisee agreements by considering the average contractual term for renewal contracts. Amortization of deferred contract acquisition costs is included in the general, selling, and administrative expenses on the consolidated statements of operations.

The Company periodically reviews these deferred costs to determine whether events or changes in circumstances have occurred that could impact the period of benefit of these deferred contract acquisition costs. There were no material impairment losses recorded during the periods presented.

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The following table represents a roll-forward of deferred contract acquisition costs:

Ending Balance, December 31, 2021	\$	-
Additions to deferred contract acquisition costs		300,000
Amortization of deferred contract acquisition costs		(7,946)
Ending Balance, December 31, 2022	\$	292,054

Future estimated amortization of capitalized commission costs is as follows at December 31, 2022:

Year ending December 31,

2023	\$	29,975
2024		29,975
2025		29,975
2026		29,975
2027		29,975
Thereafter		142,179
Total	\$	292,054

Taxes Collected from Customers and Remitted to Governmental Authorities

When required, the Company collects sales tax from its customers on sales and remits these funds to various governmental authorities when due. The Company made an accounting policy election to exclude from the measurement of the transaction price all taxes assessed by any governmental authorities that are both imposed on and concurrent with a specific revenue-producing transaction and collected by the Company from a customer. The Company records sales tax collected from customers as a component of accrued expenses within the consolidated balance sheet.

Leases

On January 1, 2022, the date of initial application, the Company adopted ASC 842, *Leases*, using the modified retrospective transition method whereby prior comparative periods have not been restated and continue to be reported under the accounting standards in effect for the prior period. The Company elected the package of practical expedients permitted under the transition guidance for all leases, which allowed the Company to adopt ASC 842 without reassessing whether arrangements contain leases, the lease classification, and the determination of initial direct costs.

The Company determines if an arrangement contains a lease in whole or in part at the inception of the contract. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term while lease liabilities represent the obligation to make lease payments arising from the lease. All leases with an expected term greater than 12 months result in the recognition of an ROU asset and a liability at the lease commencement date based on the present value of the lease payments over the lease term. Lease liabilities are measured at the present value of remaining lease payments, while ROU assets are initially set equal to the lease liability, as adjusted for any payments made prior to lease commencement, lease incentives, and any initial direct costs incurred by the Company. The Company elected the practical expedient for private companies that allows companies to use the risk-free discount rate at the lease commencement date to determine the present value of the lease payments instead of calculating their incremental borrowing rate.

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The lease term includes all non-cancellable periods and may include options to extend (or to not terminate) the lease when it is reasonably certain that the Company will exercise the option. Leases that have a term of 12 months or less at the commencement date are expensed on a straight-line basis over the lease term and do not result in the recognition of an ROU asset or lease liability.

For operating leases, rent expense is recognized on a straight-line basis over the term of the lease, and ROU assets are subsequently re-measured to reflect the effect of uneven lease payments. For finance leases, ROU assets are amortized on a straight-line basis over the lease term. Expenses for finance leases include the amortization of ROU assets, which is recorded as depreciation and amortization expense, and interest expense, which reflects interest accrued on the lease liability. The Company has elected to combine lease and non-lease components, such as fixed maintenance costs, as a single lease component in calculating ROU assets and lease liabilities for all classes of leased assets.

Income Taxes

The Company is a C-corporation for US tax purposes and a corporation for Canadian tax purposes and accounts for income taxes using the asset and liability method. Deferred income taxes are provided for temporary differences in recognizing certain income, expense, and credit items for financial reporting purposes and tax reporting purposes. Such deferred income taxes primarily relate to differences between the tax basis of assets and liabilities and their financial reporting amounts. Deferred income tax assets and liabilities are measured by applying enacted statutory tax rates applicable to the future years in which the deferred income tax assets or liabilities are expected to be settled or realized. In assessing the ability to realize deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will be realized. The ultimate realization of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers historic earnings, scheduled reversals of deferred income tax liabilities, and projected future taxable income in making this assessment.

The Company follows the provisions of the FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*, which seeks to reduce the diversity in practice associated with certain aspects of the recognition and measurement related to accounting for income taxes. Under FASB ASC 740-10-25, an organization must recognize the tax benefit associated with tax positions taken for tax return purposes when it is more likely than not that the position will be sustained. The Company recognizes any corresponding interest and penalties associated with its income tax positions in income tax expense. The Company does not believe there are any material uncertain tax positions that should be recorded as of December 31, 2022 and 2021, respectively.

Fair Value of Financial Instruments

The carrying values of financial instruments, such as accounts receivable, accounts payable, and accrued expenses are reasonable estimates of their fair value because of the short maturity of these items.

Fair Value Measurements

The Company follows ASC 820-10, *Fair Value Measurement*, which defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements.

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ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the most advantageous market for the asset or liability in an orderly transaction. Fair value measurement is based on a hierarchy of observable or unobservable inputs. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date.

Level 2 - Inputs to the valuation methodology other than quoted prices in active markets are either directly or indirectly observable as of the reporting date, and the fair value can be determined using models or other valuation methodologies.

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity of the asset and liability and the reporting entity makes estimate assumptions relating to the pricing of the asset or liability, including assumptions regarding risk.

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

Recently Issued Accounting Standards

Standards Not Yet Adopted

In June 2016, the FASB issued ASU 2016-05, *Financial Instruments - Credit Losses (Topic 326)*, which introduced the expected credit losses methodology for the measurement of credit losses on financial assets measured at amortized cost basis, replacing the previous incurred loss methodology. The new current expected credit loss (CECL) methodology does not have a minimum threshold for recognition of impairment losses, and entities will need to measure expected credit losses on assets that have a low risk of loss. This update is effective for fiscal years beginning after December 15, 2022. The Company is currently evaluating the impact of the pending adoption of the ASU on its consolidated financial statements.

3. Business Combination

milliCare

On November 12, 2021, Clintar Inc., a wholly owned subsidiary of Holdings, acquired the assets of milliCare, Inc. As a result of this transaction, the purchase price was allocated to milliCare's balance sheet, resulting in a new basis of accounting. This included a step-up of certain assets to fair value and the recognition of certain identifiable intangible assets, as provided for under the purchase method of accounting.

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The investment to fund the acquisition consisted of the following:

Capital contributions	\$ 3,000,000
Net working capital adjustment	138,764
Total Initial Investment	\$ 3,138,764

The total consideration has been allocated using the purchase method of accounting to the assets acquired and liabilities assumed based upon a determination of estimated fair values, as follows:

Accounts receivable	\$ 569,912
Inventory	46,018
Property and equipment	696
Separately identifiable intangible assets	632,000
Goodwill	771,495
Total Assets	2,020,121
Accounts payable	93,235
Accrued expenses	426,976
Accrued compensation	18,762
Total Liabilities	538,973
Net Assets Acquired	\$ 1,481,148

The excess of the initial investment over the net assets acquired was used to cover acquisition costs, and to fund additional working capital for operations.

Intangible assets acquired consist of trade names of \$318,000 and franchise agreements of \$314,000. The Company did not separately value the customer relationships or non-compete intangible assets from goodwill, in accordance with the private-company alternative available under FASB ASC 805, *Business Combinations*. The fair value of the intangible assets is based on significant inputs that are not observable in the market and, therefore, represent Level 3 measurements under ASC 820-10. The fair value of the trade names was determined under the income approach, specifically the relief-from-royalty method. The fair value of the franchise agreements was determined under the income approach, specifically the multi-period excess earnings method.

In addition, goodwill of \$771,495 was recorded to reflect the excess of the purchase price over the estimated fair value of the net identifiable assets acquired, which is not deductible for tax purposes.

The Company incurred \$741,042 of acquisition costs, which is included in operating expenses within the accompanying consolidated statement of operations for the year ended December 31, 2021.

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4. Intangible Assets, Net

Acquired intangible assets (other than goodwill) consisted of the following:

December 31, 2022

	Cost	Accumulated Amortization	Net Book Value
Trade names	\$ 2,532,880	\$ (243,139)	\$ 2,289,741
Franchise agreements	2,188,492	(441,584)	1,746,908
Total	\$ 4,721,372	\$ (684,723)	\$ 4,036,649

December 31, 2021

	Cost	Accumulated Amortization	Net Book Value
Trade names	\$ 2,668,625	\$ (124,055)	\$ 2,544,570
Franchise agreements	2,303,375	(214,035)	2,089,340
Total	\$ 4,972,000	\$ (338,090)	\$ 4,633,910

For the years ended December 31, 2022 and 2021, amortization expense of \$377,697 and \$338,090, respectively, for trade names and franchise agreements is included in depreciation and amortization expense within the accompanying consolidated statements of operations. Foreign currency translation impact on intangible assets, net, was a decrease of \$(219,564) and an increase of \$1,875 for the years ended December 31, 2022 and 2021, respectively.

Estimated amortization expense on intangible assets is as follows:

Year ending December 31,

2023	\$ 365,669
2024	365,669
2025	365,669
2026	365,669
2027	359,127
Thereafter	2,214,846
Total	\$ 4,036,649

5. Goodwill, Net

The Company's goodwill balance is a result of the acquisitions. The Company elected to test goodwill for impairment at the entity level and amortize the balance on a straight-line basis over a ten-year period. Amortization expense of \$1,070,251 and \$775,634 for the years ended December 31, 2022 and 2021, respectively, is recorded in operating expenses in the consolidated statements of operations.

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The carrying value of the Company's goodwill was as follows:

<i>December 31,</i>	2022	2021
Gross Carrying Amount of Goodwill , beginning of year	\$ 9,692,227	\$ 8,918,808
Additions from business acquisition	-	771,495
Accumulated amortization	(1,845,885)	(775,634)
Foreign currency translation	(430,236)	3,924
Net Carrying Amount of Goodwill , end of year	\$ 7,416,106	8,918,593

Estimated amortization expense of goodwill is as follows:

<i>Year ending December 31,</i>	
2023	\$ 917,909
2024	917,909
2025	917,909
2026	917,909
2027	917,909
Thereafter	2,826,561
Total	\$ 7,416,106

6. Income Taxes

The provision for income tax expense is as follows:

<i>Year ended December 31,</i>	2022	2021
Foreign - current	\$ 337,167	\$ 174,125
Foreign - deferred	10,529	(93,172)
Income Tax Expense	\$ 347,696	\$ 80,953

The income tax expense differs from the statutory rate due primarily to the impact of foreign income tax expense, meals and entertainment, nondeductible goodwill amortization, and valuation allowance.

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The components of deferred income tax assets and liabilities are as follows:

<i>December 31,</i>	2022	2021
Deferred Income Tax Assets (Liabilities)		
Property and equipment	\$ (78,910)	\$ (69,143)
Intangible assets	(1,027,945)	(1,057,913)
Gain on sale of property and equipment	(8,704)	(2,992)
Prepaid expenses	(112)	(3,524)
Net operating losses	1,200,176	458,048
Acquisition costs	229,352	229,352
Bad debt expense	25,000	-
Unrealized gain/loss	(514)	-
Total Deferred Income Tax Assets (Liabilities)	338,343	(446,172)
Valuation Allowance	(1,458,967)	(682,274)
Deferred Income Tax Liability	\$ (1,120,624)	\$ (1,128,446)

The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income, and tax-planning strategies in making this assessment. Based on current and projected future taxable income, management believes it is more likely than not that the U.S. deferred tax assets will not be realized. Therefore, a valuation allowance was placed on the Company as of December 31, 2022 and 2021, respectively. Management believes it is more likely than not that the foreign deferred tax assets will be realized.

The Company evaluates uncertain tax positions as prescribed under ASC 740, which requires significant judgments and estimates regarding the recoverability of deferred tax assets, the likelihood of the outcome of examinations of tax positions that may or may not be currently under review and potential scenarios involving settlements of such matters. The Company assessed its uncertain tax positions and has determined that no liability should be recorded as of December 31, 2022 and 2021. The Company's policy is to recognize interest and penalties as a component of the provision for income taxes. For the years ended December 31, 2022 and 2021, there were no penalties or interest recorded.

The Company has available at December 31, 2022 a net operating loss carryforward of \$1,500,000 for federal tax purposes, carrying forward indefinitely, and \$200,000 for state tax purposes with various expiration dates.

7. Stockholders' Equity

Common Stock

The Company has 300,000 shares of common stock authorized and 21,380 and 18,823 shares issued and outstanding as of December 31, 2022 and 2021, respectively, with a par value of \$0.01.

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Stock Options

The Company's 2020 Equity Incentive Plan (Incentive Plan) is administered through Holdings. The Incentive Plan, which is shareholder approved, permits the grant of stock options to the Company's employees and members of the Board of Directors. The Company believes that such awards better align the interests of its employees with those of its shareholders. Stock options are granted with an exercise price equal to the estimated fair value per Holdings' common stock value at the grant date. The plan administrator may determine the time or times at which a stock option granted will vest or become exercisable and the terms that require exercisability of a stock option. Generally, the stock options issued vest over a period of seven years. For the years ended December 31, 2022 and 2021, the Company issued six and 1,312 stock options, respectively. As of December 31, 2022 and 2021, there were 2,145 stock options authorized under the Incentive Plan, respectively.

The fair value of each time-based vesting stock option is estimated on the date of grant using a Black-Scholes-based valuation model that uses various assumptions regarding the: (1) expected volatility in the fair value of the Company's common stock, (2) expected term of the award, (3) expected dividend yield on the underlying common stock, (4) risk-free interest rate based on the U.S. Treasury yield curve, and (5) current price of the underlying common stock. The Company based its expected volatility calculation upon similar, publicly traded companies tracked over a five-year period. The Company has assumed the vesting term as the expected life of the stock options based on when a change of control is expected to occur. The Company did not contemplate any expected dividends based upon the Company's credit facilities, which prohibits the payment of dividends. A U.S. Treasury bond rate was utilized as of the respective grant date in line with the expected life of the options.

The specific assumptions used to determine the fair value of the stock options granted were as follows:

<i>December 31,</i>	2022	2021
Expected volatility	25%	25%
Expected dividend yield	-	-
Expected life	7 years	7 years
Risk-free interest rate	1.47%	1.14-1.47%

A summary of rights to stock option activity under the plan is presented below:

	Options	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (Years)
Outstanding , January 1, 2021	-	\$ -	-
Granted	1,312	1,268	11.7
Forfeited or canceled	-	-	-
Outstanding , December 31, 2021	1,312	1,268	11.7
Granted	6	1,000	11.3
Forfeited or canceled	(40)	1,000	10.7
Outstanding , December 31, 2022	1,278	\$ 1,110	10.8
Exercisable , December 31, 2022	250	\$ 1,080	10.8

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Stock-based compensation expense related to stock options granted to employees charged to operations was \$69,697 and \$33,054 for the years ended December 31, 2022 and 2021, respectively. Stock-based compensation expense is included in selling, general, and administrative expenses on the accompanying statement of operations.

The following is a summary of non-vested options:

	Shares	Weighted-Average Grant-Date Fair Value Per Share
Non-Vested, January 1, 2021	-	\$ -
Granted	1,312	390
Vested	(67)	390
Forfeited or exercised	-	-
Non-Vested, December 31, 2021	1,245	390
Granted	6	425
Vested	(183)	357
Forfeited or exercised	(40)	289
Non-Vested, December 31, 2022	1,028	\$ 393

As of December 31, 2022 and 2021, there was \$388,911 and \$458,443, respectively, of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Company's Incentive Plan. The cost for the Company's time vested option is expected to be recognized over a weighted-average period of 5.5 years.

8. Advertising Costs and Fund

milliCare Franchising, LLC maintains a United States (U.S) national advertising fund established to collect and administer funds contributed for use in advertising and promotional programs. Contributions to the Promotional Fund are required from franchisees and are based on a percentage of franchisee sales.

Restricted assets and liabilities of the Promotional Fund are as follows:

<i>Year ended December 31,</i>	2022	2021
Restricted cash	\$ 304,679	\$ -
Accounts receivable	185,128	-
Advertising Fund Restricted Assets	\$ 489,807	\$ -
Accounts payable	\$ 75,802	\$ -
Accrued expenses and other current liabilities	410,707	426,976
Advertising Fund Restricted Liabilities	\$ 486,509	\$ 426,976

Advertising promotional fund expense is included in selling, general, and administrative expenses on the accompanying statements of operations totaled \$485,018 for the year ended December 31, 2022. There was no expense for the year ended December 31, 2021. The 2021 advertising fund restricted liabilities were funded by Holdings during 2022.

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9. Lease Obligations

The Company has operating lease arrangements for its various office spaces, office equipment, and vehicle, respectively, that have lease terms that range from three to five years, some of which include renewal and termination options that can be elected by the Company. For the majority of leases entered into during the current period, the Company concluded it is not reasonably certain that the Company would exercise the options to extend the lease or not terminate the lease. Therefore, as of the lease commencement date, the Company's lease terms generally do not include these options. The Company includes options to extend the lease when it is reasonably certain that the Company will exercise that option.

The Company's leases typically include a combination of fixed and variable payments. Fixed payments are generally included when measuring the ROU asset and lease liability. Variable payments, which primarily represent payments based on usage of the underlying asset, are generally excluded from such measurement and expensed as incurred. In addition, certain of the Company's lease arrangements may contain a lease coupled with an arrangement to provide other services, such as maintenance, or may require us to make other payments on behalf of the lessor related to the leased asset, such as payments for taxes or insurance. As mentioned in Note 2, the Company accounts for these non-lease components together with the associated lease component for each asset class.

The Company's lease arrangements generally do not contain significant restrictions or covenants; however, certain of the Company's vehicle and equipment leases include residual value guarantees, whereby the Company provides a guarantee to the lessor that the value of the underlying asset will be at least a specified amount at the end of the lease. Amounts probable of being owed under these guarantees are included within the measurement of the ROU asset and lease liability.

Lease Position

The following table presents the Company's lease-related assets and liabilities as of December 31, 2022:

Lease type	Classification on the Consolidated Balance Sheet	Amount
Operating lease assets	Operating lease ROU assets, net	\$ 410,947
Total Lease Assets		\$ 410,947
Current		
Operating	Current portion of operating ROU liability	\$ 144,553
Noncurrent		
Operating	Long-term portion of operating ROU liability	268,324
Total Lease Liabilities		\$ 412,877

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Lease Costs

The following table presents information related to the Company's lease expense:

December 31, 2022

Operating lease expense	\$	163,136
Short-term lease expense		9,092
Total Lease Expense	\$	172,228

Lease Term and Discount Rate

The following table presents certain information related to the lease terms and discount rate:

Year ending December 31, 2022

Weighted-average remaining lease term:	
Operating leases	2.87 years
Weighted-average discount rate:	
Operating leases	1.22%

Maturity of Lease Liabilities

The following table reconciles the Company's future minimum lease payments on an undiscounted cash flow basis to its lease liabilities reported in the consolidated balance sheet as of December 31, 2022:

Year ending December 31,

	Operating Leases
2023	\$ 151,239
2024	139,918
2025	128,582
2026	2,567
Thereafter	642
Total Minimum Lease Payments	422,948
Less: imputed interest	(10,071)
Present Value of Future Minimum Lease Payments	\$ 412,877
Current portion of lease liabilities	\$ 144,553
Noncurrent portion of lease liabilities	268,324
Present Value of Future Minimum Lease Payments	\$ 412,877

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Disclosures Related to Prior Periods: Prior to Adoption of ASC 842

Rent expense was approximately \$146,000 the year ended December 31, 2021. Rent expense is included in selling, general, and administrative expenses on the accompanying statement of operations.

Non-cancelable future minimum lease commitments as of December 31, 2021 were as follows:

Year ending December 31,

2022	\$	200,623
2023		156,892
2024		145,088
2025		100,930
Total		\$ 603,533

10. Related Party Transactions

The Company signed consulting services agreements with affiliates of the majority equity holder of Holdings to provide for certain consulting and advisory services. The agreements also require periodic reimbursement of out-of-pocket expenses associated with such services. There was \$593,364 and \$1,485,968 expensed under these agreements for the years ended December 31, 2022 and 2021, respectively, which was included in selling, general, and administrative expenses in the consolidated statements of operations.

11. Commitments and Contingencies

During the ordinary course of business, the Company is, from time-to-time, threatened with, or may become a party to, legal actions and other proceedings. Although the ultimate outcome of any legal matter cannot be predicted with certainty, based on present information, including management's assessment of the merits of any particular claim, the Company does not expect that these legal proceeds or claims will have any material adverse impact on its future financial position or results of operations.

The Company is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; natural disasters; and cyber security breaches for which the Company carries commercial insurance. There have been no significant reductions in coverage from prior year, and settlements, if any, have not exceeded coverage.

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12. Foreign Operations

Total assets and liabilities (after intercompany eliminations) of subsidiaries in foreign countries are as follows:

<i>December 31,</i>	2022	2021
Current assets	\$ 3,532,025	\$ 4,627,227
Long-term assets, net	10,803,845	12,393,540
Total Assets	14,335,871	17,020,767
Total Liabilities	(3,135,958)	(2,686,878)
Net Assets	\$ 11,199,913	\$ 14,333,889

Net revenue and net income of the Company's foreign subsidiaries totaled \$11,496,011 and \$584,386 respectively, for the year ended December 31, 2022. Net revenue and net loss of the Company's foreign subsidiaries totaled \$11,447,265 and \$487,857, respectively, for the year ended December 31, 2021.

13. Subsequent Events

The Company has evaluated subsequent events through May 26, 2023, the date the consolidated financial statements were available to be issued. Based on the evaluation performed, there were no material subsequent events that required recognition or additional disclosure in the consolidated financial statements, other than the events noted below.

On January 1, 2023, TruNet (Quebec) merged with and into TruServe Groundscare Inc.

On April 10, 2023, the Company entered into a membership interest purchase agreement to acquire membership interests of Green Guard Services Inc. for an initial base purchase price of \$10,500,000, subject to purchase-price adjustments based on principles defined in the membership interest purchase agreement. The acquisition was funded from RMCF.

THE BALANCE SHEET OF EVERSMITH BRANDS HOLDING COMPANY AS OF AUGUST 31, 2023, AS WELL AS EVERSMITH BRANDS HOLDING COMPANY PROFIT AND LOSS STATEMENT FOR THE INTERIM PERIOD BEGINNING JANUARY 1, 2023, AND ENDING AUGUST 31, 2023, HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and Subsidiaries

Consolidated Balance Sheet

	Unaudited August 31, 2023
Assets	
Current Assets	
Cash	\$ 3,559,816
Advertising fund restricted assets	306,758
Accounts receivable, less allowance for doubtful accounts	2,489,954
Inventory	35,256
Prepaid expenses and other current assets	471,223
Deferred contract acquisition costs, short-term	29,975
Total Current Assets	6,892,982
Property and Equipment, Net	511,183
Other Assets	
Deferred contract acquisition costs, long-term	501,487
Intangibles, net	3,790,901
Goodwill, net	6,800,114
Operating right-of-use assets	312,160
Total Other Assets	11,404,662
Total Assets	18,808,826
Liabilities and Stockholders' Equity	
Current Liabilities	
Accounts payable	2,346,760
Advertising fund restricted liabilities	306,758
Accrued expenses	1,120,249
Accrued compensation	618,253
Short-term deferred revenue	85,000
Current portion of operating lease obligations	144,000
Total Current Liabilities	4,621,020
Long-Term Liabilities	
Long-term deferred revenue	841,578
Operating lease obligations, less current portion	170,711
Deferred income taxes	1,035,840
Total Long-Term Liabilities	2,048,129
Total Liabilities	6,669,149
Total Stockholders' Equity	12,139,677
Total Liabilities and Stockholders' Equity	\$ 18,808,826

EverSmith Brands Holding Company (f/k/a Clintar Holding Company) and Subsidiaries

Consolidated Statement of Operations

	Unaudited
	Eight-month period ended August 31, 2023
Revenue	
Royalty fees	\$ 3,847,108
Professional Service fees	12,228,687
Promotional Fund revenue	269,167
Initial franchise fees	53,340
Chemical product revenue	6,297
Other Revenue	45,299
Total Revenue	16,449,898
Operating Costs and Expenses:	
Cost of professional service revenue	8,555,658
Selling, general, and administrative	10,171,705
Depreciation and amortization	955,086
Total Operating Costs and Expenses	19,682,449
Loss From Operations	(3,232,551)
Other Income (Expense), net	(27,235)
Loss From Operations, before income taxes	(3,205,315)
Income Tax Expense	-
Net Loss	(3,205,315)
Foreign Currency Translation Adjustment	138,754
Comprehensive Loss	\$ (3,066,561)

EXHIBIT B-1
GUARANTY OF PERFORMANCE

GUARANTEE OF PERFORMANCE

For value received, EverSmith Brands Holding Company, a Delaware corporation (the "Guarantor"), located at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209, absolutely and unconditionally guarantees to assume the duties and obligations of Clintar Franchising, Inc., located at 1515 Mockingbird Lane, Suite 410, Charlotte, NC 28209 (the "Franchisor"), under its franchise registration in each state where the franchise is registered, and under its Franchise Agreement identified in its 2023 Franchise Disclosure Document, as it may be amended, and as that Franchise Agreement may be entered into with franchisees and amended, modified or extended from time to time. This guarantee continues until all such obligations of the Franchisor under its franchise registrations and the Franchise Agreement are satisfied or until the liability of Franchisor to its franchisees under the Franchise Agreement has been completely discharged, whichever first occurs. The Guarantor is not discharged from liability if a claim by a franchisee against the Franchisor remains outstanding. Notice of acceptance is waived. The Guarantor does not waive receipt of notice of default on the part of the Franchisor. This guarantee is binding on the Guarantor and its successors and assigns.

The Guarantor signs this guarantee at Charlotte, NC on the 12th day of August 2023.

Guarantor:

EverSmith Brands Holding Company

By:


Robert Gannett, CEO

EXHIBIT C
FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

Clintar Commercial Outdoor Services

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EXHIBITS:

A –Territory

B – Continuation of Other Non-Competing Businesses

C – ACH Authorization

CLINTAR COMMERCIAL OUTDOOR SERVICES

FRANCHISE AGREEMENT

This Franchise Agreement (the “**Agreement**”) is made by and between Clintar Franchising, Inc. (“**Clintar**”), a Delaware corporation 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 groundskeeping services, landscape management, landscape enhancement, vegetation control, snow and ice control, roadway and parking lot maintenance and irrigation system maintenance to commercial, industrial, and office properties (the “Clintar 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 Clintar System.

C. Franchisor owns the trademark, distinctive logo, and identifying commercial symbol and design “Clintar Commercial Outdoor Services” and “Clintar”, 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 Clintar 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 Clintar 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 Clintar System to perform: (1) groundskeeping services, (2) landscape maintenance, (3) landscape enhancements, (4) vegetation control, (5) snow and ice control, (5) irrigation system maintenance (where permitted by law); and (6) lawn, shrub and tree insect and disease control; and for such optional services as may be approved from time-to-time including (i) roadway and parking lot maintenance, (ii) commercial landscape construction; and (iii) residential landscape/hardscape design and build (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 Clintar System. Franchisee shall be required to provide all Services that Franchisor requires and

approves for your franchise. Franchisee may not provide Services to residential customers without Franchisor's prior written consent which can be withheld in its sole discretion.

1.2 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 will contain a of population between 400,000 and 700,000, and are set forth on Exhibit A attached to this Agreement and which will be deemed a part of this Agreement. Franchisor will not operate or grant a franchise for others to operate a Clintar franchised business under the Marks within the Territory except as set forth below.

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 Clintar 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 Clintar franchisee is able to service such National Account, Franchisee may sub-contract such business to a non-Clintar service provider only if Franchisor gives prior written consent to the use of such non-Clintar service provider.

The Franchisor, its parents, or its affiliates have the right to use other channels of distribution, including the Internet, direct mail, 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, direct mail, 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.

1.3 Term.

1.3.1 **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.

1.3.2 **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.

1.3.3 **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 Clintar 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 Clintar 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;
- (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 Clintar Annual

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 Clintar 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.

1.3.4 **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 Clintar 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 CLINTAR

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 Clintar System office and warehouse facility.

2.3 **Confidential Manual.** Franchisor will give Franchisee access to the Clintar System Confidential Operating Manual (as it may be revised, 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 and Franchisee's General Manager. The Initial Training Program will be conducted at least twice a year and will consist of up to 5 calendar days of

instruction at Franchisor's business offices, at another location in the Canada or the United States, and/or via a computerized training module. 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 Franchisee, Franchisee's principal owner, or Franchisee's designated General Manager fails to successfully complete the Initial Training Program, 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 and may be provided during the Clintar Annual Conference or through Clintar Academy. Attendance requirements will be determined by Franchisor in its sole discretion. Specific training may 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. Franchisor will hold ongoing general training at the Clintar Annual Conference and Clintar Academy; 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 through Clintar Academy as may be required from time-to-time. 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, such employee shall be required to complete the Clintar Academy Initial Training Program at the time it is next offered, but no later than the one-year period following the date they were 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 Clintar Academy 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 Clintar System business. A representative of Franchisor shall visit Franchisee's location 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, project management services or continuing advisory services, which may include consultation

on promotional, marketing, and advertising techniques and customer relations. Field representatives will be available at Franchisee's request for extraordinary training, consultation and assistance on a fee basis by appointment only.

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 Clintar System. Franchisor or a person designated by Franchisor (which may be an affiliate of Franchisor) will sell to the Franchisee such Clintar 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 Clintar 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. 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 Clintar 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 Clintar 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. 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.

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. If Franchisee (a) does not live in the Territory. or (b) does not already own/lease operating space in the Territory, Franchisee must execute a lease for the premises in the Territory within 180 calendar days after execution of this Agreement by Franchisor.

3.2 Tenant Improvements. If required, 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. 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 Clintar Co-Brand Guidelines that are incorporated into the Confidential 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 completes the Clintar Academy Initial Training Program and any ongoing training programs, as described in Sections 2.4

and 2.5 of this Agreement; and that the Franchise always has a fully trained General Manager, and at least one dedicated, full time, fully trained salesperson. Franchisee's employees who sell the Services must complete Franchisor's online sales training through Clintar Academy.

3.5 Employees. Franchisee must hire and train all employees who are necessary for the operation of the Franchised Business. 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 3.16 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 Salesperson. The Franchised Business must have at all times, commencing on the day you open for business, at least one dedicated, full-time, fully trained salesperson.

3.7 Opening of Business. Franchisee must complete training, obtain a location, and commence operations no later than 270-days from the date of this Agreement. 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.

3.8 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.

3.9 Minimum Performance. You must use your full-time best efforts in promoting the Franchised Business and the Services in the Territory. You must achieve and maintain minimum annual Gross Receipts of \$1,000,000 in the Territory beginning with your third full year of operations. Upon any renewal or transfer of this Agreement, the minimum performance standards will continue and not reset.

3.10 Apparel. Franchisee and its employees must wear shirts, jackets, or other approved apparel with the Clintar 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.

3.11 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 "Clintar" 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 "Clintar," 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.

3.11.1 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.

3.11.2 *Display of Name.* At all times during the term of this Agreement, Franchisee will use the Marks and Clintar 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 Clintar 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 Clintar 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 Clintar-related services and products and the services or products offered or rendered by such other business(es).

3.11.3 *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.

3.12 *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.

3.13 *Proprietary Products.* In order to maintain the high standards of quality associated with the Clintar System, Franchisee must purchase such Clintar 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.

3.14 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.

3.15 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 Clintar products and Services offered and sold by Franchisee, which Franchisee will not be required to adhere to.

3.16 Independent Advertising. Franchisee, at its own expense, must conduct local advertising and promotional activities as reasonably required to enhance 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 Clintar 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:

3.16.1 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.

3.16.2 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.

3.17 Accounting Records and Reports.

3.17.1 ***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. Franchisor reserves the right to require Franchisee to obtain, at Franchisee’s sole expense, booking and accounting software which Franchisor may, from time to time, require.

3.17.2 ***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.

3.18 Maintenance and Repair. Franchisee must maintain the condition and appearance of the Franchised Business in a manner consistent with the Clintar 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.

3.19 Confidentiality.

3.19.1 **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 groundskeeping 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.

3.19.2 **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.

3.19.3 **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.

3.20 Competition.

3.20.1 **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 Clintar 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 Clintar 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.

3.20.2 **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.

3.20.3 **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.

3.20.4 **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 F, 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.

3.20.5 **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 F, 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.

3.21 Insurance.

3.21.1 **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, including cyber 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.

3.21.2 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.

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

3.23 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.

3.24 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.

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

3.26 Review of Disclosure Document and Agreement. Franchisee and its owners specifically acknowledge that they have reviewed the Franchise Disclosure Document and this Agreement prior to execution.

3.27 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.

3.28 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.

3.29 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 3.29 or Franchisee's failure or inability to perform Services due to such expiration or termination.

3.30 Promotion and Development of Business. Franchisee shall use best efforts to promote and develop the Clintar System and the Services of the Franchised Business, thereby supporting and enhancing the Clintar 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.

3.31 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 two e-mail addresses 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 \$39,900. If Franchisee already owns a majority interest in a franchise in the Clintar System and is purchasing a majority interest in an additional Clintar franchise from Franchisor, the initial fee for such additional unit is \$34,900. 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. The initial franchise fee is non-refundable and is deemed fully earned upon payment in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for its lost or deferred opportunity to franchise others.

4.2 Continuing Fee.

4.2.1 Calculation. In consideration for the continuing use of the Marks and the Clintar System, Franchisee will pay to Franchisor each calendar month continuing royalty and license fees ("Royalties") equal to 6% of the "Gross Receipts" (as defined below) of the Franchised Business for the previous calendar month. Royalties will commence beginning on the first full month following completion of the Clintar Academy Initial Training Program. Franchisee must pay a minimum monthly Royalty for each Territory Franchisee owns. Payment of the minimum monthly Royalty for single a Territory or the first Territory in the event Franchisee owns multiple Territories commences on the six-month anniversary of Franchisee's or Franchisee's General Managers completion of the Clintar Academy Initial Training Program and

shall be in the following amounts:

- (i) Months 6 to 18: \$1,000.00 per month; and
- (ii) Months 18 and thereafter: \$2,000.00 per month

If Franchisee owns multiple Territories, the minimum monthly Royalty for the first Territory will commence on the six-month anniversary of Franchisee's completion of Initial Training, with the minimum monthly Royalty for the second Territory commencing 12 months after minimums commence for the first Territory, and minimums for any additional Territories will commence 12 months after minimums commence for the prior Territory.

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, and (iii) 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.

(8) 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 \$499, but will increase based on your Gross Receipts if a software license fee is based on Gross Receipts. In addition, as of the Effective Date, one of the software providers charges 0.038% of your Gross Receipts as a license fee that you will be responsible to pay through the Technology Fee, which may be increased accordingly. Franchisor may increase this fee periodically up to the greater of the fee (or aggregate fees) any vendor charges us or an affiliate for your technology services. The Technology Fee is due and payable in full on the same day, 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. If Franchisee owns multiple Territories, Franchisee is only required to pay a single Technology Fee but will be charged any fees that are based on a percentage of your Gross Receipts on the combined revenues of Franchisee's multiple Territories.

4.3 Promotional Fund.

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

4.3.2 **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 Clintar 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.

4.3.3 **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.

4.3.4 **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 Clintar 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. Franchisor is not required to have the Promotional Fund audited.

4.3.5 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.

4.4 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 50% of Franchisor’s then-current initial franchise, 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 Clintar franchise) on or before the date of transfer or assignment of this Agreement.

4.5 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 Clintar Academy. 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 non-adjacent 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.

4.6 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 Clintar Franchising, Inc. 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 Clintar Franchising, Inc., 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 3.20.4).

(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) 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 where Franchisor recklessly or negligently provides untruthful information, makes intentional misstatements to a transferee or otherwise acts in bad faith.

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 Clintar 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 Clintar 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 Clintar 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 3.20.4 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 Charlotte, North 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 (as set forth in the Confidential Manual), 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 Clintar 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 if Franchisee fails to meet the minimum performance criteria in Section 3.9;

(g) 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

(h) immediately upon notice, in the event that Franchisee violates the provisions of Section 3.20 hereof; or

(i) 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

(j) 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

(k) 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

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

(m) upon 30 calendar days' written notice to Franchisee if Franchisee fails to commence operation of the Franchised Business within 270-days of the date of the Franchise Agreement, and is not cured within such 30-day period; or

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

(o) immediately upon notice, if Franchisee or its owners owns or operates another competitive business or commits any violation of Section 3.3, Section 3.6, Section 3.10, or Section 3.11 hereof;

(p) 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;

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

(r) 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 Clintar 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 Franchisee 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 of 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. 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	Clintar Franchising, Inc. 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 Clintar 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 Reserved..

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 Clintar 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 Clintar franchisees to gain a better understanding of the requirements and benefits of owning a Clintar 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 Clintar 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:

<u>NAME</u>	<u>ADDRESS</u>	<u>PERCENTAGE INTEREST</u>

(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:

Clintar Franchising, Inc.

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: _____

THE SUBMISSION OF THIS AGREEMENT TO YOU DOES NOT CONSTITUTE AN OFFER. THIS AGREEMENT IS NOT EFFECTIVE UNTIL SIGNED BY A CORPORATE OFFICER OF CLINTAR FRANCHISING, Inc. NO FIELD REPRESENTATIVE OR SALESMAN IS AUTHORIZED TO EXECUTE THIS AGREEMENT ON BEHALF OF CLINTAR COMMERCIAL OUTDOOR SERVICES. 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.

FRANCHISE 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: _____

FRANCHISOR:

Clintar Franchising, Inc.

Date: _____

By: _____

Title: _____

FRANCHISEE:

Date: _____

By: _____

Title: _____

FRANCHISE AGREEMENT

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:

Clintar Franchising, Inc.

Date: _____

By: _____

Title: _____

FRANCHISEE:

Date: _____

By: _____

Title: _____

FRANCHISE AGREEMENT
EXHIBIT C

ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION

Bank Name: _____

ABA#: _____

Acct. No.: _____

Acct. Name: _____

Effective as of the date of the signature below, **FRANCHISEE** hereby authorizes Clintar Franchising, Inc. ("Company") or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, to make the following payments to Company due under the Franchise Agreement: (1) all royalty fees; (2) all promotional fund contributions; (3) all technology fees; and (4) all other amounts due under the Franchise Agreement or any other agreement between Company and **FRANCHISEE**. Such withdrawals shall occur on a [weekly] basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit funds into the above-referenced account, electronically or otherwise. This authorization shall remain in full force and effect until terminated in writing by Company. **FRANCHISEE** shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

FRANCHISEE:

By:_____

Print name:_____

Its:_____

EXHIBIT D
CONVERSION ADDENDUM

CLINTAR COMMERCIAL OUTDOOR SERVICES

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 Clintar Franchising, Inc. ("**Clintar**") a Delaware corporation ("**Franchisor**") and _____, a _____ ("**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 Clintar Commercial Outdoor Services franchise agreement. Prior to acquiring the franchise, Franchisee operated, and continues to operate, an outdoor maintenance business known as _____ (the "**Existing Business**"). The Existing Business is located at _____ (the "**Existing Premises**"). The Existing Business provides commercial outdoor maintenance services 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 Clintar 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%	\$35,910
\$300,001 - \$400,000	15%	\$33,915
\$400,001 - \$500,000	20%	\$31,920
\$500,001 - \$600,000	25%	\$29,925
\$600,001 - \$700,000	30%	\$27,930

AMR	% Reduction	Resulting Initial Fee
\$700,001 - \$800,000	35%	\$29,935
\$800,001 - \$900,000	40%	\$23,940
\$900,001 - \$1,000,000	45%	\$21,945
\$1,000,001 and above	50%	\$19,950

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 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 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 its 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:

Clintar Franchising, Inc.

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 Clintar Franchising, Inc., a Delaware corporation 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 Clintar Commercial Outdoor Services franchised business (the "First Franchised Business").

B. Franchisor offers qualified franchisees the right and option to open and operate an additional Clintar Commercial Outdoor Services 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 3.27 (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 ESSENCE. 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

Clintar Franchising, Inc.

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, Clintar Franchising, Inc. (“**Clintar**”) owns proprietary know-how and trade secrets relating to the establishment, marketing, promotion, and operation of businesses that provide groundskeeping services, landscape management, snow and ice control, roadway and parking lot maintenance and related services in commercial, industrial, and office properties (the “**Clintar System**”);

WHEREAS, Clintar 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 Clintar System;

WHEREAS, Clintar has rights to the trademark, distinctive logo, and identifying commercial symbol and design “Clintar Commercial Outdoor Services”, the service mark and name “Clintar”, and other commercial symbols (such marks as now existing or as they may be developed hereafter being referred to herein as the “**Marks**”);

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

WHEREAS, Clintar has licensed Franchisee, under a Clintar Commercial Outdoor Service Franchise Agreement (the “**Franchise Agreement**”), to operate a Clintar System franchise under the Marks using Clintar’s trade secrets and other proprietary and confidential information in accordance with the Clintar System;

WHEREAS, Individual, by virtue of his or her position with Franchisee, will gain access to certain of Clintar’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 Clintar’s Confidential Information and intellectual property rights, Clintar 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 Clintar System and the Marks are the sole and exclusive property of Clintar 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 Clintar in and to the Clintar 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 Clintar 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 Clintar 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 Clintar System.
4. Individual covenants and agrees that during the term of the Franchise Agreement, except as otherwise approved in writing by Clintar, 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 Clintar System or of any franchisee using the Clintar 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 Clintar System;
 - (ii) Employ or seek to employ any person who is at that time employed by Clintar, Franchisee, or any other franchisee of Clintar, 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 Clintar System, except other franchises offered by Clintar (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 Clintar, 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 Clintar System, to any customer who was a customer of Franchisee, Clintar, or another franchisee of the Clintar 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 Clintar or by another franchisee of the Clintar 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 Clintar irreparable injury, and Individual agrees to pay all court costs and reasonable attorneys' fees incurred by Clintar 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 Clintar'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 Clintar 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 Clintar 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:_____

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CONFIDENTIAL MANUAL TABLE OF CONTENTS



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EXHIBIT H
LIST OF FRANCHISEES

Current as of August 14, 2023

A. Open Outlets

None.

B. Signed but Unopened Outlets

None.

EXHIBIT I

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 J
FRANCHISEE COMPLIANCE CERTIFICATION

**CLINTAR COMMERCIAL OUTDOOR SERVICES
FRANCHISEE COMPLIANCE CERTIFICATION**

Do not sign this Certification if you are a California, Maryland or Washington resident or the business is to be operated in California, Maryland or Washington State.

As you know, Clintar Franchising, Inc. (the “**Franchisor**”) and you are preparing to enter into a Franchise Agreement for the establishment and operation of a “Clintar” 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 Clintar 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 Clintar’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 “Clintar” franchised business with an attorney, accountant, or other professional advisor?

Yes ____ No ____

(7) Do you understand that the success or failure of your “Clintar” 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 “Clintar” 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 “Clintar” 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 “Clintar” 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 “Clintar” 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 “Clintar” 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 conversations 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.

NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE

FRANCHISE APPLICANT

_____, 20____

EXHIBIT K
STATE ADDENDA

CALIFORNIA

**ADDENDUM TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES
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.

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 North 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 Charlotte, North 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).

The disclosure document, franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

CONNECTICUT

**ADDENDUM TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF CONNECTICUT**

DISCLOSURES REQUIRED BY CONNECTICUT LAW

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

Clintar Franchising, Inc.

**ISSUANCE DATE OF DISCLOSURE DOCUMENT:
August 14, 2023, as amended October 12, 2023**

ILLINOIS

**ADDENDUM TO THE CLINTAR
COMMERCIAL OUTDOOR SERVICES
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF ILLINOIS**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, the Clintar Commercial Outdoor Services 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.

6. The disclosure document, franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

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

**AMENDMENT TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES
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 Clintar Commercial Outdoor Services 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. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

9. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

A National Account customer is a customer responsible for a business in more than one location. The franchisor has the exclusive right to negotiate and enter into agreements to provide services to National Account customers. You may be offered the opportunity to service a National Account. If you decline or are unable to service the account, the franchisor, an affiliate or another franchisee may provide the service with no compensation to you.

10. 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)

Clintar Franchising, Inc.

Signed: _____

By: _____

Print Name: _____

Title: _____

(If a corporation)

Date: _____

Name of corporation: _____

State of incorporation: _____

Signed by: _____

Title: _____

(If a limited liability company)

Name of company:_____

State of organization:_____

Signed by:_____

Title [member or manager]:_____

MARYLAND

**ADDENDUM TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES FRANCHISE
DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF MARYLAND**

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) This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.
- (d) The General Release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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

**AMENDMENT TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES
FRANCHISE AGREEMENT AND OPTION AGREEMENT
REQUIRED BY THE STATE OF MARYLAND**

The parties to the Clintar Commercial Outdoor Services 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 from claims under Maryland Law may be brought by the Franchisee in Maryland.

3. **Arbitration.** This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

5. **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.

6. **Acknowledgments.** Section 7.24 of the Franchise Agreement is hereby deleted in its entirety.

7. The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

Signatures appear on the following page.

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

FRANCHISEE:
(If an individual)

FRANCHISOR:
Clintar Franchising, Inc.

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

MINNESOTA

**ADDENDUM TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES
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 Clintar Commercial Outdoor Services 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.

7. The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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

**AMENDMENT TO CLINTAR COMMERCIAL OUTDOOR
SERVICES 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 Clintar Commercial Outdoor Services 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 3.11.3 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.

6. The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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

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

CLINTAR FRANCHISING, INC.

By: _____

Name: _____

Title: _____

FRANCHISEE

By: _____

Name: _____

Title: _____

NEW YORK

**ADDENDUM TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES
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 SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.
- D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective

order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum,**” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements--No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
7. Receipts—Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH CAROLINA

**ADDENDUM TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES
FRANCHISE DISCLOSURE DOCUMENT
REQUIRED BY THE STATE OF NORTH CAROLINA**

DISCLOSURES REQUIRED BY NORTH CAROLINA LAW

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

If the seller fails to deliver the product(s), equipment or supplies necessary to begin substantial operation of the business within 45 days of the delivery date stated in your contract, you may notify the seller in writing and demand that the contract be cancelled.

NORTH DAKOTA

**ADDENDUM TO CLINTAR COMMERCIAL OUTDOOR SERVICES
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.

(9) The Franchisee is not required to waive jury trial for any matters coming under the ND
Clintar Commercial Outdoor Services
2023 Franchise Disclosure Document

Law.

(10) The Franchisee is not required to consent to limitation of claims within 1 year for any matters coming under the ND Law.

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

(12) The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

**RIDER TO
CLINTAR COMMERCIAL OUTDOOR
SERVICES FRANCHISE AGREEMENT
FOR USE IN NORTH DAKOTA**

This Rider is entered into this _____, 20____ (the “**Effective Date**”), between **CLINTAR, FRANCHISING, INC.** (“**Clintar**”), 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 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 has been 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.

12. **Payment of Initial Franchise Fee.** After examination of the financial statements of franchisor by the North Dakota Securities Department, it has been determined that adequate financial resources may not be available to the franchisor for the performance of its obligations to furnish good and/or services to assist franchisees in establishing and opening their franchise business. As such, payment of the initial franchise fee will be deferred until all initial obligations owed to franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business pursuant to the franchise agreement.

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

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.

CLINTAR FRANCHISING, INC.

FRANCHISEE

By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____

VIRGINIA

**ADDENDUM TO THE CLINTAR COMMERCIAL OUTDOOR SERVICES
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF VIRGINIA**

In recognition of the restrictions contained in Section 13.1-564 of the Virginian Retail Franchising Act, the Franchise Disclosure Document for Clintar Franchising, Inc. 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.

The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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

WASHINGTON

**ADDENDUM TO THE CLINTAR COMMERCIAL OUTDOOR
SERVICES 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.

The disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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

**ADDENDUM TO CLINTAR COMMERCIAL OUTDOOR
SERVICES 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.

The franchise agreement and any document signed in connection with the franchise are supplemented with the following language:

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

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

CLINTAR FRANCHISING, INC.

By: _____
Name: _____
Title: _____

FRANCHISEE

By: _____
Name: _____
Title: _____

EXHIBIT L
FORM OF GENERAL RELEASE

RELEASE OF CLAIMS

IN CONSIDERATION of Clintar Franchising, Inc. ("Clintar"), agreeing to a renewal term for the Clintar Commercial Outdoor Services 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 Clintar, 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 Clintar, 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 Clintar, 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 M

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:

STATE	EFFECTIVE DATE
California	NOT REGISTERED
Hawaii	NOT REGISTERED
Illinois	PENDING
Indiana	September 14, 2023
Maryland	NOT REGISTERED
Michigan	September 14, 2023
Minnesota	PENDING
New York	PENDING
North Dakota	NOT REGISTERED
Rhode Island	NOT REGISTERED
South Dakota	NOT REGISTERED
Virginia	NOT REGISTERED
Washington	NOT REGISTERED
Wisconsin	September 26, 2023

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

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 Clintar Franchising, Inc. 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 Clintar Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit A to this disclosure document).

The franchisor is Clintar Franchising, Inc., 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:

Name	Principal Business Address	Telephone Number
Stephen Schiller	Clintar Franchising, Inc. 1515 Mockingbird Lane, Suite 410 Charlotte, NC 28209	254-718-6981

Issuance Date: August 14, 2023, as Amended October 12, 2023. (See State Effective Dates page immediately prior to the Receipt for state effective dates.)

I have received a disclosure document dated: August 14, 2023, as Amended October 12, 2023 that included the following exhibits:

- A. State Administrators and Agents for Service of Process
- B. Financial Statements
- C. Franchise Agreement
- D. Conversion Addendum
- E. Option Agreement
- F. Confidentiality and Non-Competition Agreement
- G. Confidential Manual Table of Contents
- H. List of Franchisees
- I. List of Franchisees Who Have Left The System
- J. Franchisee Compliance Certification
- K. State Addenda
- L. Form of General Release
- M. State Effective Dates

Date: _____

Prospective Franchisee

Print Name

RETAIN THIS COPY

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- L. Form of General Release
- M. State Effective Dates

Date: _____

Prospective Franchisee

Print Name

RETURN THIS COPY TO CLINTAR