

FRANCHISE DISCLOSURE DOCUMENT



Coopportunity, Inc.
a New York corporation
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The franchise that we offer is for a business that provides residential and commercial cleaning services through a worker-cooperative platform and other services and products for the purpose of creating accessibility to economic opportunities for low-income workers using our system and under the Brightly marks (each, a “Franchised Business” or “Brightly Business”).

The total initial investment necessary to begin operation of a Brightly Business under a franchise agreement is \$4,605 to \$46,146. This includes \$0 that must be paid to the Franchisor or its affiliates.

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 government agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Juan Cuautle, Coopportunity, Inc., c/o Center for Family Life, 443 39th Street, 4th Floor, Brooklyn, New York 11232.

The terms of your contract will govern your franchise relationship. Do not rely on the Disclosure Document alone to understand your contract. Read your entire 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: March 6, 2024

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, or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits F and G.
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 suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit D 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 Brightly 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 Brightly franchisee?	Item 20 or Exhibits F and G 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 a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in New York. 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 New York than in your own state.
2. **Minimum Requirements**. You must spend not less than \$150.00 per month for local marketing, regardless of your sales levels, provided that your own marketing efforts may be utilized to meet the applicable requirement in lieu of monetary payment and shall be calculated at \$25.00 per hour.
3. **Financial Support**. The franchisor's financial condition as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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.

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

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: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

BRIGHTLY®
Franchise Disclosure Document

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

Coopportunity, Inc., the franchisor of the Brightly franchise is referred to in this franchise Disclosure Document (the “Disclosure Document”) as “we”, “us” or “our” as the context requires. A franchisee is referred to in this Disclosure Document as “you” and “your” as the context requires. If you are a Corporation, partnership, or other legal entity (a “Corporate Entity”), our Franchise Agreement will also apply to your individual owners, shareholders, members, officers, directors, and other principals.

The Franchisor

We are a not-for-profit corporation established under New York law on April 20, 2018 with a principal place of business at c/o Center for Family Life, 443 39th Street, 4th Floor, Brooklyn, New York 11232. We conduct business under our corporate name Coopportunity, Inc. Our business is operating the Brightly Business franchise system and granting franchises to third parties like you to develop and operate a Brightly Business. We began offering franchises on May 25, 2018. We do not operate any of a Brightly Business, but we have launched incubator cooperative program that operated under the Brightly brand. We do not have an ownership interest in the entity that operates the incubator cooperative program. Other than as discussed above, we are not in any other business, we have not conducted business in any other line of business, and we have not offered or sold franchises in any other line of business. We do not have any predecessors and we do not have any parent company. Our registered agents for service of process are disclosed in Exhibit B of this Disclosure Document.

The Franchised Business

We have developed and presently license a system (the “System”) for the operation of a business that provides residential and commercial cleaning services through a worker-cooperative platform (the “Approved Services and Products”). The worker cooperative model allows each worker within the business to own an equity interest of the business and participate in management of the business. The purpose of the worker cooperative model is to create accessibility to economic opportunity for low-income workers. As such, your Brightly Business will be co-owned and operated with other workers/owners. The System is presently identified by the Brightly trademark, the Brightly logo and such other tradenames, trademarks, logos, and commercial symbols as we may designate, modify, and adopt from time to time for use in the System and as same may or may not be registered with the United States Patent and Trademark Office (collectively referred to as the “Licensed Marks”).

The System features the prominent display of our Licensed Marks and trade dress in the establishment and operation of the Franchised Business. We refer to businesses in our System as “Brightly Businesses” and we refer to the Brightly Business that you will develop and operate as either “your Brightly Business” or the “Franchised Business”. You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E (the “Franchise Agreement”) to develop and operate the Franchised Business within an operating territory and in conformity with the requirements of our System. The System includes Approved Services and Products that we currently designate and that we may modify, add to, or discontinue from time to time, and our proprietary specifications, methods and procedures for the preparation, service, marketing and sale of Approved Services and Products by the Franchised Business. The System also features and requires, as designated by us, your exclusive use of certain equipment, materials, and supplies designated by us (collectively, the “System Equipment and Supplies”). You must operate the Franchised Business in conformity with the specifications, procedures, criteria, and requirements that we designate in our confidential operations manual and other proprietary manuals that we may designate and loan to you and, as we may, from time to time, supplement and modify other manuals and communications (collectively, the “Manuals”).

Franchise Agreement

You may enter into a Franchise Agreement in the form attached to this Disclosure Document as Exhibit E to develop and operate the Franchised Business within an operating territory and in conformity with the requirements of our System. At the time of signing the Franchise Agreement we will designate a geographic area comprising your operating territory. Your right to use the System will be limited to offering and providing our Approved Services and Products within your operating territory and using only our System Equipment and Supplies. You may, but are not obligated to, manage the Franchised Business from a commercial business and operations facility that meets our standards and specifications (the “Operations Center”). Your Operations Center must be located within your operating territory and must be approved by us.

Market and Competition

The market for providing professional residential and commercial cleaning services is developed and competitive. There are currently several national companies, including Molly Maid, Maid Brigade, Merry Maids, MaidPro and Two Maids & a Mop that provide residential and commercial cleaning services. In addition, there are smaller companies and individuals that compete in this market. You will compete with both national and local companies that provide residential and commercial cleaning services.

Industry Specific Laws

We are not aware of regulations specific to the operation of a Brightly business, but you will be subject to laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration, and employment laws. You must evaluate and you must obtain the necessary licenses, certification, permits and approval necessary to establish and operate the Franchised Business. You must investigate all of these laws. You must check your state, county and local jurisdiction about these rules and regulations, and you should consult with your own legal advisor. You will also be subject to federal and state laws and regulations that apply to businesses generally, including rules and regulations involving employment practices, wage and hour laws, immigration, and employment laws. You must review federal minimum wage and overtime laws, as well as similar laws within your state to ensure compliance with labor and wage laws currently in existence and those that may later be adopted. You should consult with your attorney concerning these and other local laws, rules and regulations that may affect the operation of the Franchised Business.

ITEM 2 **BUSINESS EXPERIENCE**

Juan Cuautle, Chief Executive Officer

Juan Cuautle is our CEO and has served in this role since July 2021. Since July 2021 and continuing to date, Mr. Cuautle has served as Director of the Cooperative Development Program at the Center for Family Life located in Brooklyn, New York. From March 2016 to July 2021, Mr. Cuautle was Cooperative Business Development at the Center for Family Life located in Brooklyn, New York.

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

Initial Franchise Fee

When you sign a Franchise Agreement you will not be required to pay an initial franchise fee (the "Initial Franchise Fee") for the territory (an "Operating Territory"). The method we use to calculate the Initial Franchise Fee is uniform for all franchises that we offer through this Disclosure Document.

ITEM 6
OTHER FEES

Type of Fee (Note 1)	Amount	Due Date	Remarks
Continuing Royalty Fee (Notes 2 and 3)	5% of Gross Sales	Monthly on the last Monday of each month for the preceding month	Will be debited automatically from your bank account by ACH or other means designated by us. See, Notes 1, 2 and 3.
Brand Development Fund (Note 4)	We currently do not collect a Brand Development Fund Fee but reserve the right to do so up to 2% of Gross Sales	Monthly on the last Monday of each month for the preceding month	Will be debited automatically from your bank account by ACH or other means designated by us. We will provide six months' notice prior to requiring your payment of the fund contribution. See, Notes 1 and 4.
Local Marketing (Note 5)	The greater of 0.5% of gross sales or \$150 per month	Monthly, as incurred by you and negotiated with local suppliers	You must spend not less the greater of \$150 per month or 0.5% of Gross Sales per month on pre-approved business development and marketing within your operating territory. See, Notes 1 and 5.
Manual	\$200 replacement fee	On demand.	Payable if your copy of the Manuals is lost or destroyed.
Manager Training	Up to \$1,000	On demand.	This fee will only be charged if we elect, or you decide to send to your manager similar to the initial training program provided to you.
Supplemental On-Site Training	Our then current daily rate per trainer, plus expenses. There is a two days minimum for assistance. Our current daily trainer rate is \$500 per day	On demand	Following participation in our initial training program and the opening of the Franchised Business, if you request that we provide training or assistance on-site at your Operations Center, you must pay our then current fee for each trainer. You must also reimburse us for our trainer(s) expenses including travel and accommodations. See, Note 1.

Type of Fee (Note 1)	Amount	Due Date	Remarks
Annual Conference (Note 6)	Varies but not less than \$1,000 annually	On demand, prior to conference	Will be debited automatically from your bank by ACH or other means designated by us. See, Notes 1 and 7.
Royalty Payment Late Charge	\$50 per occurrence	On demand	Applies to past due payments of royalty fees. See, Note 1.
Royalty Reporting Charge	\$50 per occurrence	On demand	If you fail to pay your royalty and fail to timely submit to us a complete and accurate royalty report due monthly on the last Monday of each month for the preceding accounting month, you will be required to pay a royalty reporting charge. See, Note 1.
Financial Reporting Late Charge	\$100 per occurrence	On demand	If you fail to timely submit to us your unaudited monthly profit and loss statement and balance sheet within 15 days after the end of each month, you will be required to pay a fee of \$100. See, Note 1.
Review and Audit	Actual costs	On receipt of invoice	You must pay to us the costs that we incur in reviewing and auditing your records if the review and/or audit performed by us results in a finding that you failed to comply with the terms of your Franchise Agreement. These fees include the actual costs that we incur including, fees for accountants, attorneys, administrative staff, travel, meals, and lodging expenses. See, Note 1.
Transfer	\$2,500	Prior to the date of transfer	All transfers are subject to our approval and require the transferee's satisfaction of our training requirements. See, Note 1.
Renewal	\$500	Upon signing renewal Franchise Agreement	If we approve renewal of your Franchise Agreement, at the time of renewal, you will be required to sign our then current Franchise Agreement and pay the renewal fee.
Collection Costs and Attorney Fees	Amount incurred by us to collect unpaid royalty fees and other	On demand	Includes fees and expenses incurred by us, including legal demands and litigation, related to your breach of the Franchise Agreement, including

Type of Fee (Note 1)	Amount	Due Date	Remarks
	fees or sums due from you to us		attorney fees, deposition expenses, expert witness fees, accounting fees and filing fees. See, Note 1.
NSF Check Fee of Failed Electronic Fund Transfer (Note 7)	5% of amount or \$50, whichever is greater, or maximum fee allowed by law	On demand	Payable if your bank account possesses insufficient funds and/or fails to possess a payment or transfer related to a fee due from you to us. See, Notes 1 and 12.
Non-Compliance	Amount of fees, costs and/or expenses that we incur in connection with your non-performance of your obligations under the Franchise Agreement. Includes attorney fees	Within 14 days of our invoice	You must pay to us and reimburse us for all costs, fees, and expenses that we incur as a result of or in connection with your breach of the Franchise Agreement. This includes legal fees, expenses, and costs that we incur with outside legal counsel and costs associated with services and/or work performed by our own in-house legal staff. See, Note 1.

Explanatory Notes to Item 6
“Other Fees”

Note 1: Type of Fee / Fees Payable – The above table describes fees and payments that you must pay to us or our affiliates, or which we or our affiliates may impose or collect on behalf of a third party. All fees are recurring, payable to us, and are not refundable unless otherwise noted. All fees payable to us shall be payable subject to our specification and instruction, including, our election to have all fees automatically drafted from your business bank account or automatically debited or charged to your business bank account. You will be required to sign an ACH Authorization Form (Franchise Agreement, Exhibit 6) permitting us to electronically debit your designated bank account for payment of all fees payable to us (other than the Initial Franchise Fee) as well as any amount owed to us or our affiliated for goods or services. You must deposit all Gross Sales of your Brightly Business into the designated bank accounts that are subject to our ACH authorization. You must install and use, at your expense, the pre-authorized payment, point of sale, automatic payment, automated banking, electronic debit and/or electronic funds transfer systems that we designate and require in the operation of your Brightly Business. You must pay all service charges and fees charged to you by your bank so that we may electronically debit your bank account.

Note 2: Continuing Royalty Fees – You must pay to us a continuing monthly royalty fee (the “Royalty Fee”) equal to a percentage (the “Royalty Rate”) of your monthly Gross Sales (defined below). The Royalty Rate is 5% of your monthly Gross Sales. If you enter into a Franchise Agreement prior to December 31, 2020, we will waive the Royalty Fee for the first six months following the effective date of your Franchise Agreement. If any federal, state or local tax other than an income tax is imposed on the Royalty Fee which we cannot directly and, dollar for dollar, offset against taxes required to be paid under any applicable federal or state laws, you must compensate us in the manner prescribed by us so that the net amount or net effective rate received by us is not less than that which has been established by the Franchise Agreement and which was due to us on the effective date of the Franchise Agreement.

Note 3: Gross Sales – “Gross Sales” means the total dollar sales from all business and customers of your Brightly Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by you in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by you or any other person or Corporate Entity from business conducted or which started in, on, from or through your Brightly Business and/or your operating territory, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Sales include the total gross amount of revenues and sales from whatever source derived from and/or derived by you (including any person and/or Corporate Entity acting on your behalf) from business conducted within and/or outside your operating territory that is related to your Brightly Business and/or a competitive business located and/or operated within your operating territory, outside your operating territory, and/or otherwise. Gross Sales do not include sales or use taxes collected by you. Gross Sales does not include any revenue or sales derived from clients of an existing business operated by you or your cooperative’s members (the “Pre-Existing Clients”).

Note 4: Brand Development Fund – We do not currently collect a brand development fund fee but reserve the right to do so in the future. If we decide to do so in the future, we will provide six months’ notice. After the six month period expires, you will be required to pay a continuing brand development fund fee in an amount up to 2% of your monthly Gross Sales (the “Brand Development Fund Fee”).

Note 5: Local Marketing – On a monthly and on-going basis are required to spend not less than the greater of (i) 0.5% of your monthly Gross Sales; or (ii) \$150 per month toward the marketing and promotion of your Brightly Business. Your local marketing efforts and expenditures must be targeted to a market comprised of your operating territory and may only include media, networking, business development, public relations, and other forms of business development that we designate and pre-approve.

Note 6: Annual Conference – If we establish a franchisee annual conference you or your cooperative’s president or its equivalent managing member (the “Cooperative President”) must attend the conference on the dates and at the location that we designate. You will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. We will charge you a minimum annual conference fee of \$1,000 for the attendance of one individual who must be a franchisee or an owner of franchisee. If additional individuals attend, you will be charged an additional fee of \$500 per additional attendee. If you fail to attend the annual conference you will be charged a fee of \$1,000. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. (Franchise Agreement, Article 4.B.).

Note 7: NSF – Minnesota: Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

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ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure (Note 1)	Amount	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee (Note 2)	\$0	Lump sum	When Franchise Agreement is signed	Us
Construction and Leasehold Improvements (Note 3)	\$750 - \$2,000	Varies	Prior to opening	Contractors, suppliers, and/or landlord
Initial Equipment and Supplies (Note 4)	\$350 - \$650	As billed	As incurred	Suppliers
Computer, Software and System (Note 5)	\$840 - \$2,500	As billed	As incurred	Suppliers
Prepaid Rent and Lease Deposits (Note 6)	\$0 - \$9,000	Lump sum	Varies	Landlord
Utility Deposits (Note 7)	\$0 - \$1,500	As billed	Before opening	Utility companies
Insurance Deposits and Premiums (Note 8)	\$1,000 - \$3,500	As billed	Varies	Insurers
Travel for Initial Training (Note 9)	\$0 - \$3,500	As incurred	Before opening	Airlines, hotels, restaurants
Professional Fees (Note 10)	\$0 - \$2,600	As billed	Before opening	Attorneys, accountants, architects, advisors
Business Licenses and Permits (Note 11)	\$785 - \$1,085	Lump sum	Before opening	Government authorities
Additional Funds – Three Months (Note 13)	\$880 - \$19,811	As incurred	Before opening	Us, utilities approved vendors, employees, and other providers of services and/or goods necessary for the operation of the Franchised Business.
TOTAL	\$4,605 - \$46,146			

Explanatory Notes to Item 7
“Your Estimated Initial Investment”

Note 1: About Your Estimated Initial Investment – These are only estimates and your costs may vary depending on the size of your operating territory, economic and market conditions, competition, wage rates, the capabilities of your management team, your business experience, and other factors. You should carefully review these estimates with your business, accounting, and legal advisors before making any decision in signing a Franchise Agreement. These estimates do not include interest and financing charges that you may incur, and they do not include royalties, marketing development and other continuing fees that you will be required to pay to us. Payments are non-refundable unless otherwise noted. We do not offer direct or indirect financing. The total estimates are based on experience of our affiliate in establishing a Brightly Business. Your costs may vary based on a number of factors including the geographic area in which you open, local market conditions, your Operations Center, the time it takes to build sales and your skills at operating a business. We recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

Note 2: Initial Franchise Fee – The Initial Franchise Fee for a Brightly Business under a Franchise Agreement is \$0. All fees paid to us for your initial franchise fee are non-refundable. There are no refunds under any other circumstances, including if you breach the Franchise Agreement and we terminate the Franchise Agreement.

Note 3: Construction and Leasehold Improvements – In the event you choose to operate from a leased facility you will incur construction and improvement costs. You will require at least one office desk and computer station.

Note 4: Initial Equipment and Supplies – You must purchase your initial equipment and supply package from an approved supplier or otherwise according to our specifications. Your initial equipment and supplies is comprised of respirators, trash bags, towels, gloves, filters, brooms, mops, spray bottles, extension cords, generator, and utility knives

Note 5: Computer, Software and System – You are required to acquire licenses to utilize, on a daily basis, the Business Management Software System. Your Operations Center computer will require high-speed internet access as you and your employees (including during service and estimate visits) will require constant access to the Business Management Software System. You will require at least one office computer with high-speed internet access and mobile telephone with high-speed internet access. We may change vendors and to move your data and information to alternative Business Management Software System providers. This estimate includes your initial license fee only. Additional information about the Business Management Software and computer system is disclosed in Item 11 of this Disclosure Document.

Note 6: Prepaid Rent and Lease Deposits – Although not required, you have the option of operating your Brightly Business from a commercial Operations Center. The commercial facility that you select and lease as your Operations Center should be in a lower rent commercial district (not Class “A” office space) and should permit the operation of an administrative office and a working area to meet with staff and coordinate daily service efforts. The cost of real estate varies considerably based on the local real estate market and the size and location of the property that you elect to purchase or lease. The “Estimated Initial Investment” for your Brightly Business is based on the assumption that you will be leasing Operations Center. You will be required to pay the landlord a security deposit that will be calculated based upon a number of months’ rent that the landlord requires to be held as security. The amount of your security deposit is something that you will negotiate directly with the landlord and will vary significantly based on a number of factors, including the desirability of your leased location and your own negotiations.

The size of your Operations Center will vary depending on the size of your Operating Territory but, in general, should be a minimum of 1,000 square feet. The cost for your Operations Center will vary considerably depending on its size and location, should be used for operational purposes, and should not be located in higher rent commercial areas. The facility should allow parking for your Brightly technicians, employees and your branded Brightly vehicle(s) and should permit and possess sufficient electrical capacity, water connections, gas connections and water disposal connections to permit office operations and inventory storage. Your Operations Center must, at all times, possess access to high speed internet connection. The “Estimated Initial Investment” does not include the purchase of real property should you elect to purchase the real property as the approved location for your Brightly Business.

Note 7: Utility Deposits – To secure the appropriate utilities required for the operation of your Brightly Business, including gas, electric, water, sewer, and internet access, you will be required to pay upfront deposits to each applicable utility company.

Note 8: Insurance Deposits and Premiums – You are required to maintain certain insurance respecting the operations of your Brightly Business. Your actual payments for insurance and the timing of those payments will be determined based on your agreement with your insurance company and agent. The cost of your insurance coverage will be based on factors outside of our control. The amount charged for insurance coverage may be significantly more or less than our estimate. This estimate is for the cost of an initial deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based on the area in which your Brightly Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. We recommend that you consult with your insurance agent before signing a Franchise Agreement.

Note 9: Travel for Initial Training– Prior to opening your Brightly Business you must complete our pre-opening training program. We do not charge a fee for our pre-opening initial training; however, you will incur travel and lodging costs associated with attending our pre-opening training program. This estimate is for the travel, food, and lodging expenses that you and your participating managers will incur when you attend our training program and the salary and benefit costs of your attendees. Costs vary due to distances from your location to our training facility and the quality of the food and lodging you choose. Other factors include seasonal variations in the price of travel and lodging expenses, general economic conditions, and your persistence in obtaining the best prices available.

This estimate is for the cost for you or your Cooperative President and one designated manager (two individuals in total) to attend the initial training program held in New York, New York. We do not charge tuition for training fee for you or your designated Cooperative President and one of your designated managers. You will be responsible for all costs associated with attending the initial training program for you and your staff. The duration of the training program takes place over 10 working days. This estimate does not include the cost of labor.

Note 10: Professional Fees – These estimates are for costs associated with the engagement of professionals such as attorneys and accountants to advise you prior to the signing of your Franchise Agreement and to assist with the start-up of your Brightly Business. We recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity and this Disclosure Document. It is also advisable to consult these professionals to review any lease and other contracts that you will enter into as part of the development and operation of the Franchised Business.

Note 11: Business Licenses and Permits – You must apply for, obtain, and maintain all required permits and licenses necessary to operate the Franchised Business. The licenses will vary depending on local, municipal,

county and state regulations. All licensing fees are paid directly to the governmental authorities when incurred and are due prior to opening the Franchised Business.

Note 12: Printing, Stationary and Office Supplies – This figure is primarily for printing a start-up order of stationery, menus and business cards bearing the Licensed Marks and a supply of office materials.

Note 13: Additional Funds – You will need additional capital to support on-going businesses expenses, including business expenses such as payroll, inventory, marketing, rent and utilities. It is extremely common for new businesses to generate negative cash flow. This estimate is only to cover on-going expenses during the initial start-up phase of the Franchised Business comprised of the first three months following the opening of your Brightly Business. This is only an estimate, and we cannot assure you that you will not incur additional expenses during the initial start-up phase or that you will not require additional capital (not included in this estimate) beyond the three month initial start-up phase. There is no assurance that additional working capital will not be necessary during this start-up phase or after. We have relied on the experiences of our affiliate in making this estimate.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You may only offer and sell services and products that we designate (the “Approved Services and Products”). You may only use those products, supplies, equipment, and services that we authorize and designate in writing. To ensure that our standards and specifications of quality, service and System development are maintained, you must operate your Brightly Business in strict conformity with the Franchise Agreement and the methods, standards, specifications, and sources of supply that we designate and prescribe in the Manuals.

Source Restricted Purchases and Leases - Generally

We require that you purchase or lease certain source restricted goods and services for the development and operation of your Brightly Business. Source restricted goods and services are goods and services that must meet our specifications and/or must be purchased from an approved or designated supplier. We may designate a supplier (which may include us or our affiliates) as the exclusive supplier for the System. Our specifications and list of approved and designated suppliers is contained in our Manuals. We will notify you of any changes to our specifications or list of approved or designated suppliers. We may notify you of these changes in various ways, including written or electronic correspondence, amendments and updates to our Manuals, verbal, and other forms of communication. We formulate and modify our standards and specifications for products and services based on our industry experience and our management decisions as to the overall operation and expansion of the System. If we have previously approved a supplier, and their standards fall below our designated standards, we will revoke our approval. We will notify you in writing of us revoking our approval.

Suppliers and Supplier Criteria

We may designate ourselves and our affiliates as exclusive suppliers of source restricted goods and services. We may designate ourselves or a third party as the sole and exclusive supplier irrespective of the existence of competing suppliers. If there is no designated supplier for a particular item, you will purchase all products, supplies and services from suppliers who meet our specifications and standards. No franchisor officer owns an interest in any supplier.

If you want to purchase or lease a source restricted item from a supplier that has not been previously approved or designated by us in writing, you must send us a written request for approval and submit additional information that we may request. We may charge you a fee equal to the costs and expenses that we incur in reviewing and/or evaluating an alternate supplier, product, and/or service requested by you. We

may request that you send us samples from the supplier for testing and documentation from the supplier for evaluation. We may also require, subject to our discretion, that we be allowed to inspect the supplier's facilities. We will notify you of our approval or disapproval within a reasonable time (not to exceed 60 days) after we receive your written request for approval and all additional information and samples that we may request. We may, in our discretion, withhold our approval. We do not make our procedures or criteria for approving suppliers available to our System franchisees, except that when evaluating the approval of a particular supplier, among other things, we consider: whether the supplier can demonstrate to our reasonable satisfaction the ability to meet our standards, specifications and production requirements, the suppliers quality control, whether or not we are the exclusive supplier of the particular item, whether or not our affiliate or affiliates are the exclusive supplier of the particular item, and whether or not the suppliers approval, in our sole determination, will allow us to advance the overall interests of the System.

We estimate that your purchase of goods and services from suppliers according to our specifications, including your purchase of goods or services from our designated exclusive suppliers, to represent approximately 10% of your total purchases and leases in establishing the Franchised Business and approximately 10% of the on-going operating expenses of the Franchised Business. We and/or our affiliates are approved suppliers of the source restricted goods and services identified below.

As described below in more detail, we currently require that you purchase or lease the following source restricted goods and services: Required Products; Business Management System; Contact Center Services; Branded Items and Marketing Materials; and Insurance.

Cleaning Products

Critical to the services that we provide is the cleaning equipment that we utilize in the homes and our customers. On a continuing basis throughout the operations of your Brightly Business you must purchase your cleaning products and supplies from either us or our affiliates. These cleaning products and supplies include the Brightly branded cleaning products that you must utilize, our designated vacuum cleaners, dusters, microfibers, cleaning equipment, cleaning technician uniforms and printed materials, including Brightly branded letterhead, stationary, envelopes, office forms and specialized promotional packaging for the sale of Brightly branded products ("Required Products"). We are the only approved supplier of Required Products. We exclusively control the types, manufacturers, and sources of supply of Required Products that you must exclusively utilize in your Brightly Business.

Business Management Software System

You must utilize those software and customer relationship management systems (the "Business Management Software System") that we designate. You will be required to continuously enter, maintain, and update your business and financial information in the Business Management Software System. At all times the Business Management Software System must be maintained on a desktop computer and smartphone to be maintained by each service vehicle that you utilize. At our election, the data and information related to your Brightly Business may be maintained on a cloud based server, servers hosted by us or as otherwise designated by us.

The Business Management Software System requires your payment of an initial license fee, supplemental license fees for additional computers and may include the smartphone that you utilize. There are no substitutes for the Business Management Software System. The fees are subject to change. At all times, we reserve the exclusive right to change vendors and to move your data and information to alternative Business Management Software System Providers. We will earn revenue from your licensing and utilization of the Business Management Software System.

Branded Items and Marketing Materials

All materials bearing the Licensed Marks (including, but not limited to, stationary, business cards, brochures, apparel and displays) must meet our standards and specifications and must be purchased from either us directly or our designated exclusive suppliers. All of your marketing materials must comply with our standards and specifications and must be approved by us before you use them. You may market your Brightly Business through approved digital media and social media platforms provided that you do so in accordance with our digital media and social media policies. You must purchase all branded marketing materials from either us or our designated exclusive supplier. We may require that you exclusively utilize our designated supplier for social and digital media marketing services and exclusively utilize our social media platforms, vendors, and marketing channels.

Insurance

You must obtain the insurance coverage that we require from time to time as set forth in the Franchise Agreement and as may be supplemented and modified in the Operations Manual. All insurance policies required under your Franchise Agreement must be written by a responsible carrier, reasonably acceptable to us and all insurance (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, and as additional insureds. The insurance policies must include a provision for a 60 day notice of cancellation to us. A Certificate of Insurance must be furnished to us prior to the effective date of your Franchise Agreement and prior to each policy renewal period.

Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Franchise Agreement, Article 9). You must consult your carrier representative to determine the level of coverage necessary for your Brightly Business. Higher exposures may require higher limits.

- Commercial General Liability Insurance, including contractual liability, property damage, personal injury, and products liability coverage in the amount \$1,000,000 each occurrence and \$2,000,000 annual aggregate.
- Other insurance as may be required by the state or locality in which Franchisee's Brightly Business is located and operated.

Additionally, you must purchase and maintain a computer system on-site at your Operations Center of your Brightly Business. In general, you will be required to obtain a computer system that will consist of certain hardware, software, and peripheral devices such as printers. You will be required to meet our requirements involving: (a) back office and point of sale systems; (b) security systems; (c) printers and other peripheral devices; (d) archive and back-up systems; and (e) high-speed internet access mode.

Purchase Agreements and Cooperatives

We may, in our discretion, negotiate purchase agreements, including price terms, with designated suppliers for source restricted goods and services on behalf of the System. We may establish preferred vendor programs with suppliers on behalf of some or all of the Brightly Businesses under the System and, in doing so, we may limit the number of approved vendors and/or suppliers that you may purchase from, and we may designate one vendor as your sole supplier. Presently there are no purchase or supply agreements in effect for source restricted products or services and there are no purchasing or distribution cooperatives that you must join. You will not receive any material benefits for using designated or approved suppliers.

Our Right to Receive Compensation and Our Revenue from Source Restricted Purchases

We and/or our affiliates may receive rebates, payments and other material benefits from suppliers based on franchisee purchases and we reserve the right to institute and expand rebate programs in the future. During the fiscal year ending June 30, 2023, we did not earn any revenue from approved suppliers based on our franchisees' purchases. We do not provide our franchisees with any material benefits based on a franchisee's purchase of particular products or services or use of particular suppliers.

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	Article(s) in Agreement	Disclosure Document Item
a. Site selection and acquisition/lease	Article 2.A.	Items 7 and 11
b. Pre-opening purchases and leases	Articles 3 and 8	Items 7 and 8
c. Site development and other pre-opening requirements	Articles 3, 4, 7.F., 7.G., 7.I., 7.J., 8 and 9.B.	Items 6, 7 and 11
d. Initial and ongoing training	Articles 4 and 7.J.	Item 11
e. Opening	Articles 2, 3, 4 and 9.B.	Item 11
f. Fees	Articles 3, 4.A., 5, 9, 12, 13, 14, 15, 16 and 18.N.	Items 5, 6 and 7
g. Compliance with standards and policies/manual	FA: Articles 3, 4, 7 8, 9 and 12	Items 8 and 11
h. Trademarks and proprietary information	Articles 6, 7 and 11	Items 13 and 14
i. Restrictions on products and services offered	Articles 3, 4.C., 7.F., 7.G., 7.H., 7.I., 7.J. and 8	Items 8, 11 and 16
j. Warranty and customer service requirements	Article 7	Item 16
k. Territorial development and sales quotas	Article 2	Item 12
l. Ongoing product and service purchases	Articles 3, 4.C., 5 and 7	Item 8
m. Maintenance, appearance and remodeling requirements	Article 7	Items 7 and 17
n. Insurance	Article 8	Items 7 and 8
o. Advertising	Articles 3.F., 4.C., 7.I., 9 and 11	Items 6 and 11
p. Indemnification	Article 10	Item 6
q. Owner's participation, management, staffing	Articles 1, 4, 6, and 7	Items 11 and 15
r. Records and reports	Article 5 and 12	Item 6
s. Inspections and Audits	Article 13	Items 6 and 11
t. Transfer	Article 14	Item 17
u. Renewal	Article 15	Item 17
v. Post-termination obligations	Articles 6, 17 and 18	Item 17

Obligation	Article(s) in Agreement	Disclosure Document Item
w. Non-Competition Covenants	Articles 6 and 17 and 18	Item 17
x. Dispute Resolution	Articles 18.F. and 18.G.	Item 17
y. Other: Individual guarantee of franchisee obligations	Articles 2.C., 6, 14.C. and 14.E.	Item 9

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, we are not required to provide you with any assistance.

Pre-Opening Obligations

1. Grant of Franchise – We will grant you the right to operate the Franchised Business within a designated operating territory. (Franchise Agreement, Article 2);
2. Manuals – We will provide you with electronic access to our confidential and proprietary Manuals. You must operate the Franchised Business in accordance with the Manuals and all applicable laws, rules, and regulations. At all times, we reserve the right to supplement, modify and update the Manuals. (Franchise Agreement, Article 4.C.). The operations manual as of the Issuance Date of this Disclosure Document consists of 123 pages and the table of contents to the operations manual is attached as Exhibit C to this Disclosure Document (Franchise Agreement, Article 4). The major subjects contained in the operations manual consists of the information regarding the establishment and operation of the Franchised Business. (Franchise Agreement, Article 4);
3. Site Review, Approval and Operating Territory – At the time of signing your Franchise Agreement you will have selected, and we will have approved of the Operating Territory within which you will operate the Franchised Business. Although there is no specified time limit for us to review the proposed site of your Operations Center, we will do so within a reasonably expedient time period if same is not selected prior to the execution of your Franchise Agreement.
4. Approved Suppliers and Distributors – We will provide you with a list of our approved suppliers and distributors (to the extent that we have designated them), either as part of the Manuals or otherwise in writing. (Franchise Agreement, Articles 3 and 4);
5. Signs, Equipment, Furniture, and Fixtures – We will provide you with a list of our approved signage, equipment, furniture, and fixtures (to the extent that we have designated them), either as part of the Manuals or otherwise in writing and we will review and approve, in our discretion, your proposed signage, equipment, furniture and fixtures. We do not provide assistance in delivering or installing signs, equipment, furniture, or fixtures. (Franchise Agreement, Articles 3 and 4);
6. Website and Digital Media – We will identify and locate your Brightly Business on our website. You may not utilize any websites, web based media or digital media unless expressly approved by us in writing.

We strictly control how you may or may not use websites and digital media and you must assign all website media and digital media accounts to us. (Franchise Agreement, Articles 3.F. and 9); and

7. **Initial Training** – Not less than 60 days prior to the opening of your Brightly Business you or your Cooperative President and one management level employee or Owner must attend and complete our initial training program. We will provide you (and up to one of your designated managers) with training in accordance with our initial training program. (Franchise Agreement, Article 4). Our current training program is to be attended by you, or if you are a Corporate Entity, your Cooperative President and one Operating Manager at our training facility located in New York, New York. The training program takes place over 10 day period and is described below in this Item 11 in more detail.

Site Selection

Although you are responsible for selecting a site for your Operations Center you must obtain our approval of the location of your Operations Center. Generally, we do not own or lease the real property that will serve as your Operations Center, and you are responsible for all costs and expenses in locating and evaluating proposed sites for your Operations Center. Before you enter into a lease or other agreement for your Operations Center you must obtain our approval. We will provide you with site selection guidelines.

Although there is no specified time limit for us to review the proposed site for your Operations Center, we will do so within a reasonably time period, not exceeding 30 days of our receipt of your written request for our review of a proposed site and your submission to us of the information and documentation that we may request concerning the proposed site. In determining whether to approve or disapprove a proposed site for your Operations Center, factors that we take into consideration include: (a) characteristics of the proposed site; and (b) the location of your proposed site relative to your overall Operating Territory and proximity to other.

Within 60 days of signing your Franchise Agreement you must secure an Operations Center and, if leasing, lease that we approve (Franchise Agreement, Article 3.A.). If you do not meet this requirement for any reason, including our disapproval of a proposed business location, we may terminate your Franchise Agreement without refunding any fees to you. It is your obligation to consult with government agencies, architects, and legal professionals to evaluate and determine that your Operations Center permits the establishment and operation of the Franchised Business and that you possess the necessary licenses and authority to operate a business that offers and provides the Approved Services and Products. (Franchise Agreement, Articles 2, 3, 7 and 16).

Time to Open

You may not open the Franchised Business until you have completed our initial training requirements, obtained the necessary licensing and authorization from state and regulatory agencies within your Operating Territory, obtained and provided us with written proof of the required insurance, and have timely secured an Operations Center that we approved.

We estimate that the length of time between the signing your Franchise Agreement and opening your Brightly Business to be approximately two months. Factors that may affect this estimated time period include: (a) evaluating and selecting a suitable site for your Operations Center that is approved by us; (b) length of time undertaken by you to complete our initial training program to our satisfaction; (c) negotiating and obtaining a suitable lease for your Operations Center that is approved by us; (d) obtain third party lender financing, if necessary; and (e) obtaining the necessary licenses for the operation of your Brightly Business. Other factors that may affect this time period include the lease of your wrapped service vehicle. You must open your Brightly Business within 90 days from the effective date of your Franchise Agreement, otherwise we may terminate your Franchise Agreement without refunding any fees to you. (Franchise Agreement, Article 3.C.).

Post-Opening Obligations

1. **Supplemental Training** – We may require that you and your Operating Manager participate in supplemental on-site training that we may designate and require in our discretion. We may provide, in our discretion, supplemental training on-site at your Operations Center. You will be required to pay our then current supplemental training fee, which is currently \$500 per on-site trainer per day, plus travel expenses, meals and accommodation expenses incurred by us. (Franchise Agreement, Article 4.A.);
2. **Initial Training for Replacement Operating Manager(s)** – Your Operating Manager must complete, to our satisfaction, our initial training program. We will offer and make available to your replacement Operating Manager our initial training program which must be complete to our satisfaction. The initial training program will be provided by us at the facilities that we designate that, presently, is comprised of our Brightly Business located in Brooklyn, New York and at the certified training Brightly Business that we designate in New York. You will be required to pay our then current supplemental training fee for replacement Operating Manager, which is currently \$500 per manager per day for each replacement manager attending our initial training. You will also be responsible for all costs incurred by your managers in attending our initial training (Franchise Agreement, Articles 4.A. and 4.C.);
3. **Communication of Operating Standards** – We may establish, update and provide you with consultations and communications as to the standards, procedures and System requirements as to the operation of your Brightly Business including, but not limited to, Approved Services and Products, System Equipment and Supplies, marketing and promotion standards, and as we may, in our discretion, designate, modify, supplement and amend from time to time and, as set forth in the Manuals which we may, in our discretion, modify from time to time. (Franchise Agreement, Articles 4.B. and 4.C.);
4. **Marketing Standards and Approval** – We may establish, update, and communicate to you our standards for the marketing and promotion of the Franchised Business including, but not limited to, the marketing materials and mediums that you may utilize. We will respond to your request respecting the communication of our approval or disapproval of marketing materials and mediums that may be requested by you for use in the marketing and promotion of the Franchised Business. We maintain full discretion as to the marketing standards and the marketing materials and media that you may use in the marketing and promotion of the Franchised Business (Franchise Agreement, Article 4.B.);
5. **Approved Vendors** – We will provide the names and addresses of approved vendors and suppliers for the Approved Services and Products and the System Equipment and Supplies. (Franchise Agreement, Articles 4.B. and 4.C.);
6. **Annual System Conference** – We may, in our discretion, coordinate an annual conference to be attended by franchisees of the System that are in good standing. We will charge you a minimum annual conference fee of \$1,000 for the attendance of one individual who must be a franchisee or an owner of franchisee. If additional individuals attend, you will be charged an additional fee of \$750 per additional attendee. You will be responsible for all travel, lodging, food, automobile rental expenses and employee wages that you incur in connection with your attendance. If you fail to attend the annual conference you will be charged a fee of \$750. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. (Franchise Agreement, Article 4.B.);
7. **Administration of Marketing Funds** – We may administer and manage System-wide marketing funds comprised of a Brand Development Fund. (Franchise Agreement, Articles 9.A. and 9.G.);
8. **Hiring and Training of Employees** – We do not provide assistance with the hiring and training of your employees. You will be directly responsible for the management and supervision of your employees. For

the protection of the System, you must ensure that all employees wear and maintain the proper uniforms with our approved System branded apparel and uniforms including, but not limited to the apparel and uniforms comprising System Equipment and Supplies. You must monitor and ensure that all System Equipment and Supplies and Approved Services and Products are prepared, maintained, and served in accordance with the System standards and Manuals; and

9. Pricing – You will exclusively determine the prices that you charge for the Approved Services and Products served and sold by your Brightly Business. However, we may suggest pricing levels that we recommend.

Advertising

1. Generally – All advertising, marketing, marketing materials and all marketing mediums used by you in the marketing and promotion of your Brightly Business must be pre-approved by us in writing and conform to our standards and specifications. You may only utilize those advertising and marketing materials and mediums that we designate and approve in writing. In our discretion, we may make available to you approved marketing templates comprised of pre-approved ads, ad copy and digital media that you may utilize at your own expense. If you wish to utilize marketing materials and/or marketing mediums that are not currently approved by us in writing, you may submit a written request requesting permission and we will approve or disapprove of your request within 15 days of your submission of the written request and sample marketing materials. We are not required to spend any amount on your behalf on advertising in your operating territory and we are not required to conduct any advertising on behalf of the franchise System or on your behalf. (Franchise Agreement, Article 9);

2. Local Marketing – You are not authorized to engage in any marketing unless we pre-approve such marketing. (Franchise Agreement, Article 9.B.). You are required to engage in local marketing, and you are required to commit and spend an amount equal to the great of (i) 0.5% of your monthly Gross Sales; or (ii) \$150 per month. We will review your local marketing programs and notify you if we approve same. We will make available to you and provide you with access to our approved brochures, displays, presentations and marketing campaigns (in the form of a source document) that you may utilize. In those instances, where we provide you with access to our marketing campaigns, we provide you with the source designs and design specifications. However, you will incur the direct costs associated with duplicating and utilizing such marketing campaigns and in having such campaigns printed, distributed and/or placed with media sources. (Franchise Agreement, Article 9);

3. Digital Media and Website – All digital media and marketing must be approved by us. We will designate for your Operating Territory information about your Brightly Business on the www.brightly.coop webpage or such other websites as we may designate for the System. (Franchise Agreement, Article 9);

4. Brand Development Fund – We may control and administer a brand development fund (the “Brand Development Fund”) (Franchise Agreement, Article 9.A.). As disclosed in Item 6 of this Disclosure Document, if we provide six months’ notice of our intent to implement the Brand Development Fund, you must contribute up to 2% of monthly Gross Sales to the Brand Development Fund. We may use the Brand Development Fund for market studies, research, service development, product development, testing, research studies, technology development, advertising and public relations studies or services, creative production and printing of advertising and marketing materials, advertising copy and commercials, tracking costs, agency fees, administrative costs, which may include reimbursement for direct administrative and personnel costs associated with advertising and public relations, and any other costs associated with the development, marketing and testing of advertising, marketing and public relations materials, and the purchase of media placement, advertising time and public relations materials in national, regional or other advertising and public relations media in a manner determined by us, in our discretion, to be in the best

interest of the franchisees and the System. Our company and/or affiliate owned Brightly Businesses may but are not required to contribute to the Brand Development Fund. The Brand Development Fund will be required to maintain unaudited financial records detailing its expenditures and will make available to you (no more frequently than one time in any 12-month period) an unaudited accounting of how the monies contributed to the Brand Development Fund were spent each year. We are not required to segregate the Brand Development Fund from our general operating funds, and we are not a fiduciary or trustee of the Brand Development Fund. The Brand Development Fund will not be used to directly promote your Brightly Business or the marketing area in which your Brightly Business will be located. (Franchise Agreement, Article 9.A.). We may utilize the Brand Development Fund to develop and test various media and technologies for potential utilization and/or improvement of the operations of Brightly Businesses and the marketing of Brightly Businesses. These technology developments and/or improvements may relate, among other things, to our website and to the interaction and potential enhancement of web offerings that may or may not be implemented on behalf of Brightly Businesses. You may or may not benefit from these technology developments and improvements. (Franchise Agreement, Article 9.A.).

We may use the Brand Development Fund to compensate ourselves for administrative fees associated with managing the Brand Development Fund and for our internal employee salaries, expenses and overhead associated with or reasonably allocated to managing the activities of the Brand Development Fund and performing services on behalf of the Brand Development Fund including, but not limited to, directing, developing, and managing media of the Brand Development Fund. We will not directly utilize the Brand Development Fund to directly market the sale of Brightly Businesses, however the advertising, marketing and brand development materials developed (including the System website) may contain basic information as to the availability of Brightly Business franchises for sale and contact information for franchise inquiries.

As of June 30, 2023, we have not collected the Brand Development Fund, however we intend to do so in the future; and

5. Advertising Council – We have not established an advertising council but reserve the right to do so in the future. (Franchise Agreement, Article 9.A.).

Computer System

You must purchase, license, and use the computer, point of sale, business management, and ordering systems that we designate. Presently, you are required to license and use at least (a) one new notebook computer to be utilized from your Operations Center that must possess broadband internet access permitting your access to and utilization of our designated Business Management System, and (b) a smartphone with internet access. The cost of the point of sale, including the initial license fee, and computer system that you will be required to purchase ranges from \$840 to \$2,500. You are obligated to install and/or access all required point of sale and software upgrades as recommended by the manufacturer of the computer and the licensor of point of sale system. You are responsible for hardware repairs or replacement of systems that are no longer covered under warranty. Your estimated costs for the maintenance, repair and updates for the computer and point of sale systems is estimated to not exceed \$1,500 per year. We will have independent access to all of the information and data that is electronically transmitted on your point of sale system and will have access to all data related to the financial performance of your Operations Center. There are no contractual limitations on our right to access your point of sale system.

Initial Training

If this is your first Brightly Business, we will provide initial training for you, or if you are a Corporate Entity, your Cooperative President, plus one designated manager. You or your Cooperative President plus your general must successfully complete the initial training program to our satisfaction no later than 45 days prior to the opening of your Brightly Business. The initial training program takes place over an approximate 10 working day period. If more than two individuals attend initial training, you will be charged

an additional fee per additional persons attending initial training. Although we provide you plus your general manager with initial training at no additional fee or charge, you will be responsible for paying for all travel expenses and employee wages that you incur in your initial training attendance and participation. (Franchise Agreement, Article 4). Currently, we provide our initial training program no less frequently than quarterly and on an as-needed basis.

TRAINING PROGRAM

The following chart summarizes the subjects covered in our initial training program:

Subject	Hours of Classroom Training
Welcome: The Brand, Services, History, Principles and Values	2
Effective Communication & Decision Making in the Brightly system	2
Marketing, Advertising, and Networking to Develop the Business	2
Financial Management including Reporting, Billing Management and Payment Processing	2
Operations: Scheduling, Daily Procedures, Safety and Security	2
Operations: Customer Service and Back Office	2
Brightly® Cleaning Standards	2
TOTAL HOURS	14

Instructional materials that will be used in the initial training process includes our Manuals. Initial training will be conducted under the direction and supervision of our CEO Juan Cuautle and will utilize instructional materials comprised of our confidential operations manual and access to the facilities and equipment of our affiliate’s Brightly Business in Brooklyn, New York. Since July 2021 and, continuing to date, Mr. Cuautle has served as Director of the Cooperative Development Program at the Center for Family Life located in Brooklyn, New York. From March 2016 to July 2021, Mr. Cuautle was Cooperative Business Development at the Center for Family Life located in Brooklyn, New York. The level of experience of our trainers will, at a minimum, include each trainer's satisfactory completion of our initial training program. In addition to initial training, you will also be required to participate in and satisfy all other training programs that we may designate respecting the Franchised Business. (Franchise Agreement, Articles 4 and 7.J.).

After the opening of your Brightly Business, we reserve the right to require that you (or your Cooperative President if you are a Corporate Entity) attend a system-wide training program (the “System-Wide Training Program”) that we may establish in our discretion. If we establish a System-Wide Training Program, the program will be offered from our affiliate owned Brightly Business in Brooklyn, New York and you will be responsible for all travel, lodging, food, automobile rental expenses, and employee wages that you incur in connection with your attendance.

Opening Requirements

You may not open your Brightly Business until you have completed your initial training to our satisfaction, obtained the necessary licensing and authorization from state and regulatory agencies within your operating territory, have obtained and provided us with written proof of the required insurance and have secured a suitable location for the operation of your Brightly Business within your operating territory. We estimate that the length of time between the signing of the Franchise Agreement or the first payment of consideration for your Brightly Business and the opening of your Brightly Business is 60 days but is subject to seasonal factors depending on the location of the operating territory of your Brightly Business. Factors that may affect this estimated time period include your ability to: (a) locate and identify an Operating Territory for your Brightly Business, (b) negotiate and obtain a lease agreement for your Brightly office operations, (c) obtain third party lender financing, if necessary, (d) obtain a vehicle and/or vehicles for your Brightly Business, (e) obtain necessary licenses, (f) complete your initial training obligations and (g) seasonal factors related to the location of your operating territory. You must open your Brightly Business within 90 days from the date of signing your Franchise Agreement. Failure to open your Brightly Business within 90 days constitutes a default of your Franchise Agreement wherein we may terminate your Franchise Agreement. We currently do not require that you obtain a vehicle for your Brightly Business but reserve the right to do so in the future.

ITEM 12 **TERRITORY**

Designated Operating Territory

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. We and our affiliates may establish or operate, or franchise any third party to establish or operate, a Brightly Business using the Licensed Marks and System within your designated operating territory (your “Operating Territory”).

The scope and size of your Operating Territory will vary depending on local factors and demographics. Our determination as to the approximate number of people within your Operating Territory will be based on U.S. Census Bureau data or other publicly available data that we believe to be more reliable. Our determination as to the number of people, within your Operating Territory will be made at the time of signing your Franchise Agreement and will be based on raw data and without regard to demographics or other qualifying factors.

We will not alter the size of your Operating Territory without your written consent. We will not decrease the size of your Operating Territory if the population within your Operating Territory increases. We will not increase the size of your Operating Territory if the population within your Operating Territory decreases. The Franchise Agreement does not grant you options, rights of first refusal or similar rights for your acquisition of additional franchises within your Operating Territory or any contiguous areas.

Territory Rules

You must operate your Brightly Business and provide the Approved Services and Products of your Brightly Business exclusively within your Operating Territory. The marketing of your Brightly Business must be targeted to your Operating Territory, and you are not permitted to directly solicit customers outside of your Operating Territory. Provided that you do not engage in any Direct Solicitation of customers outside of your Operating Territory or within the Operating Territory of another Brightly Business, you may provide, subject to our written approval, Approved Services and Products within an Open Area, subject to the following definitions, rules, and limited circumstances:

- (a) You cannot engage in any Direct Solicitations outside of your Operating Territory. The term “Direct Solicitation” refers to and means “communications and/or contacts occurring through in person contact, telephone, mail, e-mail, direct mail, distributed print media, digital media and/or other forms of marketing directed toward customers, potential customers, or referral sources of a Brightly Business.; and
- (b) You must obtain our written approval, in each instance, before providing Approved Services and Products to a customer outside of your Operating Territory.

Reserved Rights

We and our affiliates reserve to ourselves the exclusive right on any and all terms and conditions that we deem advisable and, without any compensation or consideration to you (Franchise Agreement, Article 2.D.), to engage in the following activities (our “Reserved Rights”): (a) operate and grant to others the right to develop and operate Brightly Businesses and Franchised Brightly Businesses using the System and Licensed Marks at locations outside your Operating Territory as we deem appropriate and irrespective of the proximity to your Operating Territory; (b) acquire, merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as, or similar to, the Franchised Business, and after such acquisition, merger or affiliation to own and operate, franchise, and/or license others to own and operate and to continue to own and operate such businesses of any kind, even if such businesses offer and sell products and services that are the same as or similar to a the Franchised Business (but not utilizing the Licensed Marks) within your Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that offer and sell products and services that are the same as or similar to the Franchised Business, even if such business or businesses presently or, in the future, own and operate, franchise and/or license others to own and operate businesses that offer and sell products and services that are the same as or similar to the Franchised Business (but not utilizing the Licensed Marks) within your Operating Territory; (d) use the Licensed Marks and System to distribute the Approved Services and Products offered and sold by the Franchised Business or products and services similar to the Approved Services and Products offered and sold by the Franchised Business in on behalf of regional and/or national customer accounts (such as retail chain stores, corporations, organizations and businesses that maintain outlets, locations, offices, facilities, and/or businesses throughout a regional or nationally (referred to as “National Accounts”) within or outside your Operating Territory; and (e) use the Licensed Marks and System and to license others to use the Licensed Marks and System, to engage in all other activities not expressly prohibited by the Franchise Agreement.

Additional Disclosures

We do not grant to you any right to share in the proceeds received by us, our affiliates or any third party from the activities outlined in the preceding paragraph as to our Reserved Rights including, soliciting, or conducting business under our Reserved Rights within your Operating Territory. We will not unreasonably withhold our approval of your request to relocate your Operations Center provided that it is relocated within your Operating Territory and otherwise meets our System standards.

We do not have plans to operate or franchise a business under trademarks different from the Licensed Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business.

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ITEM 13

TRADEMARKS

You will be granted a license to use the “Brightly” trademark and those other marks that we designate. We are the owner of the Licensed Marks. We reserve the right to supplement and modify the marks that you may or may not use in connection with the operations of your Brightly Business. You may only use the Licensed Marks in the manner authorized by us in writing and pursuant to the terms of the Franchise Agreement. You may not use the Licensed Marks in the name of your Corporation or other Corporate Entity that you may establish in connection with the operations of your Brightly Business.

Principal Trademarks Registered with the United States Patent and Trademark Office

The principal trademarks identified in the schedule below are a part of the Licensed Marks, our System, are registered with the United States Patent and Trademark Office (the “USPTO”) and, unless otherwise designated by us, will be used by you in the operations of the Franchised Business. As to these marks all required affidavits have been filed with the USPTO. All required affidavits have been filed.

Mark	Registration Number with USPTO	Registration Type	Registration Date
Brightly (Word Mark)	87432861	Principal	February 13, 2018

As to our principal trademarks there are no currently effective material determinations by the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state. There are no pending infringement, opposition or cancellation proceedings and no pending litigation involving our principal marks. We know of no superior rights or infringing uses that could materially affect your use of our principal marks or other related rights in any state.

You are required to provide us with written notice of all claims that you may become aware of concerning the Licensed Marks, including your use of the Licensed Marks and/or a claim associated with a third party’s use of a trademark that is identical or confusingly similar to the Licensed Marks. We maintain the exclusive discretion to take any and all actions or, to refrain from any action, that we believe to be appropriate in response to any trademark infringement, challenge, or claim. As between us, we possess the sole right to exclusively control any and all litigation, legal proceedings, administrative proceedings and/or settlement(s) concerning any actual or alleged infringement, challenge or claim relating to the Licensed Marks. You must sign all documents, instruments and agreements and undertake the actions that we, with the advice of our legal counsel, determine to be necessary or advisable respecting the protection and/or maintenance of our interests in the Licensed Marks in any legal proceeding, administrative proceeding or as may be otherwise determined by us. As to the foregoing, we will reimburse you for the reasonable out-of-pocket administrative expenses that you incur and pay in complying with our written instructions.

We will protect your right to use the Licensed Marks and to protect you against claims of infringement and unfair competition related to the Licensed Marks, provided that your use of the Licensed Marks is in accordance with the Franchise Agreement, the Manuals, and is consistent with our instructions and the license granted to you. We will indemnify you against direct damages for trademark infringement in a proceeding arising out of your use of the Licensed Marks, provided your use of the Licensed Marks comply with the terms of your Franchise Agreement, the Manuals, our written instructions to you and, you have timely notified us of the claim, have given us sole control of the defense and settlement of the claim, and you are in compliance with your Franchise. If we defend the claim, we have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney that you retain.

If any third party establishes, to our satisfaction and in our discretion that its rights to the Licensed Marks are, for any legal reason, superior to any of our rights or of a nature that we believe, in our discretion, that it is advisable to discontinue and/or modify the Licensed Marks, then we will modify and/or replace the Licensed Marks and you must use the substitutions, replacements and/or variations of and/or to the Licensed Marks and use the those trademarks, service marks, logos and trade names designated by us. In such event, our sole liability and obligation will be to reimburse you for the direct out-of-pocket costs of complying with this obligation, which you must document to our satisfaction, including, by way of example, alterations in signage and replacement of marketing materials.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not own any patents. We may copyright or have copyrighted advertising materials and design specifications, our Manuals and other written materials and items. We have not applied to the United States Copyright Office to register these copyrights. We have not applied to the USPTO for the issuance of any patents.

You must keep as confidential our Manuals, supplements to the Manuals and any other manuals or written materials (including those materials made available to you in electronic format or as part of an online or cloud based network that is a part of the System or designated by the System) used in connection with the Franchised Business. The Manuals contain information about our System, Approved Services and Products, System Equipment and Supplies, proprietary products, marketing systems, and, among other things, confidential methods of operation. We consider the information a trade secret and extremely confidential. You must use all reasonable means to keep this information confidential and prevent any unauthorized copy, duplication, record, reproduction, or access to this information. You must also require your employees to sign confidentiality agreements that will require them to keep confidential, both during and after their employment, all information designated by us as confidential. You must immediately inform us if you learn of any unauthorized use, infringement, or challenge to the copyrighted materials, and/or proprietary or confidential information, including, but not limited to, our Manuals. We will take any and all actions (or refrain from same) that we determine, in our discretion, to be appropriate. We may control any action we choose to bring. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright or patent. If any third party establishes to our satisfaction, in our discretion, that its right to these materials are superior, then you must modify or discontinue your use of these materials in accordance with our written instructions.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You, or, if applicable, the president of your Cooperative or its equivalent, will be personally responsible for the management and overall supervision of your Brightly Business (the “Cooperative President”). We must approve your Cooperative President. Your Cooperative President must have satisfactorily completed our initial training and must have obtained all required licenses and permits necessary to operate the Franchised Business. We may require that your Cooperative President personally participate in the day to day management and on-site supervision and operations of your Brightly Business and have at least a 1% interest in the Franchisee entity, you may hire an operating manager to supervise and manage the day to day on-site operations of your Brightly Business provided that your operating manager: (a) meets all of our minimum standards and criteria for managers; (b) completes, to our satisfaction, our initial training program; and (c) signs a confidentiality agreement approved by us (an “Operating Manager”). We may require that your Operating Manager own any equity interest in the franchise. At all times, your Brightly Business must be managed and supervised on-site by either a Cooperative President or Operating Manager.

If you own and operate multiple Brightly Businesses, then each Brightly Business must be managed and supervised on-site by an Operating Manager.

You and, if you are a Corporate Entity, each of your members, shareholders and/or partners (collectively, “Owners”), must personally guarantee all of your obligations to us under the Franchise Agreement. Each Owner and the spouse of each Owner must personally guarantee your obligations to us under the Franchise Agreement. You and each Owner and spouse must also promise in writing that, among other things, during the term of the Franchise Agreement you will not participate in any business that in any way competes with the Franchised Business, and that for 24 months after the expiration of termination of the Franchise Agreement (with said period being tolled during any periods of non-compliance), neither you nor your Owners and their spouses will participate in any competitive business located within and/or servicing customers located within your Designated Territory and a 25 mile radius surrounding your Designated Territory. Further you will not participate in any competitive business located within and/or servicing customers located within a 25 mile radius of any other Brightly Business and/or the designated territory of any other Franchised Business. Your managers and all other employees and agents with access to our confidential information will be required by us to sign a confidentiality agreement).

ITEM 16

RESTRICTIONS ON PRODUCTS AND SERVICES SOLD

You may only sell the Approved Services and Products as specified in the Manuals or otherwise approved by us in writing and you may only sell the products and services required by us. We can change the products and services that you must offer. There is no limitation on our right to change the products and services offered sold by Brightly Businesses. You are not limited to whom you may sell products and services of your Brightly Business, provided you do so exclusively within your Operating Territory and as otherwise required by us and in compliance with the standards we determine for the System.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Sections in Franchise Agreement	Summary
a. Length of the franchise term	Article 2.B.	The term is five years.
b. Renewal or extension of the term	Article 15	If you meet our conditions for renewal, you may renew your franchise for one additional five year term.
c. Requirements for franchisee to renew or extend	Article 15	You must: not be in default of the Franchise Agreement; have complied with all material terms and conditions of your current Franchise Agreement; your owners must be in compliance with and not have violated their agreements with us; give us 180 days prior written notice of your request to renew the Franchise

Provision	Sections in Franchise Agreement	Summary
		Agreement; sign our then current form of Franchise Agreement and related agreements; sign a general release; pay a renewal fee; pay all monetary obligations owed to us; remodel and upgrade the facility for your Operations Center. Upon renewal, the then current form of Franchise Agreement that you will be required to sign may contain terms and conditions materially different from those in your previous Franchise Agreement.
d. Termination by franchisee	Article 16.B.	You may terminate the Franchise Agreement only if you are in compliance with the Franchise Agreement and we fail to cure a material breach of the Franchise Agreement within 30 days or, if the breach cannot be cured within 30 days, then within such period of time that is reasonable to cure the breach.
e. Termination by franchisor without cause	Not applicable	Not applicable.
f. Termination by franchisor with “cause”	Article 16.A.	We can terminate if you are in default of the terms of the Franchise Agreement.
g. “Cause” defined-curable defaults	Article 16.A.(3)	You will have 30 days to cure a default where you: fail to timely lease a location that we approve for your Brightly Business; fail to timely develop your Brightly Business; fail to timely open your Brightly Business; your development and/or operation of your Brightly Business violates federal, state or local laws (other than immigration laws), unless such violation poses a threat to public health or safety; fail to maintain insurance coverage that we require; fail to comply with our standards, systems or specifications as we may designate or as otherwise designated in the Manuals; refuse or fail to pay a supplier or vendor without legal justification; fail to operate your Brightly Business in conformity with our System or otherwise violate the Franchise Agreement, except as to events of default that are not curable. You have 10 days to cure a failure to pay fees due to us or an affiliate of ours.
h. “Cause” defined-non-curable defaults	Articles 16.A(1) and 16.A.(2)	The following defaults cannot be cured where: you are deemed insolvent; you make an assignment for the benefit of creditors; admit in writing your inability to pay debts; you are adjudicated bankrupt or insolvent; you file a voluntary bankruptcy petition; a voluntary bankruptcy petition is filed against you and you fail to file a motion to vacate or dismiss the petition within 60 days of its filing; you seek or acquiesce to the appointment of a trustee or receiver; a court orders the appointment of a trustee or receiver over the Franchised

Provision	Sections in Franchise Agreement	Summary
		Business; execution is levied against the Franchised Business; a final judgment is entered against the Franchise Business and is not satisfied within 30 days; you are dissolved; a lawsuit or action is commenced against the Franchised Business to foreclose on a lien on equipment of the Franchise Business and such action is not dismissed after 60 days; real or personal property used by the Franchised Business is sold or levied by a sheriff or other law enforcement officer; you abandon or fail to continuously own and operate the Franchised Business; on three or more occasions during the term of the Franchise Agreement you fail to timely submit records and/or reports to us; on three or more occasions during the term of the Franchise Agreement you fail to timely pay fees and/or other financial sums due to us; any submitted application contains material omissions and/or misstatements; you attempt to transfer the Franchise Agreement and/or the assets of the Franchised Business without our prior written consent; you misuse, divulge or communicate to any unauthorized third party the confidential information and/or the contents of the Manuals; you engage in conduct that materially impairs our Licensed Marks or System and/or the goodwill and reputation of our Licensed Marks or System; you or an owner are convicted of a felony or plead guilty or nolo contendere to a felony; you or an owner engaged in dishonest or unethical conduct that, in our judgment, results in embarrassment to us, our Brightly Businesses and/or the System; you underreport your gross sales and/or financial performance resulting in, in any instance, the underpayment, by 5% or more, of royalties and/or other fees due from you to us; you use equipment and/or supplies not approved by us; you fail to timely complete our training programs as designated by us and as determined in our discretion; engage in conduct and/or operations of the Franchised Business that poses an immediate threat or danger to public health or safety; you lose the right to occupy the facility and approved location of the Franchised Business; you fail to comply with Anti-Terrorism laws; you fail to immediately notify us of any know breach by a third party of our Confidentiality Agreement; you misappropriate, misuse or otherwise make any unauthorized use of the Licensed Marks, the confidential information and/or the System; you fail to pay a fee due to us within 10 days' notice from us; and/or you fail, without legal justification, on more than three occasions to pay a supplier or vendor of the Franchised Business.

Provision	Sections in Franchise Agreement	Summary
i. Franchisee's obligations on termination/non-renewal	Articles 6 and 17	You must: pay all sums that you owe to us under the Franchise Agreement and all other agreements with us; cease owning and operating the Franchised Business; cease representing yourself as a franchisee of ours; permanently cease using and/or accessing the System, the Licensed Marks, our confidential information, the Manuals, the Business Management System, the Business Management System Data, and the System Equipment and Supplies; return the Manuals and all confidential information to us in the original form provided to you and document the destruction of all electronic files related to same; completely de-identify the location and/or facility associated with the Franchised Business; as requested by us, transfer to us all data, telephone listings, digital media, accounts, web listings and websites associated with the Franchised Business; and abide by the post-termination non-competition covenants and restrictions.
j. Assignment of the contract by franchisor	Article 14.A.	No restriction on our right to assign.
k. "Transfer" by franchisee-definition	Article 14.B.	A transfer means and includes, whether voluntary or involuntary, conditional or unconditional, direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.
l. Franchisor's approval of transfer by franchisee	Article 14.B.	Transfers require our prior written consent, which may be granted or withheld in our discretion.
m. Conditions for franchisor's approval of transfer	Article 14.C.	For approval of your transfer, you must provide us with 30 days prior written notice of the proposed transfer; you and your Owners must not have defaulted in your obligations under the Franchise Agreement and all other agreements with us; you and your Owners must be in compliance with your obligations under the Franchise Agreement and all other agreements with us; the transferee must agree to be bound by all of the terms and

Provision	Sections in Franchise Agreement	Summary
		provisions of the Franchise Agreement; you and your Owners must sign a general release in favor of us; the assets of the Franchised Business must be transferred to the transferee; the transferee and the transferee's owners and managers, at the transferee's expense must complete our training programs; we waive our right of first refusal; and we approve of the transfer and transferee in writing and subject to our discretion; and you pay the Transfer Fee.
n. Franchisor's right of first refusal to acquire franchisee's business	Article 14.F.	We have the right to match any offer to purchase your Brightly Business or the Corporate Entity operating your Brightly Business.
o. Franchisor's option to purchase franchisee's business	Not applicable	Not applicable.
p. Death or disability of franchisee	Article 14.D.	If you are an individual, within 30 days of the death or permanent disability of Franchisee, your executor and/or legal representative must appoint an Operating Manager approved by us and within 60 days of such appointment the Operating Manager must complete, to our satisfaction, our initial training program. Within 12 months of the date of death or disability, the Franchise Agreement must be transferred to a transferee approved by us and otherwise transferred in accordance with the terms of the Franchise Agreement. If the franchisee is a Corporate Entity, within 30 days of the death or permanent disability of your President, if there are other Owners, must appoint a replacement Operating Manager approved by us and within 60 days of such appointment the replacement Operating Manager must complete, to our satisfaction, our initial training program.
q. Non-competition covenants during the term of the franchise	Article 6	No involvement in any competitive business and must comply with confidentiality, non-disclosure, and non-solicitation covenants.
r. Non-competition covenants after the franchise is terminated or expires	Articles 6 and 17.E.	No involvement, ownership, or interest whatsoever for 24 months in any competing business in: your Operating Territory; a 25 mile radius surrounding your Operating Territory; the Operating Territory of any other Brightly Business; and you must comply with confidentiality, non-disclosure, and non-solicitation covenants.

Provision	Sections in Franchise Agreement	Summary
s. Modification of the agreement	Article 18.L.	Requires writing signed by you and us, except for unilateral changes that we may make to the Manuals or our unilateral reduction of the scope of a restrictive covenant that we may make in our discretion.
t. Integration/merger clauses	Article 18.M.	Only the terms of the Franchise Agreement and schedules to the Franchise Agreement and the respective exhibits (if signed) to the Franchise Agreement are binding (subject to state law). Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits, and amendments.
u. Dispute resolution by arbitration or mediation	Not applicable	Not Applicable.
v. Choice of forum	Article 18.G.	All mediation, arbitration and, if applicable, litigation proceedings must be conducted in, or closest to, State court of general jurisdiction that is within or closest to Brooklyn, New York (subject to applicable state law), or, if appropriate, the United States District Court nearest to our corporate headquarters at the time such action is filed.
w. Choice of law	Article 18.F.	New York law will govern (except as otherwise disclosed in <u>Exhibit H</u> to this Disclosure Document).

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

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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) franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Juan Cuautle, Coopportunity, Inc. at c/o Center for Family Life, 443 39th Street, 4th Floor, Brooklyn, New York 11232 and (646) 992-3662, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE 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	3	4	+1
	2021	4	4	0
	2022	4	5	+1
Company Owned	2020	1	1	0
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	4	5	+1
	2021	5	5	0
	2022	5	6	+1

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TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2020 to 2022

State	Year	Number of Transfers
None	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 Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
New York	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
Pennsylvania	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
Totals	2020	3	1	0	0	0	0	4
	2021	4	0	0	0	0	0	4
	2022	4	1	0	0	0	0	5

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TABLE NO. 4
STATUS OF COMPANY OWNED OUTLETS
FOR YEARS 2020 to 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
New York	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
Totals	2020	1	0	0	0	0	1
	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1

TABLE NO. 5
PROJECTED OPENINGS
AS OF JUNE 30, 2023

State	Franchise Agreement Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlets in the Next Fiscal Year
New York	1	2	0
TOTAL	1	2	0

Notes to Tables:

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

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses that restrict them from discussing with you their experiences as a franchisee in our franchise system.

Exhibit F to this Disclosure Document contains a list, as of the Issuance Date of this Disclosure Document of current Coopportunity, Inc. franchisees.

Exhibit G to this Disclosure Document contains a list of every franchisee who had an outlet terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit D is our audited financial statements for the 2020, 2021, and 2022 calendar years, and the June 30, 2023, fiscal year end. Our fiscal year ends on June 30. We were established on April 20, 2018.

ITEM 22
CONTRACTS

Attached to this Disclosure Document or to the Exhibits attached to and comprising the Franchise Agreement attached to this Disclosure Document are copies of the following franchise and other contracts and agreements in use or proposed for use:

Exhibits to this Disclosure Document

Exhibit <u>E</u>	Franchise Agreement
Exhibit <u>H</u>	State Specific Addenda

Schedules and Exhibits to the Franchise Agreement

Schedule <u>1</u>	Operating Territory Acknowledgement
Schedule <u>2</u>	Franchise Fee and Operations Center Location Acknowledgment
Schedule <u>3</u>	Statement of Franchisee's Owners
Exhibit <u>1</u>	Joinder Agreement
Exhibit <u>2</u>	Confidentiality Agreement
Exhibit <u>3</u>	Operations Center and Operating Territory Acknowledgment
Exhibit <u>4</u>	Assignment of Telephone Numbers and Digital Media Accounts
Exhibit <u>5</u>	General Release
Exhibit <u>6</u>	ACH Authorization Form

Individual state law may supersede the provisions contained in your Franchise Agreement respecting the requirement that you execute a general release as a condition to assignment, sale, or transfer. See, the state specific addenda contained in Exhibit H of this Disclosure Document.

ITEM 23
RECEIPTS

Two copies of a detachable receipt in Exhibit J are located at the very end of this Disclosure Document. Please sign one copy of the receipt and return it to us at the following address Juan Cuautle, Coopportunity, Inc., c/o Center for Family Life, 443 39th Street, 4th Floor, Brooklyn, New York 11232. The duplicate is for your records.

[THE DISCLOSURE DOCUMENT ENDS HERE]



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT A
STATE ADMINISTRATORS

LIST OF STATE ADMINISTRATORS

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

Connecticut

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

New York

Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii

Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois

Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana

Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street Room E-111
Indianapolis, IN 46204

Kentucky

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

Maine

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

Maryland

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Michigan

Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
P.O. Box 30213
Lansing, MI 48909

Minnesota

Minnesota Department of Commerce
Securities Division
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska

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

New York

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

North Carolina

Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota

Office of Securities Commissioner
600 East Boulevard, 5th Floor
Department 414
Bismarck, ND 58505

LIST OF STATE ADMINISTRATORS (CONTINUED)

Rhode Island

Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina

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

South Dakota

Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas

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

Utah

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

Virginia

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington

Department of Financial Institutions
Securities Division
P.O. Box 9033
Olympia, WA 98507
360-902-8700

Wisconsin

Franchise Office
Wisconsin Securities Commission
P.O. Box 1768
Madison, WI 53701



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT B
AGENTS FOR SERVICE OF PROCESS

AGENTS FOR SERVICE OF PROCESS

Coopportunity, Inc.,
c/o Center for Family Life, 443 39th Street, 4th Floor, Brooklyn, New York 11232
Attn: Juan Cuautle

California

Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

2101 Arena Boulevard
Sacramento, CA 95834
1-866-275-2677

Connecticut

Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii

Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Suite 203
Honolulu, HI 96813

Illinois

Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland

Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan

Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota

Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York

New York Secretary of State
99 Washington Avenue
Albany, NY 12231

North Dakota

North Dakota Securities Department
600 East Boulevard Avenue, State Capitol
Fifth Floor, Dept 414
Bismarck, ND 58505
Phone 701-328-4712

Rhode Island

Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota

Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia

Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington

Securities Administrator
Washington Department of Financial
Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin

Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703



FRANCHISE DISCLOSURE DOCUMENT
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Brightly Operations Manual

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FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT D
FINANCIAL STATEMENTS



Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434

Mmetwally@metwallycpa.com

CONSENT

Metwally CPA PLLC consents to the use in the Franchise Disclosure Document issued by Coopportunity, Inc. ("Franchisor") on March 06, 2024, as it may be amended, of our report dated February 16, 2024, relating to the financial statements of Franchisor for the year ending June 30, 2023.

Metwally CPA PLLC

Metwally CPA PLLC

March 06, 2024

Coopportunity, Inc.

**Independent Auditor's Report
And
Financial Statements**

Period From January 1, 2023 to June 30, 2023

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Metwally CPA PLLC

CERTIFIED PUBLIC ACCOUNTANT

1312 Norwood Dr STE 100, Bedford, Texas 76022

Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the Board of Directors

Cooportunity, Inc.

Brooklyn, New York

Opinion

We have audited the accompanying financial statements of Cooportunity, Inc. (a New York not-for-profit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the period from January 1, 2023 to June 30, 2023 and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cooportunity, Inc. as of June 30, 2023 and the changes in its net assets and its cash flows for the period from January 1, 2023 to June 30, 2023 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cooportunity, Inc. 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.

Other Matter

The financial statements of Cooportunity, Inc. for the year ended December 31, 2022 were audited by another auditor, who expressed an unmodified opinion on those statements on April 21, 2023.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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.

Metwally CPA PLLC

Metwally CPA PLLC
Bedford, Texas
February 16, 2024

Coopportunity, Inc.
Statement of Financial Position
June 30, 2023

	<u>2023</u>
ASSETS	
Current Assets	
Cash and cash equivalents	\$ 45,879
Accounts receivable	2,228
Due from related parties	3,273
Total Current Assets	<u>51,380</u>
Total Assets	<u>\$ 51,380</u>
LIABILITIES AND NET ASSETS	
Total Liabilities	<u>\$ -</u>
Net Assets	
With donor restrictions	-
Without donor restrictions	51,380
Total Net Assets	<u>51,380</u>
Total Liabilities And Net Assets	<u>\$ 51,380</u>

The accompanying notes are an integral part of the financial statements.

Coopportunity, Inc.
Statement of Activities
Period From January 1, 2023 to June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	2023
Revenues And Other Support			
Royalties	\$ 10,706	\$ -	\$ 10,706
Contribution of nonfinancial assets	2,951	-	2,951
Interest earned	204	-	204
Total Revenues And Other Supports	13,861	-	13,861
Functional Expenses			
Program Expenses	-	-	-
Management and general	7,264	-	7,264
Fundraising	-	-	-
Total Functional Expenses	7,264	-	7,264
Change In Net Assets	6,597	-	6,597
Net assets, beginning of period	44,783	-	44,783
Net Assets, End Of Period	\$ 51,380	\$ -	\$ 51,380

The accompanying notes are an integral part of the financial statements.

Coopportunity, Inc.
Statement of Functional Expenses
Period From January 1, 2023 to June 30, 2023

	Program Services	Management and General	Fundraising	2023
Professional fees	\$ -	\$ 7,173	\$ -	\$ 7,173
Bank charges	-	91	-	91
	<u>\$ -</u>	<u>\$ 7,264</u>	<u>\$ -</u>	<u>\$ 7,264</u>

The accompanying notes are an integral part of the financial statements.

Coopportunity, Inc.
Statement of Cash Flows
Period From January 1, 2023 to June 30, 2023

	2023
Operating Activities	
Change in net assets	\$ 6,597
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Change in operating activities	
Change in prepaid expense	1,680
Change in accounts receivable	2,780
Change in due from related parties	(3,273)
Net Cash Provided By (Used In) Operating Activities	7,784
Change in Investing activities	
Net Cash Provided By (Used In) Investing Activities	-
Change in Financing Activities	
Net Cash Flows Provided By (Used In) Financing Activities	-
Net Change In Cash And Cash Equivalent During The Period	7,784
Cash - beginning of the period	38,095
Cash And Cash Equivalent - End of The Period	\$ 45,879

The accompanying notes are an integral part of the financial statements.

Coopportunity, Inc.
Notes to Financial Statements
Period From January 1, 2023 to June 30, 2023

1. OPERATIONS AND NONPROFIT STATUS

Coopportunity, Inc. (the Organization) was incorporated under the laws of the state of New York for the purpose of offering franchise opportunities to develop new cleaning and childcare cooperatives with shared brands. The worker-owners are in charge of their autonomous businesses and actively participate in building strong brands and growing the co-op ecosystem with the Organization. The goal is to ensure a faster start-up process, efficiencies and economies of scale by creating a replication model whereby cooperatives can contribute to foster leadership and grow individually, while also taking advantage of a common brand, marketing efforts and back-office customer service. This "inter-cooperation" positions the Organization, and its member cooperatives, to avoid duplication of efforts and to benefit from the successes (lessons learned) from each other.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Organization's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

Cash and Cash Equivalents consist of cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes. The Organization's cash balance consists of deposit accounts held at an FDIC-insured bank.

C. Accounts Receivable

Accounts Receivable arise primarily from royalties and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Organization provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, existing economic conditions, and other relevant factors. The Organization has determined that no allowance for doubtful accounts was necessary on June 30, 2023.

D. Financial Statements Presentation

As required by the FASB Accounting Standards Codification™, the Organization classifies its net assets based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes in net assets therein are classified and reported as follows:

Net Assets Without Donor Restrictions - consists of assets, public support, and program revenues that are available and used for activities and programs. Net assets without donor restrictions represent the portion of net assets of the Organization that is not restricted by donor-imposed stipulations. Contributions are considered without restriction

unless specifically restricted by the donor. In addition, net assets without donor restrictions may include funds that represent unrestricted resources designated by the Board of Directors for specific purposes.

Net Assets with Donor Restrictions - includes funds with donor-imposed restrictions which permit the done organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, and contracts, and may include investment income earned on restricted funds.

These may also include resources which have a permanent donor-imposed restriction which stipulates that the assets are to be maintained permanently but permits the Organization to expend part or all of the income derived from the donated assets.

E. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows: Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. Net Assets with Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity.

We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

F. Functional Classification of Expenses

The Organization classifies expenses into two functions: program services and management and general services. All expenses are allocated based upon the functions to which they relate. Expenses that can be identified with a specific function are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's use of estimated time spent on the respective program and support functions.

G. Income Taxes

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Internal Revenue Services (IRS) Code Section 501(c)(3). Donors may deduct contributions made to Coopportunity, Inc. within the requirements of the IRS.

H. Concentrations of credit risk

Financial instruments that potentially the Organization subject to concentrations of credit risk consist principally of cash and cash equivalents. The Organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits of \$250,000. The Organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

I. Revenue recognition

The Organization recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Organization determines are within the scope of Accounting Standards Codification (ASC) 606, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Organization satisfies a performance obligation. Revenue is recognized when the performance obligations under the terms of a contract with a customer are satisfied, which occurs when control of the goods or services has transferred to the customer.

The Organization recognizes royalty revenue primarily when it is earned at the end of the month. Each agreement with the franchisee states how royalty income is to be calculated.

Revenue from training seminars is recognized upon the completion of the training event. Training seminar revenue has a fixed price and is known and an agreed-upon registration for the event.

J. Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

K. Advertising Costs

The Organization expenses the costs of general advertising, promotion, and marketing programs at the time the costs are incurred.

L. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates based on assumptions that affect specific reported amounts and disclosures. Significant estimates include the functional allocation of expenses. Actual results could differ from those estimates.

M. Recent Accounting Guidance

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Organization has evaluated the impact of this standard on its financial statements and determined that it doesn't have any lease that meet the requirement to recognize a right-of-use asset and liability because the Organization doesn't have any long-term leases.

3. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS

The following financial assets are available over the subsequent fiscal year reduced by amounts not available for general expenditure as of June 30:

Financial assets:

	<u>2023</u>
Cash and cash equivalents	\$ 45,879
Accounts receivable	2,228
Due from related parties	3,273
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 51,380</u></u>

Deposits of the Organization held in major banks and are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

A summary of the total insured and uninsured cash balances as of June 30, 2023 are as follows:

	<u>2022</u>
Accounts	
Checking	\$ -
Total Uninsured	<u>-</u>
 Insured Balances	 45,879
 Total Cash and Cash Equivalents	 <u><u>\$ 45,879</u></u>

4. ACCOUNTS RECEIVABLE

As of June 30, 2023, the Organization's Accounts receivable consists of the following:

	<u>2023</u>
Royalty receivables	\$ 2,228
	<u>\$ 2,228</u>

5. DESIGNATION AND RESTRICTIONS OF NET ASSETS

As of June 30, 2023, net assets consisted of the following balances:

	<u>2023</u>
With donor restrictions	\$ -
Without donor restrictions	51,380
Total Net Assets	<u><u>\$ 51,380</u></u>

6. FRANCHISE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consists of the following on June 30, 2023:

	<u>2023</u>
Revenue recognized over time	\$ -
Revenue recognized at a point in time	<u>10,706</u>
Total Revenue	<u>\$ 10,706</u>

7. CONTRIBUTED NON-FINANCIAL ASSETS

The Organization received contributed services (Training Services) which totaled \$2,951 in June 30, 2023. All contributed services were utilized by the Organization's program and supporting services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. In valuing these services, the Organization used invoices received by the individual donors.

8. SIGNIFICANT CONCENTRATIONS

The Organization receives franchise royalty fees as a majority of its income. On June 30, 2023, these franchisees accounted for \$10,706, or 77% of total income. Three of the franchises account for more than 10% of the Organizations' total revenue:

Customer A	23%
Customer B	17%
Customer C	30%

9. RELATED PARTIES TRANSACTIONS

Coopportunity, Inc. sold Franchise agreements to Washington Height Cleaning, LLC and Sunset Gardens Cleaning, LLC which are CO-owned by members of the board of directors. The Organization collects royalties from these related parties.

As of June 30, 2023 the Organization had a balance due from related parties which represents royalties not collected during the period from January 1, 2023 to June 30, 2023.

As of June 30, 2023 the Organization has due from related parties balance as follows:

	<u>2023</u>
Due from related parties	\$ 3,273

As of June 30, 2023 royalties income from related parties are as follows:

	<u>2023</u>
Total royalties income from related parties	\$ 6,504

10. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 16, 2024, which is the date the financial statements were available to be issued. The Organization did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.



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INDEPENDENT AUDITORS' ACKNOWLEDGMENT

Coopportunity, Inc.
Brooklyn, New York

We agree to the inclusion in the Franchise Disclosure Document dated October 20, 2023, issued by Coopportunity, Inc. (Franchisor) of our reports dated April 21, 2023, March 21, 2022 and November 16, 2021, respectively, relating to the financial statements of Franchisor as of December 31, 2022, December 31, 2021, and December 31, 2020 and for the years then ended.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
October 20, 2023

COOPPORTUNITY, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022



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**COOPPORTUNITY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Coopportunity, Inc.
Brooklyn, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Coopportunity, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coopportunity, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Coopportunity, Inc. 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coopportunity, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coopportunity, Inc.'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.



CliftonLarsonAllen LLP

Stevens Point, Wisconsin
April 21, 2023

COOPPORTUNITY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

ASSETS

Cash and Cash Equivalents	\$ 38,095
Accounts Receivable	5,009
Prepaid Expenses	<u>1,680</u>
Total Assets	<u><u>\$ 44,784</u></u>

LIABILITIES AND NET ASSETS

NET ASSETS

Without Donor Restrictions	<u>\$ 44,784</u>
Total Net Assets	<u><u>\$ 44,784</u></u>

See accompanying Notes to Financial Statements.

**COOPPORTUNITY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

REVENUES

Royalties	\$ 19,889
Training Income	3,300
Contribution of Nonfinancial Assets	11,765
Interest Income	73
Total Revenues	<u>35,027</u>

EXPENSES

Program Services:	
Payments to Trainers	3,300
Management and General Expenses:	
Professional Fees	11,075
Bank Charges	16
Total Management and General	<u>11,091</u>
Total Expenses	<u>14,391</u>

CHANGE IN NET ASSETS	20,636
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Net Assets - Beginning of Year	<u>24,148</u>
--------------------------------	---------------

NET ASSETS - END OF YEAR	<u><u>\$ 44,784</u></u>
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See accompanying Notes to Financial Statements.

**COOPPORTUNITY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 20,636
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Accounts Receivable	3,237
Prepaid Expenses	<u>(1,680)</u>
Net Cash Provided by Operating Activities	<u>22,193</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

22,193

Cash and Cash Equivalents - Beginning of Year

15,902

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 38,095

See accompanying Notes to Financial Statements.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Coopportunity, Inc. (the Organization) was incorporated under the laws of the state of New York for the purpose of offering franchise opportunities to develop new cleaning and childcare cooperatives with shared brands. The worker-owners are in charge of their autonomous businesses and actively participate in building strong brands and growing the co-op ecosystem with the Organization. The goal is to ensure a faster start-up process, efficiencies and economies of scale by creating a replication model whereby cooperatives can contribute to foster leadership and grow individually, while also taking advantage of a common brand, marketing efforts and back-office customer service. This “inter-cooperation” positions the Organization, and its member cooperatives, to avoid duplication of efforts and to benefit from the successes (lessons learned) from each other.

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets presently available for use by the Organization at the discretion of management.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of the Organization.

Management has determined that the Organization has no net assets with donor restrictions for the year ended December 31, 2022.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Coopportunity, Inc. considers all highly liquid investments, including certificates of deposit, with original maturities of three months or less to be cash equivalents.

Revenue Recognition

The Organization recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Organization determines are within the scope of Accounting Standards Codification (ASC) 606, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Organization satisfies a performance obligation. Revenue is recognized when the performance obligations under the terms of a contract with a customer are satisfied, which occurs when control of the goods or services has transferred to the customer. Accounts receivable amounted to \$5,009 and \$8,246 for the years ended December 31, 2022 and 2021, respectively.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization recognizes royalty revenue primarily when it is earned at the end of the month. Each agreement with the franchisee states how royalty income is to be calculated.

Revenue from training seminars is recognized upon the completion of the training event. Training seminar revenue has a fixed price and is known and an agreed upon registration for the event.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Functional Allocation of Expenses

The Organization classifies expenses into two functions: program services and management and general services. All expenses are allocated based upon the functions to which they relate. Expenses that can be identified with a specific function are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's use of estimated time spent on the respective program and support functions.

Income Tax

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Internal Revenue Services (IRS) Code Section 501(c)(3). Donors may deduct contributions made to Coopportunity, Inc. within the requirements of the IRS.

Accounting Standard Updates

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new standard increases transparency and comparability among organizations through enhancements to presentation and disclosure requirements for contributed nonfinancial assets. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

Subsequent Events

Management evaluated subsequent events through April 21, 2023, the date the financial statements were available to be issued.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 FRANCHISE AGREEMENT

The terms of the Organization's franchise agreement will be as follows:

- A. The Organization will grant the right to use the Organization name, trademark and system in the franchisee's franchise development business.
- B. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 3 INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover their daily operating expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2022:

Cash and Cash Equivalents	\$ 38,095
Accounts Receivable	<u>5,009</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 43,104</u></u>

NOTE 4 SIGNIFICANT CONCENTRATIONS

The Organization receives franchise royalty fees as a majority of their income. In 2022, these franchises accounted for \$19,889, or 57% of total income. Three of the franchises account for more than 10% of the Organizations total revenue:

Customer A	19%
Customer B	17%
Customer C	12%

NOTE 5 RELATED PARTIES

The Organization receives administrative services from the Center for Family Life (CFL) under an annual agreement. CFL provided or paid for services to the Organization in the amount of \$11,765 as stated in Note 6. There are no receivables or payables due between the entities as of December 31, 2022.

The Organization provides limited office support to and receives royalty income from a franchisee (customer C from Note 4 above) whose owner is a board member of the Organization. As of December 31, 2022, the amount due from the franchisee was \$1,317.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 6 CONTRIBUTED NONFINANCIAL ASSETS

The Organization received contributed services which totaled \$11,765 for the year ended December 31, 2022. All contributed services were utilized by the Organization's program and supporting services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. In valuing these services, the Organization used invoices received by the individual donors.

Accounting and Audit Services	\$	10,515
Training Services		<u>1,250</u>
Total Contributed Services	\$	<u><u>11,765</u></u>



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INDEPENDENT AUDITORS' ACKNOWLEDGMENT

Coopportunity, Inc.
Brooklyn, New York

We agree to the inclusion in the Franchise Disclosure Document dated April 12, 2022, issued by Coopportunity, Inc. (Franchisor) of our reports dated March 21, 2022 and November 16, 2021, respectively, relating to the financial statements of Franchisor as of December 31, 2021 and December 31, 2020, and for the years then ended.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
April 12, 2022



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COOPPORTUNITY, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Coopportunity, Inc.
Brooklyn, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Coopportunity, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coopportunity, Inc. as of December 31, 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 audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Coopportunity, Inc. 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Coopportunity, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.



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Board of Directors
Coopportunity, Inc.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Coopportunity, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Coopportunity, Inc.'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.



CliftonLarsonAllen LLP

Stevens Point, Wisconsin
March 21, 2022

COOPPORTUNITY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

ASSETS

ASSETS

Cash and Cash Equivalents	\$ 15,902
Accounts Receivable	<u>8,246</u>
Total Assets	<u><u>\$ 24,148</u></u>

LIABILITIES AND NET ASSETS

NET ASSETS

Without Donor Restrictions	<u>\$ 24,148</u>
Total Net Assets	<u><u>\$ 24,148</u></u>

See accompanying Notes to Financial Statements.

**COOPPORTUNITY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021**

REVENUES

Royalties	\$ 21,007
Training Income	2,660
In-Kind Donation	6,500
Interest Income	<u>4</u>
Total Revenues	30,171

EXPENSES

Program Services:	
Payments to Trainers	2,660
Management and General Expenses:	
Professional Fees	6,500
Insurance	782
Postage	81
Bank Charges	<u>20</u>
Total Management and General	<u>7,383</u>
Total Expenses	<u>10,043</u>

CHANGE IN NET ASSETS

20,128

Net Assets - Beginning of Year

4,020

NET ASSETS - END OF YEAR

\$ 24,148

See accompanying Notes to Financial Statements.

**COOPPORTUNITY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 20,128
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
(Increase) Decrease in Assets:	
Accounts Receivable	<u>(8,246)</u>
Net Cash Provided by Operating Activities	<u>11,882</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	11,882
Cash and Cash Equivalents - Beginning of Year	<u>4,020</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 15,902</u></u>

See accompanying Notes to Financial Statements.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Coopportunity, Inc. (the Organization) was incorporated under the laws of the state of New York for the purpose of offering franchise opportunities to develop new cleaning and childcare cooperatives with shared brands. The worker-owners are in charge of their autonomous businesses and actively participate in building strong brands and growing the co-op ecosystem with the Organization. The goal is to ensure a faster start-up process, efficiencies and economies of scale by creating a replication model whereby cooperatives can contribute to foster leadership and grow individually, while also taking advantage of a common brand, marketing efforts and back-office customer service. This "inter-cooperation" positions the Organization, and its member cooperatives, to avoid duplication of efforts and to benefit from the successes (lessons learned) from each other.

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets presently available for use by the Organization at the discretion of management.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of the Organization.

Management has determined that the Organization has no net assets with donor restrictions for the year ended December 31, 2021.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Coopportunity, Inc. considers all highly liquid investments, including certificates of deposit, with original maturities of three months or less to be cash equivalents.

Revenue Recognition

The Organization recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Organization determines are within the scope of Accounting Standards Codification (ASC) 606, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Organization satisfies a performance obligation. Revenue is recognized when the performance obligations under the terms of a contract with a customer are satisfied, which occurs when control of the goods or services has transferred to the customer. Accounts receivable amounted to \$8,246 and \$-0- for the years ended December 31, 2021 and 2020, respectively.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization recognizes royalty revenue primarily when it is earned at the end of the month. Each agreement with the franchisee states how royalty income is to be calculated.

Revenue from training seminars is recognized upon the completion of the training event. Training seminar revenue has a fixed price and is known and an agreed upon registration for the event.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as without donor restrictions support unless explicit donor stipulations specify how donated assets must be used.

The Organization recognizes the fair value of contributed services received if such services: a) create or enhance nonfinancial assets; or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Functional Allocation of Expenses

The Organization classifies expenses into two functions: program services and management and general services. All expenses are allocated based upon the functions to which they relate. Expenses that can be identified with a specific function are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's use of estimated time spent on the respective program and support functions.

Income Tax

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Internal Revenue Services (IRS) Code Section 501(c)(3). Donors may deduct contributions made to Coopportunity, Inc. within the requirements of the IRS.

Subsequent Events

Management evaluated subsequent events through March 21, 2022, the date the financial statements were available to be issued.

NOTE 2 FRANCHISE AGREEMENT

The terms of the Organization's franchise agreement will be as follows:

- A. The Organization will grant the right to use the Organization name, trademark and system in the franchisee's franchise development business
- B. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE 3 RISK MANAGEMENT

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing.

NOTE 4 INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover their daily operating expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2021:

Cash and Cash Equivalents	\$ 15,902
Accounts Receivable	<u>8,246</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u><u>\$ 24,148</u></u>

NOTE 5 SIGNIFICANT CONCENTRATIONS

The Organization receives franchise royalty fees as a majority of their income. In 2021, these franchises accounted for \$21,007, or 70% of total income. Three of the franchises account for more than 10% of the Organization's total revenue:

Customer A	31%
Customer B	20%
Customer C	10%

COOPPORTUNITY, INC.
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



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COOPPORTUNITY, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Coopportunity, Inc.
Brooklyn, New York

We have audited the accompanying financial statements of Coopportunity, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Board of Directors
Coopportunity, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Coopportunity, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 5 to the financial statements, certain errors resulting in restating royalty revenue were corrected. Our opinion is not modified with respect to that matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Stevens Point, Wisconsin
November 16, 2021

COOPPORTUNITY, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS

ASSETS

Cash and Cash Equivalents

\$ 4,020

Total Assets

\$ 4,020

LIABILITIES AND NET ASSETS

NET ASSETS

Without Donor Restrictions

\$ 4,020

Total Net Assets

\$ 4,020

See accompanying Notes to Financial Statements.

**COOPPORTUNITY, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020**

REVENUES

Training Income	\$ 4,500
In-Kind Donation	2,000
Interest Income	<u>8</u>
Total Revenues	6,508

EXPENSES

Program Services:	
Payments to Trainers	4,500
Management and General Expenses:	
Professional fees	2,000
Insurance	782
Postage	<u>134</u>
Total Management and General	2,916
Total Expenses	<u>7,416</u>

CHANGE IN NET ASSETS (908)

Net Assets - Beginning of Year (As Previously Stated)	1,575
Restatement	<u>3,353</u>

Net Assets - Beginning of Year (Restated)	<u>4,928</u>
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NET ASSETS - END OF YEAR	<u><u>\$ 4,020</u></u>
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See accompanying Notes to Financial Statements.

**COOPPORTUNITY, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (908)
Adjustments to Reconcile Change in Net Assets to Net	
Cash Provided by Operating Activities:	
Increase (Decrease) in Liabilities:	
Accounts Receivable	3,353
Accounts Payable	<u>(788)</u>
Net Cash Provided by Operating Activities	<u>1,657</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,657
Cash and Cash Equivalents - Beginning of Year	<u>2,363</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 4,020</u></u>

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

Coopportunity, Inc. (the Organization) was incorporated under the laws of the state of New York for the purpose of offering franchise opportunities to develop new cleaning and childcare cooperatives with shared brands. The worker-owners are in charge of their autonomous businesses and actively participate in building strong brands and growing the co-op ecosystem with the Organization. The goal is to ensure a faster start-up process, efficiencies and economies of scale by creating a replication model whereby cooperatives can contribute to foster leadership and grow individually, while also taking advantage of a common brand, marketing efforts and back-office customer service. This "inter-cooperation" positions the Organization, and its member cooperatives, to avoid duplication of efforts and to benefit from the successes (lessons learned) from each other.

Basis of Presentation

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The Organization reports information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Donor Restrictions – Net assets presently available for use by the Organization at the discretion of management.

Net Assets With Donor Restrictions – Net assets subject to donor restrictions that will be satisfied either by the passage of time or by actions of the Organization.

Management has determined that the Organization has no net assets with donor restrictions for the year ended December 31, 2020.

Cash and Cash Equivalents

For purposes of the statements of cash flows, Coopportunity, Inc. considers all highly liquid investments, including certificates of deposit, with original maturities of three months or less to be cash equivalents.

Revenue Recognition

The Organization recognizes revenue when its customer obtains control of promised goods or services in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods or services. To determine revenue recognition for the arrangements that the Organization determines are within the scope of ASC 606, the Organization performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the Organization satisfies a performance obligation. Revenue is recognized when the performance obligations under the terms of a contract with a customer are satisfied, which occurs when control of the goods or services has transferred to the customer.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The Organization recognizes royalty revenue primarily when it is earned at the end of the month. Each agreement with the franchisee states how royalty income is to be calculated. During 2020, the board of directors elected to waive the royalty income for the year, due to the Covid-19 pandemic.

Revenue from training seminars is recognized upon the completion of the training event. Training seminar revenue has a fixed price, and is known and agreed upon registration for the event.

In-Kind Contributions and Contributed Services

In-kind contributions are reflected as contributions at their fair value at date of donation and are reported as without donor restrictions support unless explicit donor stipulations specify how donated assets must be used.

The Organization recognizes the fair value of contributed services received if such services: a) create or enhance nonfinancial assets; or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Functional Allocation of Expenses

The Organization classifies expenses into two functions: program services and management and general services. All expenses are allocated based upon the functions to which they relate. Expenses that can be identified with a specific function are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's use of estimated time spent on the respective program and support functions.

Income Tax

The Organization is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Internal Revenue Services (IRS) Code Section 501(c)(3). Donors may deduct contributions made to Coopportunity, Inc. within the requirements of the IRS.

Change in Accounting Principles

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers.

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Change in Accounting Principles (Continued)

The financial statements reflect the full retrospective application of ASC 606 guidance beginning January 1, 2018. No cumulative-effect adjustment in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Organization's reported historical revenue.

Subsequent Events

Management evaluated subsequent events through November 16, 2021, the date the financial statements were available to be issued.

NOTE 2 FRANCHISE AGREEMENT

The terms of the Organization's franchise agreement will be as follows:

- A. The Organization will grant the right to use the Organization name, trademark and system in the franchisee's franchise development business
- B. The franchisee is obligated to pay a monthly royalty fee. Certain other fees are also outlined in the agreement.

NOTE 3 RISK MANAGEMENT

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are ongoing.

NOTE 4 INFORMATION REGARDING LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover their daily operating expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31, 2020:

Cash and Cash Equivalents	\$ 4,020
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 4,020</u>

COOPPORTUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 5 RESTATEMENT

The Organization corrected revenue that had been understated as of December 31, 2019. Accordingly, an adjustment of \$3,353 was made during 2020 to reduce royalty revenue and increase previously reported net assets to correct the error.



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT E
FRANCHISE AGREEMENT



Coopportunity, Inc.

BRIGHTLY FRANCHISE AGREEMENT

Franchisee Name

BRIGHTLY FRANCHISE AGREEMENT

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BRIGHTLY FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is entered into on _____, 20__ (“Effective Date”), by and between Coopportunity, Inc., a New York corporation with a principal place of business located at c/o Center for Family Life, 443 39th Street, 4th Floor, Brooklyn, New York 11232, (the “Franchisor”) and _____ (the “Franchisee”).

RECITALS

WHEREAS, Franchisor has developed a distinctive and proprietary system (the “System”) for the establishment, development and operation of a business that offers, sells and provides residential and commercial cleaning services through a worker-cooperative program, and other products and services that create accessibility to economic opportunity for low-income workers that the Franchisor authorizes (the “Approved Services and Products”) under the Licensed Marks (defined below) (each, a “Franchised Business”, or “Brightly Business”);

WHEREAS, the System and, therefore, each Brightly Business, is identified by the Licensed Marks and distinctive trade dress, service offerings, business formats, equipment, products, supplies, operating procedures, programs, methods, procedures, and marketing and advertising standards, all of which are part of the System and all of which Franchisor may modify from time to time; and

WHEREAS, Franchisee desires to obtain the non-exclusive license and right to use the System in the development and operation of a Brightly Business within a designated operating territory and pursuant to the terms of this Agreement.

NOW THEREFORE, in consideration of the foregoing recitals and other good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the parties do hereby agree, as follows:

ARTICLE 1 DEFINITIONS

Supplementing the terms and definitions contained in the foregoing “Recitals”:

“**Accounting Period**” is the period of time selected and determined by Franchisor for the required measurement and reporting of financial information and payment of financial obligations by Franchisee. The applicable measurement period will be determined by Franchisor from time to time with respect to Franchisee’s obligations to report financial information and data to Franchisor (including Gross Sales) and Franchisee’s payment of all fees, including, but not limited to, Royalty Fees, Advertising Contributions, and other on-going fees. The “Accounting Period” shall be a monthly period commencing not later than the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and shall continue each and every month thereafter throughout the Term of this Agreement and any applicable renewal term. As to all other fees that are payable and due monthly, the Accounting Period shall be a monthly period commencing not later than the earlier of the (a) Scheduled Business Commencement Date, or (b) the Actual Business Commencement Date of the Franchised Business and shall continue each and every month thereafter throughout the Term of this Agreement and any applicable renewal term and any applicable renewal term.

“**Actual Business Commencement Date**” refers to and means the date of the grand opening of the Franchised Business and/or the date upon which the Franchised Business is open to the public.

“Advertising Contributions” refers to and means any and all obligations of Franchisee to contribute to or pay fees to Franchisor, Franchisor’s affiliate and/or designees as set forth in this Agreement including, but not limited to, the Brand Development Fund Fee as set forth in Article 9.A. of this Agreement.

“Ancillary Agreements” refers to and means, individually and collectively, each and every agreement between: (a) Franchisor and Franchisee, but not including this Agreement; and (b) Franchisor and each of Franchisee’s Owners, whether individually and/or collectively. Without limitation to the foregoing, the term Ancillary Agreements includes the Joinder Agreement, Lease Agreement Rider, Collateral Assignment of Lease and the Assignment of Telephone Numbers and Digital Media Accounts, as said agreements, individually and/or collectively, may have been entered into between the foregoing parties.

“Annual Conference Attendance Fee” refers to and means an annual conference fee to be paid by Franchisee to Franchisor in an amount determined by Franchisor but not to exceed \$1,000 for your first attendee and \$500 for each additional person attending our annual conference on behalf of Franchisee. Without limitation to the foregoing, if Franchisee fails to send a representative to Franchisor’s Annual System Conference Franchisee must nevertheless pay an Annual Conference Attendance Fee in the amount of \$1,000. You will be responsible for all travel and accommodation expenses associated with your attendance at the conference. (Franchise Agreement, Article 4.B.);

“Annual System Conference” refers to and means a conference that may be established and organized by Franchisor for the purpose of facilitating networking among Brightly Business franchisees, and general education. Franchisor shall designate and determine whether or not an Annual System Conference shall occur and, if one is established in any particular year, the dates, content, and location of the Annual System Conference. The Annual System Conference shall be for a duration of not more than three consecutive days per calendar year. Franchisee is responsible for all costs and expenses associated with Franchisee’s travel to and attendance at the Annual System Conference.

“Approved Services and Products” refers to and means those products and services that Franchisor authorizes for sale by Brightly Businesses. Franchisor shall exclusively designate and determine the Approved Services and Products and Franchisor, in Franchisor’s Reasonable Business Judgment, may change, modify, reduce, or supplement the Approved Services and Products that must be offered and sold by the Franchised Business and those products and services that may not be sold by the Franchised Business. The Operations Manual, subject to changes that Franchisor may make from time to time and Franchisor’s right to change and modify the Approved Services and Products, shall designate the Approved Services and Products that must be offered and sold by the Franchised Business. The Franchised Business may only offer and sell the Approved Services and Products.

“Assigned Area” refers to and means the operating area and areas or designated area and areas of current and future Brightly Businesses other than the Operating Territory of Franchisee’s Brightly Business. Franchisor shall exclusively determine Assigned Areas.

“Assignment of Telephone Numbers and Digital Media Accounts” refers to and means the Assignment of Telephone Numbers and Digital Media Accounts agreement attached to this Agreement as Exhibit 4.

“Brand Development Fund” shall have the meaning defined and set forth in Article 9.A. of this Agreement.

“Brand Development Fund Fee” shall have the meaning defined and set forth in Article 9.A. of this Agreement.

“Brightly Business(es)” shall have the meaning defined in the Recitals section of this Agreement and, without limitation to the Recitals section definition of “Brightly Businesses”, shall further include, refer to and mean: every business and all businesses owned and/or operated by Franchisor, Franchisor’s affiliates and/or authorized franchisee(s) that utilize and/or is/are required to utilize the System and/or Licensed Marks including, but not limited to, the Franchised Business.

“Business Management System” refers to and means the software, internet, web based and/or cloud based system or systems, point of sale system or systems and customer relationship management system or systems as same may be individually or collectively designated by Franchisor, in Franchisor’s Reasonable Business Judgment, as being required for use by the Franchised Business. Franchisor reserves the right to modify and designate alternative Business Management Systems as Franchisor determines in Franchisor’s Reasonable Business Judgment. At all times, Franchisor shall possess direct live access and storage based access to the Business Management System for the Franchised Business and to Franchisee’s Business Management System Data.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory, and sales information that: (a) is pre-populated or entered into the Business Management System utilized by Franchisee; (b) is entered by Franchisor or Franchisee into the Business Management System; and/or (c) is recorded, stored and/or maintained by the Business Management System in connection with the Franchised Business.

“Competitive Business” shall mean a non-cooperatively owned business offering residential and commercial cleaning.

“Confidential Information” refers to and means all of Franchisor’s and/or Franchisor’s affiliates trade secrets, methods, standards, techniques, procedures, data and information, as same may exist as of the Effective Date of this Agreement and as same may be developed, modified and supplemented in the future, constituting and comprising: (a) methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of Brightly Businesses; (b) information concerning consumer preferences for services, products, materials and supplies used or sold by, and specifications for and knowledge of suppliers of certain materials, equipment, products, supplies and procedures used or sold by Brightly Businesses; (c) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of Brightly Businesses; (d) customer lists and information related to Brightly Businesses and the Franchised Business; (e) Business Management System Data; (f) current and future information contained in the Operations Manual; and (g) Know-How. Confidential Information shall exclude any information described herein that relates to Pre-Existing Business or was known to Franchisee or its Owners through the operation of an Existing Business.

“Confidentiality Agreement” refers to and means the sample form of Confidentiality Agreement attached to this Agreement as Exhibit 2.

“Contact Center” refers to and means any and all organized communication systems and methods approved by Franchisor by which an individual (hereinafter referred to as a “prospective customer”) attempts to contact and communicate with our corporate representative whether through toll free phone numbers that we authorize and publish, web, or otherwise. At all times Franchisor maintains sole discretion to manage, control and coordinate all Contact Center communications.

“Controlling Interest” shall exist for the following individuals, Owners, partners and/or entities: (a) (If Franchisee is a Corporation) a controlling interest shall exist for such shareholders and Owners of

the voting shares of stock of Franchisee as (i) shall permit voting control of Franchisee on any issue and/or (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (b) (If Franchisee is a general partnership) a controlling interest shall exist for such partners and Owners that possess a managing partnership interest or such percentage of the general partnership interests in Franchisee as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination, or entity from blocking voting control on any issue or exercising any veto power; (c) (If Franchisee is a limited partnership) a controlling interest shall exist for such partners and Owners that possess a general partnership interest; and (d) (If Franchisee is a limited liability company) a controlling interest shall exist for such members and Owners that possess a percentage of the membership interests as (i) shall permit determination of the outcome on any issue, and (ii) shall prevent any other person, group, combination or entity from blocking voting control on any issue or exercising any veto power.

“Cooperative President” shall apply if Franchisee is a cooperative or its equivalent, the Cooperative President shall be the member of the cooperative responsible for the day to day oversight, management, and operation of the Franchised Business. The Cooperative President shall be the Owner responsible for the day-to-day oversight, management, and operation of the Franchised Business. The Cooperative President must possess and maintain an ownership and equity interest in the Franchisee such that said individual owns, holds and controls not less than 1% of the equity and ownership interests in Franchisee. At all times, the Cooperative President must manage the operations of the Franchised Business.

“Copyrights” refers to and means all works and materials for which Franchisor or any affiliate of Franchisor has secured common law or registered copyright protection and Franchisor uses and/or allows Brightly Business franchisees to use in the operation of a Brightly Business, whether as of the Effective Date of this Agreement or any time in the future.

“Corporate Entity” refers to and means a Corporation, limited liability company, partnership or other corporate legal entity that is not an individual person.

“Customer Vouchers” refers to and means any and all gift cards, vouchers, receipts, cards and other evidence of a pre-paid purchase transaction or credit that Franchisor authorizes concerning a Brightly Business.

“Digital Media” refers to and means any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to Brightly Businesses, the Franchised Business, the Licensed Marks, the System and/or Franchisor. Digital Media further includes the System Website, web pages and website subdomains (including those related to, associated with and/or a part of the System Website) associated with and/or related to the Franchised Business and all web pages, blog posts, videos, articles, social media accounts and pages, website directory pages, information, sub-domains, and all other media and/or publications relating to the System that is displayed and/or transmitted digitally.

“Direct Solicitation” refers to and means “communications and/or contacts occurring through in person contact, telephone, mail, electronic mail, direct mail, distributed print media, Digital Media,

Marketing Media, Media Distribution and/or marketing directed toward customers, potential customers, or referral sources of a Brightly Business.

“Due Date” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Effective Date” shall be the date set forth, defined, and referred to in the first paragraph of this Agreement.

“Existing Business” refers to a business operated by Franchisee or its Owners or an employment position held by Franchisee or its Owners prior the Effective Date.

“Franchised Business” refers to and means the Brightly Business that Franchisee shall develop and is required to establish, maintain, and operate as part of the System and in accordance with the terms, conditions and obligations set forth in this Agreement and the Operations Manual.

“Franchisee’s Operations Center” refers to and means the Operations Center from which Franchisee establishes, operates, and manages the Franchised Business. Franchisee’s Operations Center must be approved by Franchisor and shall, further, have the meaning defined and set forth in Article 2.A. of this Agreement. Franchisee’s Operations Center must be located within a location and facility approved, in writing, by Franchisor, in Franchisor’s Reasonable Business Judgment.

“Franchisor’s Reasonable Business Judgment” refers to, means and relates to any and all decisions, actions and choices made by Franchisor concerning or relating to this Agreement, the System, Brightly Businesses and the Franchised Business where Franchisor undertakes or makes such decision with the intention of benefitting or acting in a way that could benefit the System including, as examples and without limitation, enhancing the value of the Licensed Marks, increasing customer satisfaction, minimizing potential customer confusion as to the Licensed Marks, determining operating territory markets, minimizing potential customer confusion as to the location of Brightly Businesses, expanding brand awareness of the Licensed Marks, implementing marketing and accounting control systems, approving products, services, supplies and equipment. Franchisee agrees that when a decision, determination, action and/or choice is made by Franchisor in Franchisor’s Reasonable Business Judgment that such decision, determination, action, or choice made by Franchisor shall take precedence and prevail, even if other alternatives, determinations, actions and/or choices are reasonable or arguably available and/or preferable. Franchisee agrees that in connection with any decision, determination, action and/or choice made by Franchisor in Franchisor’s Reasonable Business Judgment that: (a) Franchisor possesses a legitimate interest in seeking to maximize the benefits to the franchise system; (b) Franchisor shall not be required to consider Franchisee’s individual economic or business interests as compared to the overall System; and (c) should Franchisor economically benefit from such decision, determination, action and/or choice that such economic benefit to Franchisor shall not be relevant to demonstrating that Franchisor did not exercise reasonable business judgment with regard to Franchisor’s obligations under this Agreement and/or with regard to the System. Franchisee agrees that neither Franchisee and/or any third party, including, but not limited to, any third party acting as a trier of fact, shall substitute Franchisee’s or such third party’s judgment for Franchisor’s Reasonable Business Judgment. Franchisee further agrees that should Franchisee challenge Franchisor’s Reasonable Business Judgment in any legal proceeding that Franchisee shall possess the burden of demonstrating, by clear and convincing evidence, that Franchisor failed to exercise Franchisor’s Reasonable Business Judgment.

“GAAP” refers to and means United States Generally Accepted Accounting Principles.

“Gross Sales” refers to and means the total dollar sales from all business and customers of the Franchised Business and includes the total gross amount of revenues and sales from whatever source derived, whether in form of cash, credit, agreements to pay or other consideration including the actual retail value of any goods or services traded, borrowed, or received by Franchisee in exchange for any form of non-money consideration (whether or not payment is received at the time of the sale), from or derived by Franchisee or any other person or Corporate Entity from business conducted or which started in, on, from or through the Franchised Business and/or Operating Territory, whether such business is/was conducted in compliance with or in violation of the terms of this Agreement. Supplementing the foregoing, Gross Sales further includes the total gross amount of revenues and sales from whatever source derived from and/or derived by Franchisee (including any person and/or Corporate Entity acting on behalf of Franchisee) from business conducted within and/or outside the Operating Territory that is related to the Franchised Business and/or a Competitive Business located and/or operated within the Operating Territory, outside the Operating Territory, and/or otherwise (the foregoing does not constitute approval for Franchisee’s operation of a Competitive Business and/or the operation of a Brightly Business outside of the Operating Territory). Gross Sales do not include sales or use taxes collected by Franchisee. Gross Sales do not include any revenue or sales derived from Pre-Existing Clients.

“Immediate Family” refers to and means the spouse of a person and any other member of the household of such person, including, without limitation, children of such person.

“IP Claim” shall have the meaning defined and set forth in Article 11.E. of this Agreement.

“Joinder Agreement” refers to and means the form Joinder Agreement attached to this Agreement as Exhibit 1.

“Know-How” refers to means Franchisor’s trade secrets and proprietary information relating to the development, establishment, marketing, promotion and/or operation of a Brightly Business including, but not limited to, methods, techniques, specifications, procedures, policies, marketing strategies and information reflected in, included in, comprising and/or constituting a part of the System. Without limitation to the foregoing, Know-How shall further include information contained in the Operations Manual and the Confidential Information.

“Licensed Marks” refers to and means the trademarks, service marks, emblems and indicia of origin, including the “Brightly” trademark, the Brightly logo, Trade Dress, and other trade names, service marks, trademarks, logos, slogans and designs authorized by Franchisor in connection with the identification of Brightly Businesses and the Approved Services and Products, provided that such trade names, trademarks, service marks, logos and designs are subject to modification, replacement and discontinuance by Franchisor in Franchisor’s Reasonable Business Judgment.

“Managers” refers to and means the Cooperative President plus all assistant managers of the Franchised Business and all other employees, independent contractors, consultants, directors, officers, and board members who may possess access to the Confidential Information.

“Marketing Media” refers to and means all communications, whether written, oral, digital, or otherwise utilized for and/or designed for the purpose of marketing, advertising and/or promoting Franchisee’s Brightly Business including, but not limited to, Direct Solicitations, Web Based Media, Digital Media, social media, print publications, print mailers, email communications and public relations.

“Media Distribution” refers to and means methods, by any means, for the publication, transmission, dissemination, distribution and/or delivery of Marketing Media.

“Non-Compliance Fee” refers to and means a fee payable by Franchisee in an amount equal to the amount of fees, costs, and expenses that Franchisor incurs respecting the enforcement of Franchisor’s rights under this Agreement in response to a default by Franchisee and/or Franchisee’s breach of the terms or conditions of this Agreement. Said costs and expenses shall include any and all reasonable administrative fees, legal fees, mediation and mediator fees, arbitration and arbitrator fees, legal disbursements, mediation disbursements, arbitration disbursements, consultant fees, expert fees, accounting fees and filing fees. Recoverable legal fees also includes legal fees and charges incurred by Franchisor with Franchisor’s outside legal counsel and the reasonable costs incurred by Franchisor as to Franchisor’s in-house legal staff.

“Notice Period” shall have the meaning defined and set forth in Article 16.A. of this Agreement.

“Open Area” refers to a geographic territory and area that (a) is not an Assigned Area; and (b) is located within a 10 mile radius of Franchisee’s Operating Territory.

“Operating Manager” refers to and means the Manager designated by Franchisee or Franchisee’s Cooperative President, that is charged with the obligation and responsibility to supervise and manage (on-site at Franchisee’s Operations Center) the day to day operations of the Franchised Business. At all times, the Operating Manager must: (a) meet all of Franchisor’s minimum training and brand quality control standards and criteria for managers as may be set forth in the Operations Manual; (b) successfully complete Franchisor’s initial training program; (c) sign the Confidentiality Agreement; and (d) agree, in writing, to assume responsibility for the on-site management and supervision of the Franchised Business.

“Operating Territory” refers to and means the territory identified and described in Schedule 1 attached to and made a part of this Agreement. Franchisor, in Franchisor’s Reasonable Business Judgment and discretion, shall determine the Operating Territory.

“Operations Center(s)” refers to and means the fixed administrative offices and/or facilities from which Brightly Businesses are established, operated, and managed.

“Operations Manual” refers to and means, individually and collectively, the manual(s) designated by Franchisor and relating to the development and/or operations of Brightly Businesses including, but not limited to, the policies, procedures and requirements for the development and operation of Brightly Businesses. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, videos, electronic media files, cloud/internet based list-service, intranet, internet based and accessed databases, computer media, email, webinars and other materials as may be modified, added to, replaced or supplemented by Franchisor from time to time in Franchisor’s Reasonable Business Judgment, whether by way of supplements, replacement pages, franchise bulletins, or other official pronouncements or means. Subject to Franchisor’s modification from time to time and based on Franchisor’s Reasonable Business Judgment, the Operations Manual shall, among other things, designate the Approved Services and Products that must be offered and provided by the Franchised Business. Only Approved Services and Products may be offered and sold by the Franchised Business. Only System Equipment and Supplies may be utilized by Franchisee in the operations of the Franchised Business.

“Out of Territory Service” refers to and means the provision of Approved Services and Products within an “Open Area” and in accordance with the Territory Rules.

“Out of Territory Service Request” refers to and means a written documentation that is prepared and submitted in accordance with Franchisor’s standards and specifications wherein Franchisee: (a) identifies the name and contact information of a prospective customer located in an Open Area that has requested the services of Franchisee’s Brightly Business; (b) identifies the date for the proposed services and/or products to be provided by the Franchised Business; and (c) requests Franchisor’s written notification either approving or disapproving Franchisee’s request to provide Approved Services and Products on behalf of the prospective Open Area customer.

“Owner” refers to and means collectively, individually and jointly: (a) the officers and directors of Franchisee (including the officers and directors of any general partner of Franchisee) who hold an ownership interest in Franchisee; (b) the managing member or manager of Franchisee, if franchisee is a limited liability company; (c) all holders of a 5% or more direct or indirect ownership interest in Franchisee and/or of any entity directly or indirectly controlling Franchisee; and (d) the Cooperative President(s). Franchisee’s Owners are identified in Schedule 3 to this Agreement.

“Performance and Royalty Report” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Post-Term Restricted Period” refers to and means the 24 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity. Provided however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “Post-Term Restricted Period” means the 18 month period after the earliest to occur of the following: (a) the expiration or termination of this Agreement for any reason; or (b) the date on which Franchisee Transfers this Agreement to another person or Corporate Entity.

“Pre-existing Clients” refers to clients that Franchisee served pursuant to an Existing Business.

“Product or Supplier Non-Compliance Fee” refers to and means the fee(s) payable by Franchisee to Franchisor in the amount of: (a) \$1,000 per day for each and every day where Franchisee, in the operations and/or management of the Franchised Business, fails to exclusively use the System Supplies and/or fails to exclusively offer and provide the Approved Services and Products; plus (b) the amount of costs and expenses that Franchisor incurs respecting the enforcement of Franchisor’s rights under this Agreement in response to a default by Franchisee for using unauthorized products, services, supplies, and/or sources of supply. Said costs and expenses shall include any and all reasonable administrative fees, legal fees, legal disbursements, consultant fees, expert fees, accounting fees and filing fees. Recoverable legal fees shall include legal fees and charges by both outside legal counsel and/or incurred by Franchisor as to Franchisor’s in-house legal staff. Payment of the foregoing fee(s) does not cure a violation or permit Franchisee to violate the terms of this Agreement.

“Prohibited Activities” shall have the meaning defined and set forth in Article 6.D. of this Agreement.

“Published Content” refers to and means any and all information, data, articles, blog posts, press releases, frequently asked questions, special offers, product information, service information, web posts, videos and other information relating to or concerning the Franchised Business, the System, or the Licensed Marks that is or was made available by Franchisee or Franchisee’s agents to the public in print or electronic media that is published, listed, made available, uploaded on, downloaded to or posted to Digital Media.

“Real Estate Transaction Royalty Fee” shall have the meaning defined and set forth in Article 5.C. of this Agreement.

“Renewal Fee” shall have the meaning defined and set forth in Article 15.A. of this Agreement. The Renewal Fee is a fixed sum of \$500.

“Renewal Term” refers to and means the five year period that commences on the expiration of the Term and continues, unless earlier terminated pursuant to the terms of the then applicable Brightly Business renewal Franchise Agreement, for the five year period thereafter. The Renewal Term applies only if Franchisee is entitled to invoke and does invoke Franchisee’s renewal rights in accordance with the terms of this Agreement including, but not limited to, Article 15 of this Agreement and the applicable Brightly Business renewal Franchise Agreement.

“Reputation Management Services” refers to and means the customer review, customer review monitoring and/or reporting services and/or reputation management services designated by Franchisor. Franchisor, in Franchisor’s Reasonable Business Judgment, shall exclusively select the Reputation Management Services to be used by Franchisee and to determine and select the websites, social media sites, reporting services, surveys, and service platforms to be included in any evaluation and/or determination of Franchisee’s monthly customer satisfaction and approval ratings.

“Reserved Rights” shall have the meaning defined and set forth in Article 2.D. of this Agreement.

“Restricted Territory” refers to and means the geographic area: (a) comprising Franchisee’s Operating Territory; (b) comprising a 25 mile radius surrounding Franchisee’s Operating Territory (or, if Franchisee is not granted or designated an operating territory, then a 25 mile radius surrounding Franchisee’s Operations Center); (c) comprising each of the operating territories, respectively, of other Brightly Businesses that are in operation or under development during all or any part of the Restricted Period; provided, however, that if a court of competent jurisdiction determines that the foregoing Restricted Territory is too broad to be enforceable, then the “Restricted Territory” means the geographic area within Franchisee’s Operating Territory plus a 25 mile radius surrounding Franchisee’s Operating Territory or, if Franchisee is not granted or designated an operating territory, then a 25 mile radius surrounding Franchisee’s Operations Center.

“Royalty Fee(s)” shall have the meaning defined and set forth in Article 5.B. of this Agreement. If any federal, state or local tax other than an income tax is imposed upon the Royalty Fee paid by Franchisee to Franchisor which, Franchisor cannot directly and, dollar of dollar, offset against taxes required to be paid by Franchisor under any applicable federal or state laws, Franchisee must compensate Franchisor in the manner prescribed by Franchisor so that the net amount or net rate received by Franchisor is not less than that which has been established by this Agreement and which was due to Franchisor on the effective date of this Agreement.

“Royalty Rate” shall have the meaning defined and set forth in Article 5.B. of this Agreement.

“Scheduled Business Commencement Date” refers to and means the date that occurs on the 90-day anniversary of the Effective Date of this Agreement.

“Service Vehicle(s)” refers to and means the Franchisor approved commercial vehicle(s) to be acquired, maintained, and operated by Brightly Business franchisees in connection with the day to day operations of a Brightly Business. Franchisee’s Service Vehicle(s) must be dedicated to the day to day operations of the Franchised Business, must be approved by Franchisor, and must meet Franchisor’s specifications as to vehicle models, vehicle age, vehicle type, interior configuration and capability, signs, and exterior vehicle wrap.

“Spouse” refers to and means the legal spouse of an Owner as of the Effective Date.

“Supplemental Training” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplemental Training Fee” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“Supplier Evaluation Fee” refers to and means the fee determined by Franchisor, in Franchisor’s Reasonable Business Judgment, and based upon the fees and/or expenses incurred by Franchisor in connection with the evaluation of a request by Franchisee for Franchisor’s consideration and/or review of a potential supplier. Under no circumstance is Franchisor required to approve of suppliers requested by Franchisee.

“System” shall have the meaning defined in the “Recitals” section of this Agreement and is further supplemented, as follows: without limitation to the Recitals section of this Agreement and supplementing the definition and meaning of the term “System”, System shall be defined to further include and mean: (a) the Approved Services and Products, System Equipment and Supplies and the services, procedures and systems that are designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Brightly Business; (b) the Licensed Marks; (c) the Trade Dress; (d) Copyrights; (e) other trade names, service marks, signs, and logos, copyrights and trade dress that is designated by Franchisor, whether presently or in the future, for use in connection with the development, establishment, marketing, promotion and operation of a Brightly Business; (f) Operations Manual; (g) Business Management System Data; (h) Know-How; (i) Confidential Information; and (j) Digital Media. All determinations as to the system including components to the system and modifications and replacements thereto shall be determined by Franchisor in Franchisor’s Reasonable Business Judgment.

“System Equipment and Supplies” refers to and means the equipment and supplies designated by Franchisor as required for use in connection with Franchisee’s Brightly Business and the Approved Services and Products. Without limitation to the foregoing, the System Equipment and Supplies shall include Brightly branded, non-branded and third party branded equipment and supplies designated by Franchisor for use in the day to day operations of Franchisees Brightly Business including, among other things: materials, point of sale displays, uniforms, equipment, decontamination tools and chemical, stationary, sales slips, receipts, customer notices and other forms and materials, designated by Franchisor in the Operations Manual and/or otherwise in writing and, as may be modified and supplemented by Franchisor from time to time in Franchisor’s Reasonable Business Judgment. System Equipment and Supplies shall further include those products that Franchisor authorizes for sale to customers of Franchisee’s Brightly Business.

“System Related Real Estate Transaction” refers to and means a transaction by Franchisee, an Owner of Franchisee, a Spouse of an Owner and/or a Corporate Entity that is affiliated with Franchisee, an Owner of Franchisee, and/or a Spouse of an Owner, involving the purchase and/or acquisition (whether by fee simple ownership, lease, license and/or option agreement) of real property whereby Franchisee and/or franchisee of the System performed Approved Services and Products or is scheduled to perform Approved Services and Products in the future.

“System Website” refers to and means the web page and/or pages located on the world wide web at the www.brightly.coop URL (uniform resource locator) and shall further include all webpages and subdomains (including those that are franchisee and/or geography specific) that are a part of www.brightly.coop, or as designated by Franchisor being associated with the URL of www.brightly.coop and/or Brightly Businesses.

“**Term**” refers to and means the period of time set forth and defined in Article 2.B. of this Agreement and, the Renewal Term if Franchisee invokes Franchisee’s renewal rights in accordance with the terms of this Agreement.

“**Territory Rules**” shall have the meaning defined and set forth in Article 3.J. of this Agreement.

“**Trade Dress**” refers to and means the Brightly Business designs, images, marketing materials, packaging, branding and/or branding images which Franchisor authorizes and requires Franchisee to use in connection with the operation of the Franchised Business and as may be revised and further developed by Franchisor from time to time.

“**Training Program**” shall have the meaning defined and set forth in Article 4.A. of this Agreement.

“**Transfer**” refers to and means and shall include, without limitation, the following, whether voluntary or involuntary, conditional or unconditional, and/or direct or indirect: (a) an assignment, sale, gift, transfer, pledge or sub-franchise; (b) the grant of a mortgage, charge, lien or security interest, including, without limitation, the grant of a collateral assignment; (c) a merger, consolidation, exchange of shares or other ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or redemption of ownership interests; and (d) a sale or exchange of voting interests or securities convertible to voting interests, or an agreement granting the right to exercise or control the exercise of the voting rights of any holder of ownership interests or to control the operations or affairs of Franchisee.

“**Transfer Fee**” shall have the meaning defined in Article 14.C.(11) of this Agreement. The Transfer Fee is a fixed sum of \$2,500.

ARTICLE 2

GRANT OF FRANCHISE

2.A. GRANT OF FRANCHISE

Franchisee has requested that Franchisor grant to Franchisee the non-exclusive license and right to develop, own and operate a Brightly Business within a specified territory. In reliance on the representations made by Franchisee and/or Franchisee’s Owners in any submitted application and during the application process, and, subject to the terms and conditions of this Agreement, Franchisee’s request has been approved by Franchisor, subject to the following terms and conditions:

- (1) During the Term of this Agreement and subject to the rights of Franchisor including, but not limited to, the Reserved Rights, Franchisor grants to Franchisee and Franchisee accepts, the non-exclusive license, right and obligation to develop and operate a Brightly Business within the Operating Territory;
- (2) If, as of the Effective Date, Franchisee has selected a proposed Operations Center that Franchisor approves as Franchisee’s Operations Center, then the location of Franchisee’s Operations Center shall be identified in Schedule 2 of this Agreement;
- (3) If, as of the Effective Date, Franchisee has not selected a proposed Operations Center location that is approved by Franchisor in Schedule 2 to this Agreement, and/or Schedule 2 to this Agreement is left incomplete as to the specific location of Franchisee’s Operations Center, Franchisee must locate, identify and secure an Operations Center for the Franchised Business in accordance with the terms of this Agreement, including the requirement that Franchisee must obtain Franchisor’s approval of Franchisee’s Operations Center. If, after the Effective Date, Franchisee

proposes and Franchisor approves of Franchisee's proposed Operations Center, such approval must be in writing and must be evidenced by Franchisor's execution of Exhibit 3 with a specific Operations Center location designated and identified in Exhibit 3;

(4) Franchisee must manage the Franchised Business from Franchisee's Operations Center located within Franchisee's Operating Territory;

(5) Franchisee may only operate the Franchised Business within Franchisee's Operating Territory and, without limitation to the foregoing, Franchisee may only offer and sell the Approved Services and Products within Franchisee's Operating Territory and in accordance with the requirements set forth in the Operations Manual;

(6) Except as otherwise provided in this Agreement including, but not limited to, the Reserved Rights, provided that, at all times Franchisee is and remains in compliance with all of the terms and provisions of this Agreement, during the Term of this Agreement, neither Franchisor nor any affiliate of Franchisor will establish or operate, or grant a franchise to any third party to operate, a Brightly Business using the Licensed Marks and System within Franchisee's Operating Territory (provided that an Operating Territory has been designated and approved by Franchisor in accordance with the terms of this Agreement); and

(7) The foregoing rights granted in this Article 2.A. are subject to and contingent upon each and every, term and condition of this Agreement, the rights of any prior user, and are non-exclusive and subordinate to the Reserved Rights.

2.B. TERM

Unless previously terminated pursuant to the terms of this Agreement, the term of this Agreement will be for a period of five years, commencing as of the Effective Date (the "Term").

2.C. OWNERS AGREEMENT, INDIVIDUAL GUARANTEES, CONFIDENTIALITY AND RESTRICTIVE COVENANTS

If Franchisee is, at any time, a Corporate Entity, Franchisee agrees that each shall execute, sign, and deliver to Franchisor and shall be bound by the provisions, obligations and responsibilities set forth in this Agreement by executing the Joinder Agreement attached to this Agreement as Exhibit 1. Notwithstanding anything contained in the Agreement and Joinder Agreement to the contrary, provided that Franchisee, Owners, Spouses and/or Immediate Family Members are not in violation of the restrictive covenants set forth in Article 6 of the Franchise Agreement nor have done any intentional or grossly negligent act to the material detriment of Franchisor, there will be no personal obligation to any Owners of Franchisee for any obligation owed to Franchisor by Franchisee.

2.D. RESERVATION OF RIGHTS

Franchisor on behalf of itself, its affiliates and its assigns retains all rights, on any and all terms and conditions that Franchisor deems advisable and without any compensation or consideration to Franchisee to engage in the following activities (the "Reserved Rights"): (a) operate and grant to others the right to operate a Franchised Business, Brightly Business and/or other businesses using the System and Licensed Marks at locations outside Franchisee's Operating Territory; (b) acquire or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, and after such acquisition, merger or affiliation to own and operate and to franchise or license others to own and operate and to continue to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Operating Territory; (c) be acquired by or merge with or otherwise affiliate with one or more businesses of any kind, including businesses that are Competitive Businesses, even if such business or businesses presently or, in the future, own and operate and franchise

or license others to own and operate such businesses, including Competitive Businesses (but not utilizing the Licensed Marks) within Franchisee's Operating Territory; (d) use the Licensed Marks and System to offer, sell, and provide Approved Services and Products or products and services similar to the Approved Services and Products offered and sold by the Franchised Business on behalf of National Accounts within or outside Franchisee's Operating Territory; and (e) use the Licensed Marks and System and to license others to use the Licensed Marks and System to engage in all other activities not expressly prohibited by this Agreement.

2.E. MODIFICATION OF SYSTEM

Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right at all times to supplement, modify, alter and/or amend the System. Franchisee shall promptly comply with all such modifications to the System whether such modification(s) results in the addition, subtraction, modification and/or enhancement to any and/or all components of the System. Franchisor shall provide Franchisee with a reasonable time period to comply with any change or modification to the System which shall be communicated in writing by Franchisor to Franchisee, including, but not limited to, modifications, updated, amendments, and changes made by Franchisor to the Operations Manual. Franchisor's modifications to the System shall not materially alter Franchisee's fundamental rights under this Agreement.

2.F. OWNERSHIP OF CORPORATE ENTITY

If Franchisee is a Corporate Entity, Franchisee represents that the information contained in Schedule 3 to this Agreement is true and accurate.

ARTICLE 3 **FRANCHISEE'S DEVELOPMENT, COMMENCEMENT AND** **OPERATION OF THE FRANCHISED BUSINESS**

3.A. COMMENCEMENT OF THE FRANCHISED BUSINESS

Franchisee must develop and open the Franchised Business to the public and, commence the day to day operations of the Franchised Business, on or before the Scheduled Business Commencement Date. Notwithstanding the foregoing, Franchisee agrees that prior to opening and commencing the operations of the Franchised Business, Franchisee must, as determined by Franchisor: (a) be in compliance with the terms and conditions of this Agreement; (b) have satisfied the pre-opening obligations designated by Franchisor in the Operations Manual; (c) have completed and satisfied the training obligations designated by Franchisor; and (d) obtained Franchisor's written consent to open.

3.B. OPERATIONS OF THE FRANCHISED BUSINESS

At all times, Franchisee's Brightly Business shall: (a) be exclusively operated from an approved Operations Center; (b) exclusively offer, sell and provide the Approved Services and Products; (c) ensure that the Approved Services and Products are only offered and provided by Franchisee through employees and/or Owners that have, to Franchisor's satisfaction, completed the training requirements and Training Programs required by Franchisor; (d) exclusively utilize, maintain and stock in inventory the System Equipment and Supplies in such quantities and as designated by Franchisor; (e) exclusively purchase the System Equipment and Supplies from the supplier and/or suppliers, vendor and/or vendors approved by Franchisor and designated by Franchisor, in Franchisor's Reasonable Business Judgment; (f) be exclusively managed and operated by Franchisee or, if Franchisee is a Corporate Entity, Franchisee's Cooperative President; and (g) be operated in conformity with the Operations Manual as such Operations Manual exists as of the Effective Date of this Agreement and as the Operations Manual may be modified and supplemented from time to time in the future by Franchisor, in Franchisor's Reasonable Business Judgment.

3.C. FRANCHISEE'S OPERATIONS CENTER

At all times Franchisee must operate the Franchised Business from an Operations Center that conforms to

Franchisor's standards and specifications and such other requirements as set forth in the Operations Manual. Franchisee must obtain Franchisor's written approval of the location of Franchisee's Operations Center. If permitted by applicable laws, rules and regulations including, but not limited to, local zoning laws and regulations (to be independently verified by Franchisee) Franchisee may designate Franchisee's personal residence as Franchisee's Operations Center. Otherwise, Franchisee must develop Franchisee's Operations Center from a commercial location. As applicable, Franchisor will furnish Franchisee with Franchisor's then current preliminary plans and specifications for an Operations Center.

Franchisee shall develop, operate and manage the Franchised Business from an Operations Center, that: (a) was identified and evaluated by Franchisee; (b) complies with the terms and conditions of this Agreement; (c) satisfies and meets Franchisor's standards and specifications; (d) is timely presented by Franchisee to Franchisor for approval as Franchisee's proposed Operations Center; (e) is approved by Franchisor as Franchisee's Operations Center; (f) is timely secured by Franchisee within 60 days of the Effective Date of this Agreement, as evidenced by a binding lease with a duration equal to the full Term of this Agreement; (g) is and, at all times, shall be exclusively dedicated to the operation of the Franchised Business; and (h) otherwise meets the terms and conditions of this Agreement and Franchisor's standards and specifications.

Franchisee will not lease, purchase, or otherwise acquire a proposed Operations Center until such information as Franchisor may require as to the proposed Operations Center has been provided to Franchisor by Franchisee and, Franchisor has approved the location in accordance with the terms and conditions of this Agreement. Franchisor shall respond to Franchisee's request for approval of a proposed Operations Center within a reasonable time period but not exceeding 30 days following Franchisor's receipt, from Franchisee, of complete written information about Franchisee's proposed Operations Center. If Franchisor rejects or disapproves Franchisee's proposed Operations Center, Franchisee must nevertheless identify and obtain Franchisor's approval of a proposed Operations Center within the time requirements set forth in this Agreement. Franchisor's disapproval of a proposed Operations Center shall not serve as a basis to extend any deadline or requirement set forth in this Agreement.

Franchisor's approval of Franchisee's proposed Operations Center is not and does not constitute a representation or warranty by Franchisor of any kind other than that Franchisor does not object to or disapprove of Franchisee's proposed Operations Center. No provision of this Agreement shall be construed or interpreted to impose an obligation on Franchisor to locate an Operations Center for the Franchised Business, to assist Franchisee in the selection of a suitable Operations Center for the Franchised Business or to provide assistance to the Franchisee in the purchase or lease of an Operations Center.

3.D. FURNITURE, FIXTURES, EQUIPMENT AND SIGNS

Franchisee agrees to use in the construction and operation of Franchisee's Operations Center only those types of construction and decorating materials, fixtures, equipment, furniture, and signs that Franchisor has approved or designated in the Operations Manual for Franchised Business as meeting Franchisor's specifications and standards for appearance, function, and performance. Franchisee shall purchase approved or designated types of construction and decorating materials, fixtures, equipment, furniture, and signs including, but not limited to, System Equipment and Supplies, only from suppliers approved or designated by Franchisor (which may include Franchisor and/or its affiliates) from time to time in writing and/or in the Operations Manual.

3.E. ON-GOING PURCHASE OF EQUIPMENT AND SUPPLIES

At all times during the Term of this Agreement and in connection with the day to day operations of the Franchised Business, Franchisee shall exclusively utilize the System Equipment and Supplies and Franchisee shall exclusively purchase the System Equipment and Supplies from the supplier and/or suppliers and vendor and/or vendors designated by Franchisor from time to time. Franchisee agrees that control over the nature, quality, branding and source of the System Equipment and Supplies is critical to

the System and that irrespective of the availability of substitute products, supplies, equipment and/or sources of supply, Franchisee shall only utilize the System Equipment and Supplies as designated by Franchisor and only from those suppliers designated and approved by Franchisor. Franchisee further agrees that in many instances Franchisor and/or Franchisor's affiliates may be and/or may become the sole and exclusive supplier of the System Equipment and Supplies.

3.F. SERVICE VEHICLES

Franchisee may, but is not obligated to, operate a branded and wrapped vehicle (the "Service Vehicle"), provided that any use of the Licensed Marks on the Service Vehicle is subject to Franchisor's approval, which shall be based upon Franchisor's Reasonable Business Judgment.

3.G. BUSINESS MANAGEMENT SYSTEM

At all times, Franchisee shall exclusively utilize the Business Management System(s) designated by Franchisor, in Franchisor's Reasonable Business Judgment, and as may be modified, supplemented, or replaced by Franchisor from time to time. Franchisee cannot substitute or replace the Business Management System in favor of any substitutes or other systems. To the extent that the Business Management System is hosted, maintained, licensed, or operated by third party suppliers Franchisee shall purchase, license and maintain such Business Management System and/or systems from such third party suppliers designated by Franchisor and subject to Franchisor's standards and specifications. To the extent that the Business Management System(s) designated is/are internet or cloud-based systems with accounts and data (including accounts and data associated with the Franchised Business) stored off-site Franchisor, in Franchisor's Reasonable Business Judgment, may require that Franchisee's license, utilization and use of the Business Management System occur through accounts registered to Franchisor, controlled by Franchisor, or licensed through Franchisor. To the extent that the Business Management System(s) is/are stored locally on computer systems maintained by Franchisee, then Franchisee shall provide Franchisor with internet and complete remote access to such systems. Franchisor may be and/or become the exclusive supplier and/or reseller of the Business Management System.

Franchisee shall be responsible for initial license fees, training fees and continuing monthly license fees required for continued and mandatory access and utilization of the Business Management System. Such fees shall be designated and determined by Franchisor, in Franchisor's Reasonable Business Judgment or by the suppliers designated by Franchisor and approved by Franchisor in Franchisor's Reasonable Business Judgment, and shall be paid to Franchisor and/or to the third party supplier(s) approved by Franchisor. Franchisee must complete training, purchase, and license the Business Management System(s) no later than 45 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date.

Supplementing and without limitation to the foregoing, Franchisee agrees that the Business Management System will contain proprietary and confidential information owned by Franchisor and related to the System, and that:

- (1) Franchisee shall use the Business Management System and the Business Management System Data for the exclusive benefit of the Franchised Business and in accordance with the terms of this Agreement and Franchisor's standards and specifications as set forth in the Operations Manual;
- (2) All rights in and to the Business Management System are non-transferable and non-assignable to Franchisee and shall be utilized by Franchisee subject to the terms and conditions of this Agreement, Business Management System licenses that Franchisor may approve of and otherwise as determined by Franchisor in Franchisor's Reasonable Business Judgment;

(3) As between Franchisee and Franchisor, Franchisor is and shall be the exclusive owner of the Business Management System Data, except that Franchisee shall store and maintain such data in accordance with all applicable local, state, and federal privacy, data collection and solicitation laws. Among other things, upon expiration or termination of this Agreement for any reason, Franchisee shall preserve and maintain the Business Management System data for the purpose of transferring such data to Franchisor;

(4) At all times, Franchisee shall provide and permit Franchisor to maintain direct and independent access to the Business Management System and the Business Management System Data and to duplicate and evaluate data the Business Management System Data If applicable, upon Franchisor's request, Franchisee shall electronically transfer and transmit to Franchisor all Business Management System Data;

(5) When instructed by Franchisor, Franchisee shall upgrade, replace, and modify the Business Management System;

(6) Franchisee shall promptly disclose to Franchisor all ideas and suggestions for modifications or enhancements to the Business Management System, to the configuration and templates associated with the Business Management System and that Franchisor shall have the right to use such ideas and suggestions and that Franchisee shall not receive or obtain any ownership rights or interests in any modifications or enhancements to the Business Management Software;

(7) Other than permitting access to employees of the Franchised Business for the purpose of conducting the authorized operations of the Franchised Business, Franchisee shall not permit nor allow any third party to access, utilize, or duplicate the Business Management System or the Business Management System Data without Franchisor's prior written consent;

(8) Franchisee shall keep and maintain the Business Management System and the Business Management System Data as secret and confidential, and Franchisee shall maintain security precautions to maintain the confidentiality and secrecy of the Business Management and to prevent the unauthorized access or use;

(9) Management Software System and all information, data and templates stored, entered and/or maintained thereon as confidential, as containing trade secrets of Franchisor that we have entrusted to Franchisee in confidence to use only as Franchisor authorizes; and

(10) In no event shall Franchisor be liable to Franchisee for any damages, including any lost profits, lost savings, or other incidental or consequential damages, relating to Franchisee's use or, Franchisee's inability to use, the Business Management System even if Franchisor has been advised of the possibility of such damages, or for any claim by any other party including the software manufacturer. The foregoing limitations of liability are intended to apply without regard to whether other provisions of the Agreement have been breached or proven ineffective.

3.H. DIGITAL MEDIA, SYSTEM WEBSITE AND TELEPHONE NUMBERS

Franchisee agrees the significance of Digital Media to the System and necessity for Franchisor's control over Digital Media. Between Franchisor and Franchisee, Franchisor is the absolute owner of the Digital Media. Franchisee shall not utilize, access or open accounts regarding or related to Digital Media unless expressly approved by Franchisor in writing which approval Franchisor may withhold, condition or limit as determined by Franchisor in Franchisor's Reasonable Business Judgment and which approval, if given, shall be limited to the marketing and promotion of the Franchised Business in accordance with Franchisor's standards and specifications. Upon expiration or termination of this Agreement for any reason, any prior

authorization by Franchisor as to Franchisee's right to utilize the Digital Media and/or otherwise as to any rights of Franchisee in or to the Digital Media shall be automatically terminate and, at Franchisor's election, the right to any and all accounts and/or sites (if any) associated with Digital Media utilized by Franchisee shall be transferred to Franchisor. Under no circumstance shall Franchisee utilize the Digital Media for purposes of or with the effect of libeling or disparaging another nor shall Franchisee violate any copyrights – as to such actions as between Franchisee and any third party, Franchisee is exclusively responsible for disparagement, libel and/or copyright infringement if Franchisee published and/or caused such content to be published.

Franchisee agrees that Digital Media and/or Published Content, if permitted by Franchisor, must be approved by Franchisor prior to publication or use in any form. Digital Media and Published Content that is approved by Franchisor or that otherwise is acceptable to Franchisor as meeting Franchisor's standards shall be owned by Franchisor. As between Franchisor and Franchisee, any and all interest and right in or to the Digital Media and/or Published Content shall, at all times, be and is the exclusive property of Franchisor both during the Term of this Agreement and upon the expiration or termination of this Agreement. Franchisee agrees that the System Website and all improvements and modifications made to the System Website, Digital Media, and Published Content is and shall be the exclusive property of Franchisor. During the Term of this Agreement and subject to Franchisee's compliance with the terms and conditions of this Agreement, the System Website, shall include information related to the Franchised Business as shall be determined and designated by Franchisor in Franchisor's Reasonable Judgment.

Franchisee agrees that in the event of the termination of this Agreement, for any reason, that the accounts related to all telephone numbers associated with the Franchised Business and all rights in and to the telephone numbers associated with the Franchised Business, shall, at Franchisor's election, be transferred to Franchisor.

Without limitation to the foregoing, Franchisee shall, upon the request of Franchisor, execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 4. Upon the request of Franchisor, Franchisee shall execute, update, and/or re-execute the Assignment of Telephone Numbers and Digital Media agreement upon the request of Franchisor. As between Franchisor and all third parties, Franchisee does hereby represent and acknowledge that such third party is authorized to rely on the Assignment of Telephone Numbers and Digital Media agreement, irrespective of any dispute and/or controversy between Franchisor and Franchisee and irrespective of any contrary instructions of Franchisee.

3.I. RELOCATION OF FRANCHISEES OPERATIONS CENTER

To the extent that Franchisee wishes to relocate Franchisee's Operations Center to a suitable commercial facility or alternate residence, then Franchisee must obtain Franchisor's prior written consent which shall not be unreasonably withheld provided that Franchisee is in compliance with the terms and conditions of this Agreement and provided that the new location and/or facility meets Franchisor's then current standards and specifications.

3.J. OUT OF TERRITORY SERVICE

Unless otherwise agreed to by Franchisor in writing, the license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to the existence of an Open Area and Franchisee's compliance with following rules and requirements ("Territory Rules"), Franchisee may provide the Approved Services and Products on behalf of customers located within an Open Area:

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Territory Rules

(1) Franchisee must conduct the operations of the Franchised Business from within Franchisee's Operating Territory and Franchisee must provide the Approved Services and Products on behalf of customers located within Franchisee's Operating Territory unless otherwise agreed to in writing by Franchisor. The marketing of the Franchised Business must be targeted to Franchisee's Operating Territory and, at all times, must conform and comply with, among other things, the restrictions set forth in Article 9.F. of this Agreement; and

(2) Provided that Franchisee: (i) does not engage in any Direct Solicitation of customers or potential customers outside of Franchisee's Operating Territory without Franchisor's express written consent, (ii) Franchisee does not otherwise violate the restrictions set forth in Article 9.F. of this Agreement, and (iii) In each instance Franchisee provides Franchisor with an Out of Territory Service Request that, in writing, is approved by Franchisor, Franchisee's Brightly Business may, on a non-exclusive basis, provide an Approved Services and Products to a customer within an Open Area. Franchisee agrees that Franchisee must obtain Franchisor's approval in each, and every instance and that Franchisor may reject or disapprove of Franchisee's Out of Territory Service Request in Franchisor's Reasonable Business Judgment;

Nothing contained in this Article 3.I. shall expand either the non-exclusive franchise rights granted to franchisee in Article 2 of this Agreement or, Franchisee's Operating Territory and, in the event of any inconsistency or conflict between the terms of this Article 3.J. and Article 2, Article 2 shall take precedence and govern.

3.K. NATIONAL ACCOUNTS

The license and rights granted to Franchisee in this Agreement are limited to, among other things, the Operating Territory, the grant of franchise rights set forth in Article 2.A. of this Agreement, and the reservation of rights set forth in Article 2.D. of this Agreement. Subject to the following terms and conditions and, Franchisee's compliance with same (hereinafter, the "National Account Rules"), Franchisee may provide Approved Services and Products on behalf of a National Account location within Franchisee's Operating Territory:

National Account Rules

- (1) Franchisee must be in compliance with the terms and conditions of this Agreement;
- (2) If Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee possesses the operational capacity and experience sufficient for performing the services on behalf of the National Account, Franchisor shall submit to Franchisee a proposed work order (the "Work Order") to Franchisee disclosing that portion of the Approved Services and Products designated by Franchisor to be performed by Franchisee, the pricing related thereto, timing requirements, and other information determined to be relevant by Franchisor;
- (3) Franchisee shall have 10 days to evaluate the Work Order and determine whether or not Franchisee wishes to accept same; and
- (4) If Franchisee elects to accept the Work Order, Franchisee shall perform and comply with same. If Franchisee elects to reject the work order Franchisee is under no obligation to perform same. If Franchisee fails to respond in writing within 10 days where Franchisee either accepts or rejects the Work Order, Franchisee shall be deemed to have rejected the Work Order.

Franchisee agrees that if Franchisor, in Franchisor's Reasonable Business Judgment, determines that Franchisee does not possess the requisite capacity, skills and/or resources to provide Approved Services and Products in connection with the National Account, that Franchisor may elect to not submit a Work Order to Franchisee and either Franchisor, Franchisor's affiliates, and/or other System franchisee's may be selected to provide Approved Services and Products on behalf of a National Account located within Franchisee's Operating Territory.

3.L. CONTACT CENTER AND CONTACT CENTER SERVICES

Franchisee agrees that Franchisor, in Franchisor's Reasonable Business Judgment and sole discretion, may implement and require that Franchisee, at Franchisee's cost and expense, participate in utilizing the Contact Center and Contact Center Services designated by Franchisor and as may be modified by Franchisor from time to time. Franchisee shall pay for all costs and expenses charged to Franchisee for Contact Center Services. Fees for Contact Center Services shall, in Franchisor's Reasonable Business Judgment, be exclusively determined by Franchisor from time to time and may include fixed general overhead fees and variable fees related to contacts involving or potentially involving Franchisee's Brightly Business.

ARTICLE 4

TRAINING AND OPERATING ASSISTANCE

4.A. INITIAL TRAINING, SUPPLEMENTAL TRAINING AND SYSTEM-WIDE TRAINING

(1) Within 45 days of the earlier of the Scheduled Business Commencement Date or the Actual Business Commencement Date, Franchisee's Cooperative President and one manager must complete, to Franchisor's satisfaction, Franchisor's initial training program (the "Training Program").

Franchisor will provide Franchisee (comprised of Franchisee's Cooperative President, and one designated manager) with Franchisor's Training Program. If Franchisee would like more than two individuals to attend the initial Training Program, subject to Franchisor's approval, Franchisee shall pay to Franchisor an additional fee of up to \$1,000 per additional person attending the Training Program. Prior to opening and commencing the operations of the Franchised Business, the Cooperative President, and other personnel as designated or determined by Franchisor, must attend, and successfully complete the Training Program designated by Franchisor. The training will include classroom and on-the-job instruction at a location or facility designated by Franchisor. Following completion of the initial Training Program, Franchisee shall be responsible for the ongoing training of Franchisee's employees, staff, and all other employees of the Franchised Business. Said on-going training must conform to Franchisor's standards and specifications. The Training Program shall be structured, configured, and established by Franchisor from time to time. The Training Program may be structured so that it is offered and completed by Franchisee in various phases which may require participation in interactive Webinar type sessions and on-site training at the training site designated by the Franchisor.

(2) Franchisee (or, if Franchisee is a Corporate Entity, Franchisee's Cooperative President) and Manager, at Franchisee's sole cost and expense, must attend and successfully complete all refresher training courses or system-wide training courses, additional training programs and seminars as Franchisor periodically may designate or offer in Franchisor's Reasonable Business Judgment. Franchisor provides instructors and training materials for those programs and seminars, but Franchisor reserves the right to assess Franchisee reasonable charges for such training. Franchisee is responsible for all expenses Franchisee and Franchisee's employee incurs in connection with attendance and participation in these programs and seminars, including, without limitation, the cost of transportation, lodging, meals and any salaries and other wages.

(3) Franchisee shall pay lodging, food, automobile rental, travel costs and all other expenses for those persons who, on behalf of Franchisee, attend and participate in the Training Program. If the Training Program is provided at the Franchised Business by a representative of Franchisor (provided that Franchisor, in Franchisor's sole discretion, elects to do so), then the Franchisee will pay for the reasonable travel costs, lodging, food, automobile rental and other expenses incurred by Franchisor's representative in connection with such training.

(4) Subject to Franchisor's approval and agreement, Franchisor may offer supplemental training to Franchisee at Franchisee's Operations Center (hereinafter referred to as "Supplemental Training"). Franchisor, in Franchisor's Reasonable Business Judgment, reserves the right to reject or approve of any request by Franchisee for Supplemental Training. If Franchisor does agree to offer and provide Supplemental Training, Franchisee shall pay to Franchisor a supplemental training fee at the rate of \$500 per on-site trainer per day plus reimbursement of the travel and hotel accommodation expenses that Franchisor's trainers reasonably incur (the "Supplemental Training Fee"). Franchisee agrees that if Franchisee is in breach of this Agreement due to the operations of the Franchised Business, Franchisor may require that Franchisee participate in and pay for Supplemental Training.

(5) If the Franchised Business experiences turnover, each newly hired Manager must, prior to being able to work in the Franchised Business complete, at Franchisee's expense, Franchisor's initial Training Program at a location and facility designated by Franchisor. In connection with such training, if training occurs (subject to Franchisor's discretion) at a Brightly Operations Center designated by Franchisor, Franchisee shall pay to Franchisor a training fee of up to \$1,000 per Manager, per day for each Manager attending Franchisor's Training Program. Notwithstanding the foregoing, Franchisor, in Franchisor's sole discretion, may treat such training as Supplemental Training and provide the Training Program on-site at Franchisee's Operations Center wherein Franchisee shall pay to franchisor the fees and reimburse Franchisor of the expenses set forth in Article 4.A.(4), above.

(6) Franchisor, in Franchisor's Reasonable Business Judgment must approve of all individuals attending and participating in the Training Program and all Supplemental Training programs. All participants in the Training Program must qualify as either an Owner or Operating Manager and, prior to training, among other things, must have executed the Confidentiality Agreement.

4.B. OPERATING ASSISTANCE

From time to time, as determined by Franchisor in Franchisor's Reasonable Business Judgment, Franchisor shall advise Franchisee of those applicable standards, procedures, and System requirements in connection with Franchisee's operation of the Franchised Business. Operating assistance may, as determined by Franchisor, in Franchisor's sole discretion, consist of:

(1) Establishing and communicating to franchisee operating procedures, improvements to the System and modifications to the System in connection with the Franchisee's operation of the Franchised Business, the Approved Services and Products, equipment to be purchased and utilized by Franchisee and those systems and procedures to be utilized by Franchisee in connection with Franchisee's training of service employees and Franchisee's marketing and promotion of the Franchised Business;

(2) Establishing and communicating additional and/or modified Approved Services and Products that may be authorized for Brightly Businesses;

(3) Modifying the Approved Services and Products authorized for Brightly Businesses;

- (4) Establishing and communicating marketing and promotion standards and base campaigns that are authorized for use by franchisees in connection with the operation and promotion of Brightly Businesses;
- (5) Establishing and communicating advertising and promotional programs and standards for use by franchisees in connection with the operation and promotion of Brightly Businesses;
- (6) Approving or disapproving of Franchisee request to utilize marketing and promotion materials and media not previously authorized by Franchisor;
- (7) Establishing and communicating administrative and general operating procedures for use by franchisees in connection with the operation of Brightly Businesses;
- (8) Establishing, updating, revising, and communicating a list(s) of approved suppliers of products, supplies, equipment, software systems and marketing related services including, but not limited to the System Equipment and Supplies, as Franchisor deems appropriate and as may be otherwise designated by Franchisor in Franchisor's Reasonable Business Judgment;
- (9) Coordinating an Annual System Conference for System franchisees that are in good standing with Franchisor. Franchisee shall be responsible for all expenses of its personnel attending the annual meeting including travel, meals, and lodging. Franchisee shall be required to pay to Franchisor an Annual Conference Attendance Fee. Franchisee agrees that if Franchisee fails to attend the Annual System Conference that Franchisor shall, nevertheless, charge and Franchisee shall pay the Annual Conference Attendance Fee – even if Franchisor waives such fee for franchisees who attend the Annual System Conference; and
- (10) Establish and communicate guidance to Franchisee in the form of the Operations Manual and as Franchisor, in Franchisor's sole discretion, deems appropriate in the form bulletins or other written materials, telephonic consultations and/or consultations at the offices of Franchisor.

4.C. OPERATIONS MANUAL

Franchisor shall loan to Franchisee during the Term of the franchise one copy (in digital format or in print, as determined by Franchisor) of the Operations Manual. The Operations Manual contains mandatory and suggested specifications, standards, and operating procedures that Franchisor prescribes for Brightly Businesses and information relative to other obligations of Franchisee. Franchisee must operate the Franchised Business in accordance with the specifications and requirements set forth in the Operations Manual and as same may be modified, supplemented and/or changed by Franchisor from time to time. Franchisor has the right to add to, and otherwise modify, the Operations Manual to reflect changes in the Approved Services and Products, Brightly Business System Equipment and Supplies, specifications, standards, and operating procedures of a Brightly Business. Franchisee must keep its copy of the Operations Manual current and in a secure location at Franchisee's Operations Center. If the Operations Manual is provided to Franchisee in electronic format, Franchisee shall not permit third party access to the Operations Manual. The master copy of the Operations Manual that Franchisor maintains at Franchisor's principal office controls if there is a dispute relative to the contents of the Operations Manual. Franchisee shall have a reasonable period of time to implement the changes in the System required by changes to the Operations Manual. Franchisor shall give Franchisee written notice of the changes required and the period of time within which the changes must be implemented by Franchisee. Without limitation to the foregoing, Franchisee may only offer and sell the Approved Services and Products and utilize the System Equipment and Supplies as designated by Franchisor, in Franchisor's Reasonable Business Judgment, in the Operations Manual and in accordance with the terms, specifications and requirements set forth in the Operations Manual and as Franchisor may supplement and modify the Operations Manual from time to time or as

Franchisor may otherwise designate in writing.

ARTICLE 5

FEES

5.A. INITIAL FRANCHISE FEE

Upon execution of this Agreement Franchisee shall pay to Franchisor a non-recurring initial franchisee fee (the “Initial Franchise Fee”) of \$0 for an Operating Territory.

Classification of Franchisee’s Operating Territory as Operating Territory and the corresponding Initial Franchise Fee, is set forth in Schedule 2 attached to this Agreement. The Initial Franchise Fee is fully earned by Franchisor upon execution of this Agreement and is not refundable.

If, during the original five year Term of this Agreement Franchisee enters into any additional Franchise Agreements with Franchisor for additional Brightly Businesses, then Initial Franchise Fee for an Operating Territory shall be discounted by the sum of \$10,000 off of Franchisor’s then current franchise fee for an Operating Territory or its equivalent. All subsequent Franchise Agreements between Franchisor and Franchisee shall be subject to the terms and conditions of Franchisor’s then current Franchise Agreement and shall be subject to Franchisor’s acceptance and approval of Franchisee’s request to enter into any subsequent Franchise Agreements which Franchisor may approve or disapprove in Franchisor’s Reasonable Business Judgment.

5.B. ROYALTY FEES

Throughout the Term of this Agreement and any applicable renewal term, Franchisee shall pay to Franchisor a continuing monthly non-refundable royalty fee (the “Continuing Royalty Fee”) in an amount equal to 5% (the “Royalty Rate”) of Franchisee’s monthly Gross Sales. The Continuing Royalty Fee shall be calculated on a monthly basis for each respective monthly Accounting Period, except that, if the Effective Date of this Agreement is prior to December 31, 2020, the Continuing Royalty Fee will be waived for the first six monthly Accounting Periods.

The Continuing Royalty Fee is on-going and is payable in cash and calculation of the on-going Continuing Royalty Fee to be paid monthly (or based on such other Accounting Period designated by Franchisor) shall be on-going based on the Gross Sales for the previous monthly Accounting Period for each and every month throughout the Term of this Agreement and any applicable renewal term. Continuing Royalty Fee payments will be paid monthly and sent by ACH and/or electronic funds transfer, due on the last Monday of each monthly Accounting Period (for the preceding month and each month thereafter throughout the entire Term of this Agreement) or such other specific day of the month that Franchisor designates from time to time or for such other period that Franchisor may designate (the “Due Date”) (the term Due Date is further defined in Article 1 of this Agreement). Upon the request of Franchisor and in no event not later than 30 days prior to the earlier of the Actual Business Commencement Date or the Scheduled Business Commencement Date, Franchisee shall execute Franchisor’s designated ACH Authorization Form and such other authorization agreements, in the form proscribed by Franchisor, for preauthorized payment of Royalty Fee payments, and other amounts due from Franchisee under this Agreement, by electronic transfer of funds from Franchisee's bank account to the bank account that Franchisor designates. As of the Effective Date, Franchisor’s current ACH Authorization Form that must be executed and complied with by Franchisee is attached hereto as Exhibit 6. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than ACH and/or automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

On the Due Date each month, Franchisee shall report by telephone, electronic means, or in written form, as Franchisor directs, a performance and royalty report itemizing actual sales achieved by the Franchised

Business and any deductions therefrom to arrive at the Gross Sales for the preceding monthly Accounting Period and other business and financial performance data designated by Franchisor (the “Performance and Royalty Report”) and any other reports required under this Agreement. Franchisor shall have the right to verify such royalty payments from time to time, as it deems necessary in any reasonable manner. If Franchisee fails to have sufficient funds in its account or otherwise fails to pay any royalties due as of the Due Date, Franchisee shall owe, in addition to such royalties, a late charge equal to \$50; provided, however, in no event shall Franchisee be required to pay a late fee at a rate greater than the maximum commercial contract interest rate permitted by applicable law. Further, if Franchisee fails pay the Royalty Fee by the Due Date and fails to submit an accurate Performance and Royalty Report by the Due Date of each month for the preceding month, Franchisee must pay, in addition to royalties, a late charge in the amount of \$50. Franchisor may require Franchisee to pay the Royalty Fees and other amounts due under this Agreement by means other than automatic debit whenever Franchisor deems appropriate, and Franchisee agrees to comply with Franchisor's payment instructions.

5.C. WITHHOLDING PAYMENTS UNLAWFUL

Franchisee agrees that under no circumstance is Franchisee entitled to withhold payments due to Franchisor under this Agreement. Among other things and without limitation to the foregoing, Franchisee expressly agrees that any claim by Franchisee as to the alleged non-performance of Franchisor's obligations shall not permit and/or entitle Franchisee to withhold payments due Franchisor under this Agreement.

5.D. INTEREST, COLLECTION COSTS AND ATTORNEY FEES

All unpaid obligations due from Franchisee to Franchisor under this Agreement (of any nature) shall automatically bear interest from the date due until paid at the lesser of: (a) 12% per annum, or (b) the maximum rate allowed by applicable law. However, if such past due obligation remains unpaid for more than 30 days, then the amount of the unpaid and past due obligation will bear simple interest at the lesser of 18% simple interest per annum or the maximum legal rate allowable by applicable law. Furthermore, the Franchisee will pay Franchisor for any and all costs incurred by Franchisor in the collection of such unpaid and past due obligations including, but not limited to, reasonable attorney's fees. Additionally, if Franchisee's bank account possesses insufficient funds and/or fails to process a payment related to any fee due to Franchisor, Franchisor may charge the greater of either (i) 5% of the amount; (ii) \$50 for each instance; or (iii) the maximum amount allowed by law.”

Franchisee agrees that this Article 5.C. does not constitute Franchisor's agreement to accept payments after they are due or a commitment by Franchisor to extend credit to, or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee agrees that Franchisee's failure to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Article 16.

5.E. APPLICATION OF PAYMENTS

Franchisor has sole discretion to apply any payments received from Franchisee or to offset any indebtedness of Franchisee to Franchisor to any past due indebtedness of Franchisee for Royalty Fees, Advertising Contributions, purchases from Franchisor or its affiliates, interest, or any other indebtedness of Franchisee to Franchisor or its affiliates.

ARTICLE 6

FRANCHISEE'S AND FRANCHISEE'S OWNERS RESTRICTIVE COVENANTS AND OBLIGATIONS

6.A. NECESSITY FOR RESTRICTIVE COVENANTS

Franchisee agrees that only through the course of entering into this Agreement is Franchisee being provided with access to the System, Franchisor's training, use of the Licensed Marks and access to the Operations

Manual and Confidential Information. Franchisee agrees that competition by Franchisee, Owners, Spouses, and Immediate Family Members could jeopardize the entire System and cause irreparable harm to Franchisor and franchisees of Brightly Businesses. Accordingly, Franchisee and Franchisee's Owners (and Spouses) agree to comply with the restrictive covenants set forth in this Article 6 and throughout this Agreement.

6.B. RESTRICTIVE COVENANTS: KNOW-HOW

Franchisee agrees that Franchisee, to the best of its abilities: (a) shall not use the Know-How in any business or capacity other than the operation of the Franchised Business pursuant to this Agreement; (b) shall maintain the confidentiality of the Know-How at all times; (c) shall not make unauthorized copies of documents containing any Know-How; (d) shall take all reasonable steps that Franchisor requires from time to time to prevent unauthorized use or disclosure of the Know-How; and (e) shall stop using the Know-How immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's directors, officers, employees, and agents where disclosure of the Know-How was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement.

6.C. RESTRICTIVE COVENANTS: CONFIDENTIAL INFORMATION

Franchisee agrees that Franchisee: (a) shall not use the Confidential Information in any business or capacity other than the Brightly Business operated by Franchisee; (b) shall maintain the confidentiality of the Confidential Information at all times; (c) shall not make unauthorized copies of documents containing any Confidential Information; (d) shall take such reasonable steps as Franchisor may ask of Franchisee from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (e) shall stop using the Confidential Information immediately upon the expiration, termination or Transfer of this Agreement. Franchisee agrees that the foregoing covenants and obligations shall also apply to Franchisee's directors, officers, employees, and agents where disclosure of the Confidential Information was necessary for the operations of the Franchised Business and where such director, officer, employee and/or agent previously executed and delivered to Franchisor the Confidentiality Agreement in the form attached to this Agreement as Exhibit 2.

6.D. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND IN-TERM NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Term of this Agreement, Franchisee shall not engage in the following activities (the "Prohibited Activities"): (a) owning and/or having any legal or equitable interest (whether as an individual proprietor, owner, partner, member or shareholder of a Corporate Entity, or in any similar capacity) in a Competitive Business (other than owning an interest of 3% or less in a publicly traded company that is a Competitive Business); (b) operating, managing, funding and/or performing services (whether as an employee, officer, director, manager, consultant, representative, agent, and/or creditor or in any similar capacity) for a Competitive Business; (c) diverting or attempting to divert any business or customers from Franchisor (or one of Franchisor's affiliates or franchisees); and/or (d) inducing (i) any of Franchisor's employees or managers (or those of Franchisor's affiliates or franchisees) to leave their position with Franchisor, or (ii) any customer or client of Franchisor (or of one of Franchisor's affiliates or franchisees) or of Franchisee to any other person or business that is not a Brightly Business. Franchisee agrees that if Franchisee were to engage in the Prohibited Activities that such actions would be unfair, would constitute unfair competition and would cause harm to Franchisor, the System, and other Brightly Business Franchisees.

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6.E. RESTRICTIVE COVENANTS: UNFAIR COMPETITION AND POST-TERMINATION NON-COMPETITION OBLIGATIONS

Franchisee agrees that during the Post-Term Restricted Period Franchisee will not engage in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers/clients who are located within the Restricted Territory. If Franchisee is engaged in any Prohibited Activities during the Post-Term Restricted Period, Franchisee agrees that Franchisee's Post-Term Restricted Period will be extended by the period of time during which Franchisee was engaging in the Prohibited Activity (any such extension of time will not be construed as a waiver of Franchisee's breach or otherwise impair any of Franchisor's rights or remedies relating to Franchisee's breach). Franchisee agrees that this restriction is fair and reasonable and that if Franchisee did engage in a Prohibited Activity that such actions would constitute acts of unfair competition and will irreparably harm Franchisor and the System. Notwithstanding anything in this Agreement to the contrary, the non-competition obligations shall not apply (i) to any individual who have not utilized Franchisor's Know-How, Operations Manual and/or Confidential Information to own, operate or work within a Competitive Business; and (ii) to any Pre-Existing Clients.

6.F. IMMEDIATE FAMILY MEMBERS

Franchisee agrees and represents that should Franchisee circumvent the restrictive covenants and obligations due to Franchisor under this Article 6 by disclosing Confidential Information and Know-How to an immediate family member (*i.e.*, parent, sibling, child, or grandchild) that Franchisor will, and the System will be irreparably harmed. Franchisee agrees that if Franchisee or one of Franchisee's Owners did disclose the Know-How to an immediate family member and the immediate family member of Franchisee or an Owner used the Confidential Information or Know-How to engage in activities that, for Franchisee, qualify as Prohibited Activities as defined above, that Franchisor and the System will be irreparably harmed. Franchisee agrees that as between Franchisee and Franchisor that Franchisee and Franchisee's Owners are in a better position to know if Franchisee permitted and/or provided an immediate family member with access to the Confidential Information and/or Know-How. Therefore, Franchisee agrees that Franchisee will be presumed to have violated the terms of this Agreement and, in particular, the restrictive covenants and obligations set forth in this Article 6 if any member of Franchisee's immediate family or the immediate family of an Owner (a) engages in any Prohibited Activities during any period of time during which Franchisee is prohibited from engaging in the Prohibited Activities or (b) uses or discloses the Confidential Information and/or Know-How. However, Franchisee may rebut this presumption by providing evidence conclusively demonstrating that neither Franchisee nor Franchisee's Owner(s) did not disclose the Confidential Information and Know-How and did not permit disclosure of the Confidential Information or Know-How to the family member of Franchisee or Franchisee's Owners or by demonstrating that Franchisee made its best efforts not to provide Confidential Information or Know-How to an immediate family member. Notwithstanding anything in the agreement to the contrary, any such immediate family member described herein is permitted to work in the cleaning industry.

6.G. REASONABLENESS OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that: (a) the terms of this Article 6 are reasonable both in time and in scope of geographic area; and (b) Franchisee has sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Article 6. **Franchisee hereby waives any right to challenge the terms of this Article 6 as being overly broad, unreasonable, or otherwise unenforceable.** Although Franchisee and Franchisor both believe that the restrictive covenants and obligations of this Article 6 to be reasonable in terms of scope, duration and geographic area, Franchisor may at any time unilaterally modify the terms of this Article 6 (provided that such modification is in writing and signed by Franchisor) by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Post-Term Restricted Period, reducing the geographic scope of the

Restricted Territory and/or reducing the scope of any other covenant imposed upon Franchisee under this Article 6 to ensure that the terms and covenants are enforceable under applicable law.

6.H. BREACH OF RESTRICTIVE COVENANTS AND OBLIGATIONS

Franchisee agrees that Franchisee's failure and/or Franchisee's Owner(s) failure to comply with the restrictive covenants and obligations set forth in this Article 6 will cause irreparable harm to Franchisor and/or other Brightly Business franchisees for which there is no adequate remedy at law. Therefore, Franchisee agrees that any violation of these Article 6 covenants and obligations by either Franchisee and/or any Owner(s) will entitle Franchisor to injunctive relief. Franchisee agrees that Franchisor may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of Franchisee, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the Franchisee and Franchisor agree that the amount of the bond shall not exceed \$1,000. Franchisor's remedies under this Article 6.H. are not exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

6.I. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Franchisee agrees that with regard to the Franchised Business all customer lists and their contents and information represent Confidential Information and constitute an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term of this Agreement and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee and Franchisee's affiliates, Owners, agents, and employees relating to the development and operation of Brightly Businesses. Franchisee hereby assigns to Franchisor and Franchisee agrees to procure from Franchisee's Owners, affiliates, and employees assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 6.I. Franchisor shall have no obligation to make any lump sum or on-going payments to Franchisee or Franchisee's Owners, affiliates or employees with respect to any such idea, concept, method, technique or product. Franchisee agrees that Franchisee will not use, nor will Franchisee allow any other person or entity to use any such concept, method, or product without obtaining Franchisor's prior written approval.

ARTICLE 7 **OPERATING STANDARDS**

7.A. OPERATIONS AND MAINTENANCE OF BRAND STANDARDS

At all times, Franchisee and the Franchised Business shall, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as may be modified by Franchisor from time to time: (a) exclusively offer and sell the Approved Services and Products; (b) exclusively purchase and utilize the System Equipment and Supplies; (c) maintain a complete and updated inventory and supply of System Equipment and Supplies; (d) maintain, update, replenish and replace Franchisee's System Equipment and Supplies; (e) maintain, update, replenish and recondition Franchisee's Operations Center; and (f) maintain Franchisee's Service Vehicles and System Equipment and Supplies in a clean and safe condition and in conformity with the brand standards related to the Licensed Marks and System.

7.B. MAINTENANCE, UPDATES AND UPGRADES

At all times, Franchisee shall update, upgrade, maintain, replenish, replace, and recondition Franchisee's System Equipment and Supplies, Service Vehicle(s), and, if applicable, Franchisee's Operations Center as specified by Franchisor in the Operations Manual and/or otherwise in writing, in Franchisor's Reasonable

Business Judgment, and as modified by Franchisor from time to time. Notwithstanding the foregoing, Franchisee expressly agrees that the foregoing obligations relate to brand standards and specifications associated with the Licensed Marks and the Approved Services and Products and that, at all times, Franchisee is and shall exclusively remain responsible for conditions involving the safety of customers and employees in connection with the operations of the Franchised Business.

7.C. DAMAGE CAUSED BY CASUALTY

If Franchisee's Operations Center, Service Vehicle(s) and/or System Equipment and Supplies is and/or are damaged or destroyed by fire or any other casualty, Franchisee must, as soon as practicable but in no event later than one month after such casualty, initiate repairs or reconstruction, and thereafter in good faith and with due diligence continue until completion of the repairs or reconstruction, in order to restore Franchisee's Operations Center, Service Vehicle(s) and System Equipment and Supplies, as applicable, to its original condition before casualty.

7.D. ALTERATIONS TO THE FRANCHISEE'S OPERATIONS CENTER, SERVICE VEHICLES, AND FRANCHISEE'S EQUIPMENT AND SUPPLIES

Franchisee shall not make any material alterations to Franchisee's System Equipment and Supplies, Franchisee's Service Vehicles or, Franchisee's Operations Center, System Equipment and Supplies, or Service Vehicles.

7.E. UNIFORM IMAGE, STANDARDS, SPECIFICATIONS, PRODUCT PREPARATION, SERVICE DELIVERY AND PRODUCT REQUIREMENTS

To ensure that the highest degree of uniformity, quality and service is maintained (as determined by Franchisor in Franchisor's Reasonable Business Judgment), Franchisee must use Franchisee's best efforts to operate the Franchised Business in strict conformity with the methods, standards and specifications of Franchisor as set forth in the Operations Manual and as Franchisor may, in Franchisor's Reasonable Business Judgment, otherwise prescribe in writing and modify from time to time.

Supplementing and without limitation to the foregoing, Franchisee agrees that Franchisee, in strict conformity with the methods, standards and specifications of Franchisor as set forth in the Operations Manual and as Franchisor may, in Franchisor's Reasonable Business Judgment, otherwise prescribe in writing and modify from time to time, shall:

- (1) Exclusively offer and sell the Approved Services and Products;
- (2) Exclusively utilize the System Equipment and Supplies and only those methods, procedures, production systems, and delivery systems as designated by Franchisor;
- (3) Exclusively utilize the System Equipment and Supplies, equipment, supplies, materials, uniforms, and forms as designated by Franchisor;
- (4) Exclusively utilize packaging, signs, goods, uniforms, and other materials displaying the Licensed Marks as designated by Franchisor, and obtain such items from suppliers designated by Franchisor;
- (5) Provide prompt, courteous, and efficient service to customers;
- (6) Maintain ordinary and regular business hours as required by Franchisor;
- (7) Adhere to the highest standards of honesty, integrity, fair dealing, and ethical conduct in dealing with customers and suppliers of the Franchised Business;

- (8) Conduct all advertising and promotion of the Franchised Business in strict compliance with Franchisor's standards and specifications and to the highest standards of ethical advertising;
- (9) Refrain from any business or advertising practice that may be injurious to the goodwill associated with Franchisor, Brightly Businesses, the System, and the Licensed Marks;
- (10) Not deviate from the standards that Franchisor sets for the operation of the Franchised Business;
- (11) Promptly respond to all customer and potential customer inquiries and complaints to achieve high levels of customer satisfaction and reviews;
- (12) Honor and implement refund policies established by Franchisor from time to time in Franchisor's Reasonable Business Judgment;
- (13) Honor, implement and offer Customer Vouchers as authorized and designated by Franchisor;
- (14) Maintain and display at visible locations (including Franchisee's Service Vehicles and Operations Center) designated by Franchisor displays and signs informing customers and the public that *"This Brightly Business is independently owned operated and managed by [insert name of Franchisee] pursuant to a license agreement"* or such other signage as designated by Franchisor;
- (15) Adopt, implement, and abide by the System and all changes made to the System (as designated by Franchisor in Franchisor's Reasonable Business Judgment) including, without limitation, the Approved Services and Products and the System Equipment and Supplies;
- (16) Maintain a fully trained competent staff capable of rendering courteous quality service;
- (17) Ensure that all of Franchisee's employees wear uniform designated by Franchisor and adhere to Franchisor's brand standards;
- (18) Not promote any other businesses at the Franchised Business, and/or from Franchisee's Operations Center, and/or Franchisee's Service Vehicle(s);
- (19) Comply with all laws applicable to the operation of the Franchised Business, including, without limitation, all health laws, wage and hour laws, labor department, workers compensation and unemployment laws and rules;
- (20) Comply with all statutes and rules regarding the maintenance and security of customer information, customer data, customer privacy, credit card transactions and other financial obligations involving customers of the Franchised Business;
- (21) Stock, maintain and replenish System Equipment and Supplies in such supply as to realize, service and promote the Franchised Business to its full potential;
- (22) Exclusively use, at all times, only those supplies, products, equipment, software systems, business management systems, customer relationship management systems (whether hard drive based, networked, or cloud based) and supplies designated by Franchisor including, without limitation, the System Equipment and Supplies, the Approved Services and Products, and the Business Management System, and purchase same exclusively from Franchisor and/or Franchisor's designated suppliers;

- (23) Ensure that all services and products sold by the Franchised Business are limited to the Approved Services and Products;
- (24) Permit Franchisor or Franchisor's agents, at any reasonable time, to inspect Franchisee's Operations Center and test, sample, and evaluate the services and products provided by the Franchised Business to evaluate whether or not same meet and comply with Franchisor's standards and specifications;
- (25) Designate and maintain an Operating Manager who, in addition to the Cooperative President, (a) completed Franchisor's initial Training Program, (b) works on-site at Franchisee's Operations Center, (c) signed and duly executed the Confidentiality Agreement, and (d) consistently demonstrates his or her ability to satisfy the performance requirements of the System related to confidentiality, brand protection, the purchase, maintenance, and utilization of the System Equipment and Supplies, and service standards respecting the Approved Services and Products;
- (26) Install and maintain in connection with the operations of the Franchised Business, all equipment, supplies, and systems, as designated by Franchisor including, without limitation, point of sale systems, the Business Management System, computer systems, security systems, System Equipment and Supplies, and telecommunications equipment designated by Franchisor, and provide and permit Franchisor to maintain, direct and independent access to such systems and monitor the Franchised Business;
- (27) Implement and maintain, at Franchisee's expense, a bookkeeping, accounting, and record keeping system conforming to the requirements and formats Franchisor prescribes; and
- (28) Grant and give full and complete on demand and continuous instantaneous access to Franchisee's business and financial records including, without limitation, Franchisee's point of sale systems, the Business Management System utilized by Franchisee, and Franchisee's Business Management System Data.

7.G. APPROVED SERVICES, PRODUCTS, EQUIPMENT AND SUPPLIERS

Franchisee agrees that, among other things, the products and services to be offered and sold by the Franchised Business, the supplies, suppliers and equipment utilized by the Franchised Business, the methods for monitoring customer satisfaction and, the methods for marketing and promoting the Franchised Business must conform to Franchisor's System standards and specifications as determined by Franchisor, in Franchisor's Reasonable Business Judgment, as designated by Franchisor in the Operations Manual and/or as otherwise designated by Franchisor in writing and, as modified by Franchisor from time to time. Without limitation to the foregoing, Franchisee agrees that:

- (1) The Franchised Business shall exclusively offer to the public the Approved Services and Products to customers located within Franchisee's Operating Territory;
- (2) The Franchised Business will exclusively: (a) offer and serve the Approved Services and Products; (b) provide the Approved Services and Products in accordance with the System's standards and specifications; (c) exclusively purchase and utilize System Equipment and Supplies from Franchisor or Franchisor's designated suppliers; (d) exclusively purchase and utilize equipment, supplies, promotional materials, point of sale systems and Business Management System(s) designated by Franchisor and subject to Franchisor's specifications; (e) purchase displays, point of sale displays, uniforms, supplies, marketing materials and promotional materials (including but not limited to System Equipment and Supplies) as designated by Franchisor and only from Franchisor or Franchisor's approved supplier(s); and (f) purchase from distributors and other suppliers approved by Franchisor all other materials, goods, and supplies (including but not limited

to System Equipment and Supplies) used in preparing, offering, selling, promoting, and serving the Approved Services and Products;

(3) Franchisor has and will periodically approve suppliers and distributors of the equipment, materials, supplies, and products (including but not limited to System Equipment and Supplies and Service Vehicles) that meet Franchisor's standards, specifications, and requirements including, without limitation, standards, specifications, and requirements relating to the equipment and supplies to be utilized by the Franchised Business;

(4) Franchisor, in Franchisor's Reasonable Business Judgment, may, from time to time, modify the list of approved brands, suppliers and distributors of System Equipment and Supplies, Service Vehicles, and approved equipment, supplies and services to be utilized by the Franchised Business and Franchisee shall, after receipt in writing of such modification, not reorder any brand and/or purchase from any supplier or distributor that is no longer designated or approved by Franchisor;

(5) Franchisor reserves the right to designate, from time to time, a single supplier and/or distributor for any services, products, equipment, supplies, or materials including, but not limited to, the System Equipment and Supplies and Service Vehicles and to require Franchisee to use such a designated supplier exclusively, which exclusive designated supplier and/or distributor may be Franchisor and/or Franchisor's affiliates. Franchisor and its affiliates may receive payments from suppliers and/or distributors on account of such supplier's or distributor's dealings with Franchisee and other franchisees and may use all amounts so received without restriction and for any purpose Franchisor and its affiliates deem appropriate; and

(6) If Franchisee proposes or requests that Franchisor consider the approval of products, services, equipment, supplies, suppliers and/or distributors for use in the Franchised Business where such products, services, equipment, supplies, suppliers and/or distributors are not presently, at the time of Franchisee's request, approved for use in the System: (a) Franchisee must provide Franchisor with a written request where Franchisee specifies the product, service, equipment, supply, supplier and/or distributor, the reason for Franchisee's request; (b) shall timely submit to Franchisor such information, reports, specifications, and samples as Franchisor, in Franchisor's Reasonable Business Judgment requests; and (c) shall pay to Franchisor a Supplier Evaluation Fee per requested product, service, equipment, supply, supplier and/or distributor to be considered including, but not limited to, the Supplier Evaluation Fees that Franchisor, in Franchisor's Reasonable Business Judgment, establishes and assesses based on, among other things, the administrative costs and time associated with evaluating, assessing and testing the proposed product, service, equipment, supply, supplier and/or distributor including, but not limited to Franchisor's internal employees and independent third parties engaged and/or retained by Franchisor for evaluation and testing. The foregoing fees and payments shall be paid by Franchisee to Franchisor within 14 days of the date of Franchisor's invoice. Upon Franchisee's compliance with the foregoing, within 60 days of the completion of all inspections and evaluations, Franchisor shall notify Franchisee of Franchisor's approval or disapproval which shall be determined by Franchisor in Franchisor's Reasonable Business Judgment. Under no circumstance shall the foregoing be construed as implying that Franchisor is required to approve alternative suppliers.

7.H. MARKET RESEARCH AND TESTING

Franchisor may conduct market research and testing to evaluate, modify, test and/or sample the services, products, equipment, and supplies authorized by Franchisor and to determine consumer trends and the viability of certain services and products. Franchisee agrees to participate in Franchisor's market research programs that may be conducted by Franchisor in its discretion, by test marketing services and/or products from the Franchised Business. Franchisee agrees to provide Franchisor with timely reports and other

relevant information regarding such market research. Franchisee agrees to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell the products and/or services.

7.I. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES

(1) Franchisee shall secure and maintain in full force all required licenses, permits and certificates relating to the operation of the Franchised Business, and Franchisee must operate the Franchised Business in full compliance with all applicable laws, ordinances, codes, and regulations.

(2) Franchisee must immediately notify Franchisor in writing of any of the following concerning Franchisee, the Franchised Business, Franchisee's Operations Center and/or Franchisee's Service Vehicle(s): (a) any cause of action, claim, lawsuit, proceeding, and investigation; (b) issuance of any order, writ, injunction, award, and/or decree by any court, agency, or other governmental entity; and (c) any notice of violation of any law, ordinance, code, permit, or regulation.

(3) All advertising and promotion by Franchisee must be completely factual and conform to the highest standards of ethical advertising. Franchisee agrees to refrain from any business practice, advertising practice, or personal conduct that may be injurious to Franchisor, the System, Brightly Businesses, and the Licensed Marks. Franchisor, in Franchisor's sole discretion, shall possess, among other things, the unilateral right to reject any and all advertising relating to the Franchised Business, Franchisor, the System, Brightly Businesses and/or using the Licensed Marks.

(4) Franchisee and Owners agree to comply with, and/or to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee and each Owner certify, represent, and warrant that Franchisee's or any Owner's property or interests is not subject to being "blocked" under any of the Anti-Terrorism Laws, and Franchisee and each Owner are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee further certifies that Franchisee and each Owner are not listed on the Annex to Executive Order 13244 (the Annex is available at <http://www.treasury.gov>) and will not become so listed, hire any person so listed, or have dealings with any person so listed. Franchisee agrees to immediately notify Franchisor if Franchisee or any Owner become so listed. "Anti-Terrorism Laws" refers to and 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. If Franchisee, an Owner, or Franchisee's employees violate any of the Anti-Terrorism Laws and/or become listed on the Annex to Executive Order 13244, then Franchisor may terminate this Agreement immediately without prior notice to Franchisee.

7.J. MANAGEMENT OF THE FRANCHISED BUSINESS

(1) Franchisee agrees that critical to the success of the Franchised Business is the active, continuing, and substantial personal involvement and hands-on supervision of Franchisee's Cooperative President. At all times, Franchisee's Brightly Business must be under the active, continuing, and substantial personal involvement and hands-on supervision of Franchisee's Cooperative President. The Cooperative President must at all times be actively involved in the operation of the Franchised Business unless Franchisee delegates management functions to an authorized Operating Manager who, among other things, satisfactorily completed Franchisor's Initial Training Program and has otherwise meet the criteria and conditions for qualification as an Operating Manager.

(2) Franchisee must, at all times, faithfully, honestly, and diligently perform its obligations hereunder, and continuously exert its best efforts to promote and enhance the business of the Franchised Business and the goodwill of the Licensed Marks.

(3) If, at any time, the Franchised Business is not being managed by a Cooperative President or Operating Manager who satisfactorily completed the Training Program, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of the Franchised Business for and on behalf of Franchisee. Franchisor's appointment of a manager of the Franchised Business does not relieve Franchisee of its obligations or constitute a waiver of Franchisor's right to terminate the Franchise pursuant to Article 16. Franchisor is not liable for any debts, losses, costs, or expenses incurred in the operations of the Franchised Business or to any creditor of Franchisee for any products, materials, supplies or services purchased by the Franchised Business while it is managed by Franchisor's appointed manager. Franchisor has the right to charge a reasonable fee for management services and to cease to provide management services at any time.

(4) Franchisee will at all times maintain sufficient working capital to fulfill its obligations under this Agreement.

ARTICLE 8 **INSURANCE**

Franchisee must procure and maintain in full force at all times during the Term of this Agreement, at Franchisee's sole expense, on a primary rather than a participatory basis with Franchisor, an insurance policy or policies protecting Franchisee as named insured and naming, as additional insureds, Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of Franchisor against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Franchised Business. The policy or policies must be written by a responsible carrier or carriers with an AM Best Rating of at least A-, VII and reasonably acceptable to Franchisor.

The currently required insurance policies, insurance coverage requirements, and insurance coverage amounts are designated and set forth in the Operations Manual. Franchisor shall only increase the insurance requirements in the event Franchisor believes, in Franchisor's Reasonable Business Judgment, that an increase is required to properly protect the franchise system. Franchisor will not make any insurance increases required more often than every three years. All public liability and property damages policies must contain a provision that Franchisor is entitled to recover under these policies on any loss occasioned to Franchisor, Franchisor's affiliates, Franchisor's successors and assigns, and the officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees of Franchisor by reason of the negligence of Franchisee and/or Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, and employees.

By the earlier of 90 days after the Effective Date or prior to the commencement of the Training Program, Franchisee must deliver, or cause to be delivered, to Franchisor a copy of the certificates of insurance demonstrating Franchisee's compliance with this Article 8. All insurance policies required must expressly provide that no less than 30 days' prior written notice shall be given to Franchisor in the event of a material alteration to, or cancellation of, any insurance policy Franchisee is required to maintain in accordance with this Agreement.

In the event Franchisee fails, for any reason, to procure or maintain the insurance required by this Agreement, then Franchisor has the right and authority (but not the obligation) to immediately to procure insurance and charge all costs, fees, and expenses associated with same to Franchisee, which such charges, together with a reasonable administrative fee for Franchisor's expenses in so acting, shall be immediately payable by Franchisee to Franchisor upon demand. The foregoing remedies are in addition to any other remedies Franchisor may have under this Agreement, at law, or in equity.

ARTICLE 9
BRAND DEVELOPMENT AND MARKETING

Franchisor is not required to conduct any marketing on behalf of Franchisee or the System.

9.A. BRAND DEVELOPMENT FUND

At all times during the Term of this Agreement, as determined by Franchisor, in Franchisor's Reasonable Business Judgment, Franchisor may institute, implement, maintain, delegate, and administer a brand development fund (the "Brand Development Fund") subject to the requirement that Franchisor provides six months' notice prior to requiring Franchisee to pay any Advertising Contribution under this Section 9.A. The following shall apply to the Brand Development Fund at all times throughout the Term:

- (1) If Franchisor institutes the Brand Development Fund, Franchisee shall pay, on the Due Date, a mandatory and continuing fee to the Brand Development Fund in an amount equal to a percentage of Gross Sales (as determined and designated by Franchisor in Franchisor's Reasonable Business Judgment) for each monthly Accounting Period (the "Brand Development Fund Fee"), provided, however, Franchisee will not be required to contribute more than the greater of either 2% of the Gross Sales of the Franchised Business for each monthly Accounting Period;
- (2) Franchisor will provide Franchisee with written notice of the percentage of Gross Sales that Franchisee is required to contribute to the Brand Development Fund. Upon such written notice to Franchisee, the percentage of Gross Sales to be paid by Franchisee to the Brand Development Fund will be applicable for each and every monthly Accounting Period thereafter during the Term until otherwise designated by Franchisor in writing. The Brand Development Fund Fee shall be paid to Franchisor on the Due Date and in accordance with the payment terms and method set forth in Article 5.B. for the payment of Royalty Fees;
- (3) Franchisor, in Franchisor's Reasonable Business Judgment, shall direct all advertising, media placement, marketing and public relations programs and activities financed by the Brand Development Fund, with sole discretion over the strategic direction, creative concepts, materials, and endorsements used by the Brand Development Fund, and the geographic, market, and media placement and allocation thereof. Without limiting the foregoing, the Brand Development Fund may also be utilized for evaluation and monitoring of the Business Management Systems, maintenance and upgrades to the System Website, and development of Digital Media;
- (4) Franchisee agrees that the purpose of the advertising, media, marketing, and activities financed by the Brand Development Fund is and shall be for the general enhancement of the System brand as associated with the Licensed Marks and general public brand recognition and awareness of the Licensed Marks. The Brand Development Fund will not be utilized to directly or indirectly market or promote the Franchised Business or, unless otherwise directed by Franchisor, in Franchisor's Reasonable Business Judgment, pay for media placements that may benefit or include any media market that includes Franchisee's Operations Center or Operating Territory;
- (5) Franchisee agrees that the Brand Development Fund may be used to pay various costs and expenses of Franchisor for such reasonable salaries, wages, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration, activities and/or the brand awareness goals of the Brand Development Fund including expenses incurred by Franchisor for advertising, marketing, product and service testing, product and service development, maintenance, evaluation and monitoring of the Business Management Systems, upgrades to the System Website, development of Digital Media and creative development that is internally administered or prepared by Franchisor and other marketing activities made by Franchisor,

provided, however, that salary expenses for Franchisor's personnel paid by the Brand Development Fund shall be commensurate with the amount of that time spent by such personnel on Brand Development Fund matters. Franchisor shall not use contributions to the Brand Development Fund to defray any of Franchisor's general operating expenses, except for such reasonable salaries, administrative costs and overhead as Franchisor may incur in activities reasonably related to the administration and activities of the Brand Development Fund and creation or conduct of its marketing programs including, without limitation, conducting market research, preparing advertising and marketing materials and collecting and accounting for contributions to the Brand Development Fund. Franchisor may spend in a fiscal year an amount greater or less than the aggregate contributions of all Brightly Businesses to the Brand Development Fund in that year;

(6) Franchisee agrees to participate in all advertising, marketing, promotions, research, and public relations programs instituted by the Brand Development Fund;

(7) Brightly Businesses owned by Franchisor or Franchisor's affiliates are not required to pay any Brand Development Fund Fee or contribute to or make any contribution to the Brand Development Fund;

(8) Franchisee and Franchisor acknowledge and agree that (a) the Brand Development Fund is not a trust, (b) Franchisor is not a trustee or fiduciary of the Brand Development Fund, and (c) Franchisor may deposit and maintain any and all funds of the Brand Development Fund Fee in Franchisor's general accounts. Brand Development Fund Fees are not required to be segregated from other assets or accounts of Franchisor. The Brand Development Fund is not required to expend Brand Development Fund Fees in the year that they are collected, and the Brand Development Fund may borrow from Franchisor or other lenders at standard commercial interest rates to cover deficits of the Brand Development Fund, and Franchisor may cause the Brand Development Fund to invest any surplus for future use by the Brand Development Fund. All interest earned on monies contributed to the Brand Development Fund will be used to pay costs of the Brand Development Fund before other assets of the Brand Development Fund are expended. A summary statement of monies collected, and costs incurred by the Brand Development Fund for Franchisor's immediately preceding fiscal year shall be made available to Franchisee upon Franchisee's written request. Franchisor will have the right to cause the Brand Development Fund to be incorporated or operated through an entity separate from Franchisor at such time as Franchisor deems appropriate, and such successor entity shall have all rights and duties of Franchisor pursuant to this Article 9.A.(8);

(9) Although Franchisor will endeavor to utilize the Brand Development Fund to develop advertising and marketing materials and programs, Franchisor undertakes no obligation to ensure that expenditures by the Brand Development Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Brand Development Fund by Brightly Businesses operating in that geographic area or that any Brightly Businesses will benefit directly or in proportion to its contribution to the Brand Development Fund from the development of advertising and marketing materials. Franchisor may use the Brand Development Fund to promote or benefit any type of Brightly Businesses in the System. Franchisor may use the Brand Development Fund to promote or benefit Brightly Businesses located within a particular region of the United States. Franchisee agrees that Franchisee's failure to derive any such benefit will not serve as a basis for a reduction or elimination of its obligation to contribute to the Brand Development Fund. Franchisee agrees that the failure (whether with or without Franchisor's permission) of any other franchisee to make the appropriate amount of contributions to the Brand Development Fund shall not in any way release Franchisee from or reduce Franchisee's obligations under this Article 9, such obligations being separate and independent obligations of Franchisee under this Agreement. Except as expressly provided in this Article 9, Franchisor assumes no direct

or indirect liability, responsibility, or obligation to Franchisee with respect to the maintenance, direction, and/or administration of the Brand Development Fund; and

(10) Franchisor, in Franchisor's Reasonable Business Judgment, may establish a council to provide guidance respecting the administration of the Brand Development Fund and marketing matters concerning the Brand Development Fund. The council shall only serve in an advisory capacity and Franchisor shall select members of the council which may be comprised of employees of Franchisor, Franchisor, franchisees of the System and third parties.

9.B. FRANCHISEE LOCAL MARKETING

Franchisee must spend on a monthly basis an amount equal to the greater of (i) 0.5% of Gross Sales or (ii) \$150 per month for local marketing, including public relations, each monthly Accounting Period. Franchisee's own marketing efforts in the Operating Territory may be utilized to meet the applicable requirement in lieu of monetary payment and shall be calculated at \$25 per hour.

On or before the last Monday of each month (or such other dates as may be specified by Franchisor), Franchisee must provide Franchisor with an accurate accounting of Franchisee's local marketing expenditures, public relations, and marketing activities during the immediately preceding monthly Accounting Period. Franchisee agrees to provide to Franchisor such other periodic reports and records of such local marketing as may be requested by Franchisor. If the Franchisee's expenditures for local marketing activities do not aggregate the required percentage of Franchisee's Gross Sales annually, Franchisee must contribute the deficiency on local marketing as directed by Franchisor. Franchisee agrees that all local marketing and other marketing efforts of Franchisee must be pre-approved, in writing by Franchisor. Franchisor reserves all rights to reject any and all marketing efforts requested by Franchisee. Franchisee agrees that:

(1) Franchisee shall provide Franchisor with monthly reports documenting Franchisee's advertising initiatives (which must be approved by Franchisor and consistent with Franchisor's standards and specifications) and expenditures, including Profit and Loss Statements, advertising return on investment calculations and other documentation as Franchisor may request to evaluate Franchisee's local marketing and local marketing expenditures. Franchisee agrees that all of Franchisee's marketing efforts must be focused on media and marketing directed toward Franchisee's Operating Territory, and Franchisee shall not direct Franchisee's marketing and promotion efforts with the purpose of soliciting and/or attracting customers from outside of Franchisee's Operating Territory; and

(2) Franchisee hereby grants to Franchisor the right, without compensation to Franchisee, to use Franchisee's name, address, photograph, and biographical information in any publication related to the System, including in relation to the sale of other Brightly Businesses.

9.C. REQUIRED FRANCHISOR APPROVAL OF ALL MARKETING

All marketing and promotion of the Franchised Business and all marketing media utilized by Franchisee in the marketing and/or promotion of the Franchised Business must be professional and must conform to Franchisor's standards and specifications as set forth in the Operations Manual or as otherwise directed by Franchisor in writing. Before Franchisee uses any local marketing and promotional materials and/or media not prepared by or previously approved by Franchisor in writing, Franchisee shall submit samples of such materials to Franchisor for approval, which shall be at the discretion of Franchisor, in Franchisor's Reasonable Business Judgment. Provided that Franchisee has satisfied the notification, requirements set forth in this Agreement, if Franchisor does not notify Franchisee that Franchisor disapproves the materials within 15 days from the date Franchisor receives the materials, then Franchisee may commence using the materials. However, Franchisor may still disapprove such materials by notice to Franchisee, and Franchisee

must then cease using such materials upon receipt of such notice. Franchisee must not use any advertising or promotional materials that Franchisor has disapproved.

9.D. WAIVERS OR DEFERRALS

On written request from Franchisee with reasons supporting such request, Franchisor may, at Franchisor's sole discretion and on conditions Franchisor deems appropriate, temporarily waive, or defer the obligations of Franchisee under the Brand Development Fund. In no event shall such waiver or deferral extend beyond six months. However, at the end of any waiver or deferral period, Franchisee may resubmit a request for waiver or deferral of its obligations under the Brand Development Fund. Under no circumstance shall Franchisor be under any obligation to grant any waiver or deferral. Franchisor may reject Franchisees request for a waiver or deferral based on any reason or no reason at all.

9.E. DIGITAL MEDIA AND WEBSITE PROHIBITIONS

Franchisee agrees that Franchisee's use of Digital Media shall be subject to and require Franchisor's express written consent which shall and may be withheld by Franchisor for any or no reason at all. Without limitation to the foregoing, Franchisee possess no right or authority to utilize Digital Media and Franchisee agrees that Franchisor reserves all rights respecting the marketing, sale and distribution of Approved Services and Products through Digital Media. Franchisee agrees that all Digital Media and Digital Media accounts associated with and/or relating to the Franchised Business and/or the System shall, upon demand of Franchisor, be transferred to Franchisor. Upon execution of this Agreement and any and all future dates demanded by Franchisor, Franchisee shall execute and deliver to Franchisor the Assignment of Telephone Numbers and Digital Media Accounts Agreement attached to this Agreement as Exhibit 4. Franchisee agree that the foregoing shall not be interpreted or construed as permitting Franchisee to establish, designate, utilize and/or otherwise establish accounts as to Digital Media respecting and/or concerning the Franchised Business and/or the System.

9.F. NO MARKETING OUTSIDE FRANCHISEE'S OPERATING TERRITORY

Franchisee agrees that Franchisee's marketing and Marketing Media must be directed toward Franchisee's Operating Territory and that under no circumstance shall Franchisee cause, authorize or engage in any Media Distribution to customers, potential customers and/or customer referral sources outside of Franchisee's Operating Territory, unless Franchisor, in Franchisor's Reasonable Business Judgment, otherwise agrees to same in writing.

ARTICLE 10

RELATIONSHIP OF THE PARTIES AND INDEMNIFICATION

10.A. INDEPENDENT CONTRACTORS

Franchisor and Franchisee acknowledge and agree that this Agreement does not create a fiduciary relationship between Franchisor and Franchisee, Franchisor and Franchisee are independent contractors, and nothing in this Agreement is intended to make either party a general or special agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose. The parties' relationship is strictly a franchisor and franchise relationship.

Franchisee agrees that Franchisee is the sole employer of the employees of the Franchised Business. Franchisee has the sole right to select, hire and discharge Franchisee's employees. Franchisee is responsible for all decisions regarding hiring, firing, training, supervising, disciplining, scheduling, and paying wages to, and withholding and paying taxes for Franchisee's employees. Franchisee, each Owner, each Spouse, and Franchisee's officers, directors, manager, agents, representatives, independent contractors, and employees shall not be construed, considered, or represented as Franchisor's employees, representatives, or agents. Franchisee agrees that there is no joint employer relationship between Franchisor and Franchisee or Franchisee's employees. Franchisee's compliance with all federal, state, and local labor laws rules and

regulations shall be exclusively determined and managed by Franchisee. To the extent that the Operations Manual includes information, specifications, procedures, criteria and/or requirements as to employees of the Franchised Business, such requirements shall be interpreted exclusively for the purpose of maintaining brand standards associated with the System, to protect the good will associated with the System, and to ensure System uniformity requirements and standards concerning the Approved Services and Products, and under no circumstance shall same relate to the employer-employee relationship. As to the foregoing issue of “joint employer” and the non-existence thereof, in the event of any inconsistency or conflict between this Agreement and the Operations Manual, the terms of this Agreement shall take precedence and govern.

Franchisee must conspicuously identify itself at the premises of the Franchised Business and in all dealings with customers, lessors, contractors, suppliers, public officials, and others as the owner of a Brightly Business under a franchise from Franchisor, and Franchisee must place other notices of independent ownership on signs, forms, stationery, advertising, and other materials as Franchisor requires.

Franchisee must not employ any Licensed Mark in signing any contract, lease, mortgage, check, purchase agreement, negotiable instrument, or other legal obligation. Franchisee must not employ any Licensed Mark in a manner that is likely to result in liability of Franchisor for any indebtedness, action, inaction, or obligation of Franchisee.

Franchisor and Franchisee shall not make any express or implied agreements, guaranties, or representations, or incur any debt, in the name, or on behalf, of the other. Franchisor and Franchisee shall not represent that their relationship is anything other than franchisor and franchisee. Franchisor and Franchisee shall not be obligated by, or have any liability under, any agreements or representations made by the other that are not expressly authorized. Franchisor shall not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business, whether or not caused by Franchisee's negligent, willful act or failure to act.

Franchisor shall have no liability for any sales, use, excise, gross receipts, property, or other taxes, whether levied upon Franchisee, the Franchised Business or its assets, or upon Franchisor in connection with sales made, services performed, or business conducted by Franchisee.

10.B. INDEMNIFICATION BY FRANCHISEE

Franchisee and each Owner shall indemnify, defend through counsel acceptable to Franchisor, and hold harmless Franchisor, Franchisor's affiliates, and their respective officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the “Franchisor Indemnified Parties”) from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages arising out of, or relating to, Franchisee's Operations Center, and/or the Franchised Business (including, without limitation, the ownership and operation of the Franchised Business), unless such loss, expense, claim, cause of action, lawsuit, liability, tax, cost, demand, proceeding, or damage is solely due to Franchisor's gross negligence, and Franchisee shall pay all of the Franchisor Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisor Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisor Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses. At the expense and risk of Franchisee and each Owner, Franchisor may elect to assume (but is not obligated to undertake) the defense and/or settlement of any action, lawsuit, proceeding, claim, or demand. Such an election by Franchisor to assume its defense shall not diminish the obligation of Franchisee and each Owner to indemnify, defend and hold harmless Franchisor. Franchisee and each Owner acknowledge and agree that the terms of this Article 10.B. shall survive the termination, expiration or Transfer of this Agreement.

Under no circumstances are the Franchisor Indemnified Parties required or obligated to seek recovery from third parties or otherwise mitigate their respective losses in order to maintain a claim against Franchisee or any Owner. Franchisee and each of the Owners agree that Franchisor's failure to pursue recovery or mitigate loss in no way reduces the amounts recoverable from Franchisee or any Owner.

10.C. INDEMNIFICATION BY FRANCHISOR

Franchisor shall indemnify, defend, and hold harmless Franchisee and Franchisee's officers, directors, shareholders, members, owners, partners, agents, representatives, independent contractors, employees, assigns and successors (the "Franchisee Indemnified Parties") from all losses, expenses, claims, causes of action, lawsuits, liabilities, taxes, costs, demands, proceedings, investigation, hearing, and/or damages solely arising out of, or solely relating to, Franchisor's gross negligence in the operation of Franchisee's Brightly Business that was the direct cause of any such loss, expense, liability or damage provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing, and Franchisor shall pay all of the Franchisee Indemnified Parties' reasonable costs, fees and expenses of defending any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing brought against any of the Franchisee Indemnified Parties or any such claim, cause of action, lawsuit, demand, proceeding, investigation, and/or hearing in which any of the Franchisee Indemnified Parties is named as a party, including, without limitation, reasonable accountant fees, attorney fees, and expert witness fees, court costs, deposition fees, travel expenses and other litigation expenses provided Franchisee immediately notifies Franchisor of such claim, cause of action, lawsuit, demand, proceeding, investigation or hearing. Franchisor agrees that the terms of this Article 10.C. shall survive the termination, expiration or Transfer of this Agreement.

ARTICLE 11

LICENSED MARKS AND SYSTEM; INNOVATIONS TO SYSTEM

11.A. OWNERSHIP AND GOODWILL

Franchisee agrees that Franchisor is the owner of all right, title and interest in and to the Licensed Marks, the System, Web Based Media, Published Content, and the goodwill associated with the Licensed Marks and the System. Except as otherwise specifically provided in this Agreement, Franchisee further agrees that Franchisee possesses no interest or right, whatsoever, in or to the Licensed Marks, the System, Web Based Media, Published Content and the goodwill associated with the Licensed Marks and the System, and Franchisee's right to use the Licensed Marks and the System is derived solely from this Agreement. Any unauthorized use of the Licensed Marks and/or the System by Franchisee or any of Franchisee's affiliates shall constitute an infringement of the rights of Franchisor in and to the Licensed Marks and/or the System. Franchisee agrees that all usage of the Licensed Marks and/or the System by Franchisee, and all goodwill associated with the Licensed Marks and System, shall exclusively benefit Franchisor without granting any goodwill interests or rights to Franchisee except for Franchisee's non-exclusive interest and limited right to use the Licensed Marks and the System in the operation of the Franchised Business, subject to the terms and conditions of this Agreement. Franchisee shall not, at any time during the Term or after the expiration, termination or Transfer of this Agreement, contest the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System, and at no time shall Franchisee assist any other person in contesting the validity or ownership of the Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System. Franchisee and each Owner shall not take any action that prejudices or interferes with the validity of Franchisor's rights with respect to Licensed Marks, the System, Web Based Media, Published Content, and/or the goodwill associated with the Licensed Marks and the System.

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11.B. USE OF THE LICENSED MARKS

Franchisee agrees that the Licensed Marks shall be the sole identification of the Franchised Business. Franchisee must operate, advertise, and market the Franchised Business only under the Licensed Marks as designated and specified by Franchisor in Franchisor's Reasonable Business Judgment. Franchisee shall not use the Licensed Marks as part of its corporate or other legal name, and Franchisee shall not use the Licensed Marks with modifying words, terms, designs, or symbols, or in any modified form. Franchisee shall comply with Franchisor's instructions in filing and maintaining their requisite trade name or fictitious name registrations as may be required by applicable law.

11.C. NOTIFICATION OF INFRINGEMENT AND CLAIMS

Franchisee must notify Franchisor immediately in writing of any apparent infringement of, or challenge to, Franchisee's use of any Licensed Mark and/or the System or of any claim by any person claiming any rights in any manner with respect to the Licensed Mark, the System, or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee must not communicate with any person other than Franchisor and its counsel in connection with any infringement, challenge, or claim by any third party to the Licensed Marks and/or the System. Franchisor and/or Franchisor's licensor shall possess sole and complete discretion, in Franchisor's Reasonable Business Judgment, to take any action and/or to refrain from taking action, Franchisor and/or Franchisor's licensor deems appropriate, including, without limitation, the right to exclusively control any litigation or administrative proceeding arising out of, or relating to, any infringement, challenge, claim or otherwise relating to any Licensed Mark and/or the System. Franchisee agrees to execute all documents, render assistance, and take all actions as may be necessary or advisable to protect and maintain the interests of Franchisor and/or Franchisor's licensor in any litigation or administrative proceeding or to otherwise protect and maintain, as directed by Franchisor, the interests of Franchisor and/or Franchisor's licensor in the Licensed Marks. Franchisor will reimburse Franchisee for reasonable direct expenses incurred by Franchisee in assisting Franchisor in any such litigation or administrative proceeding provided Franchisee timely notifies Franchisor of such litigation or administrative proceeding, and Franchisee complies with the written instructions of Franchisor respecting any such litigation or administrative proceeding.

11.D. DISCONTINUANCE OF USE OF LICENSED MARKS

Franchisee agrees that at any time should Franchisor determine, in Franchisor's sole discretion and based on Franchisor's Reasonable Business Judgment, that it is advisable for Franchisor, the System, and/or Franchisee to replace, modify, substitute, and/or discontinue use of any Licensed Marks, then Franchisee shall comply with Franchisor's determination and instructions as to the replacement, modification, substitution, and/or discontinuance of such Licensed Mark(s). Franchisee shall comply within the foregoing requirements within a reasonable time period after notice by Franchisor. If Franchisee is required to take action pursuant to instruction by Franchisor pursuant to this Article 11.D. or, if Franchisee is otherwise required to replace, modify, substitute, and/or discontinue use of any Licensed Marks, the sole liability and obligation of Franchisor to Franchisee shall be to reimburse Franchisee for the reasonable and direct costs incurred by Franchisee in complying with this obligation, which Franchisee shall document to the satisfaction of Franchisor. Franchisor maintains the exclusive right, in Franchisor's Reasonable Business Judgment, to, in whole or in part, replace, modify, substitute and/or discontinue any and all features and/or components of the Licensed Marks and/or the System at any time.

11.E. INDEMNIFICATION OF FRANCHISEE

If Franchisee is sued in a legal proceeding or is threatened with legal action and/or a notice of infringement by a third party where the claims and/or causes of action directly relate to a third party claiming trademark infringement, unfair competition, and/or trademark dilution as a result of Franchisee's use of the Licensed Marks in accordance with the terms of this Agreement and the System (the "IP Claim"), then Franchisor shall indemnify Franchisee for the reasonable and direct costs incurred by Franchisee and/or a judgment entered against Franchisee, provided: (i) Franchisee immediately notified Franchisor of the IP Claim by a

written notice sent to Franchisor via priority overnight courier; (ii) Franchisee provided and afforded Franchisor the absolute opportunity and right to defend against the IP Claim and to select and appoint legal counsel of Franchisor's choosing; and (iii) Franchisee utilized the Licensed Marks in accordance with the terms of this Agreement and the System. Franchisee agrees that time is of the essence with respect to notifying Franchisor of the IP Claim in accordance with this Agreement, including this Article 11.E.

11.F. OWNERSHIP OF INNOVATIONS, IMPROVEMENTS AND CUSTOMER INFORMATION

Franchisee agrees that with regard to the Franchised Business, all customer lists, including the contents and information contained in all customer lists, constitute Confidential Information and an asset of Franchisor whether or not such information was supplied by Franchisor. During the Term, and in connection with the development, establishment, marketing, promotion and operation of the Franchised Business, Franchisee shall disclose to Franchisor all of Franchisee's ideas, concepts, methods, and products conceived or developed by Franchisee, any Owner, and/or Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants and employees relating to the development and operation of Brightly Businesses and the System. Franchisee hereby assigns to Franchisor, and Franchisee agrees to procure an assignment of any such ideas, concepts, methods, and products that Franchisee is required to disclose to Franchisor under this Article 11.F from each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants, and employees. Franchisor shall have no obligation to tender any lump sum payment, on-going payments, or any other consideration to Franchisee, any Owner, each Owner and Franchisee's affiliates, officers, directors, shareholders, partners, agents, members, representatives, independent contractors, servants, and employees with respect to any such idea, concept, method, technique, or product. Franchisee agrees that Franchisee shall not use, or allow any other person or entity to use, any such concept, method, technique, or product without obtaining Franchisor's prior written approval.

ARTICLE 12

RECORDS AND REPORTS

12.A. MAINTENANCE AND PRESERVATION OF RECORDS

Franchisee shall maintain during the Term and preserve for at least three years from the dates of their preparation, full, complete, and accurate books, records, and accounts from the Franchised Business. Such records shall be maintained and preserved in the form and manner by Franchisor in the Operations Manual or otherwise in writing.

12.B. REPORTING OBLIGATIONS

Franchisee shall comply with the following reporting obligations:

(1) Franchisee shall submit to Franchisor, in the form Franchisor reasonably prescribes, an unaudited monthly profit and loss statement and balance sheet for the Franchised Business within 60 days after the end of each month during the Term. If Franchisee fails to submit the profit and loss statement and balance sheet within the time period specified in this Article 12, Franchisor will assess a late fee in the amount of \$100 against Franchisee. Because Franchisor's administrative, incidental, and indirect costs, expenses and damages would be difficult, if not impossible to ascertain in the event such documentation is not timely tendered by Franchisee to Franchisor, the foregoing late charge was negotiated by the parties as liquidated damages and not a penalty. Payment of such late fee shall not constitute a cure of Franchisee's reporting obligations under this Article 12.B., and such payment shall not relieve Franchisee of its reporting obligations under this Agreement;

(2) Franchisee shall provide to Franchisor annual financial statements for Franchisee reviewed by

an independent certified public accountant in accordance with GAAP within 90 days after the end of Franchisee's fiscal year. Franchisor reserves the right to require such financial statements to be audited by an independent certified public accountant satisfactory to Franchisor at Franchisee's cost and expense. The annual financial statements of Franchisee must reconcile Gross Sales per GAAP to Gross Sales per this Agreement;

(3) Franchisee shall provide to Franchisor, Franchisee's annual federal, state, and local tax returns as same are prepared and submitted to the applicable federal, state, and local entities. Said tax returns shall be submitted to Franchisor within 45 days of Franchisee or Franchisee's agent filing such returns with the applicable federal, state, and local entities; and

(4) Franchisee shall timely submit to Franchisor, any other forms, reports, records, information, and data as Franchisor may reasonably request.

ARTICLE 13 **INSPECTION AND AUDITS**

13.A. FRANCHISOR'S RIGHT TO INSPECT OPERATIONS CENTER, SERVICE VEHICLES AND SYSTEM EQUIPMENT AND SUPPLIES

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to inspect Franchisee's Operations Center, Service Vehicles and System Equipment and Supplies. Franchisee shall fully cooperate with representatives of Franchisor making any inspection and permit such representatives of Franchisor to take photographs, movies, or videotapes of Franchisee's Operations Center, Service Vehicles, customer service visits and interview employees and customers of the Franchised Business, so long as Franchisee's ability to operate the Franchised Business is not materially and unreasonably impeded. Franchisee has the right to request and receive copies of all reports, transcripts, videotapes, recordings, photographs, and media made in the course of the inspection within 10 days after Franchisor's said request.

13.B. FRANCHISOR'S RIGHT TO EXAMINE BOOKS AND RECORDS

Franchisor has the right at any time during business hours, and without prior notice to Franchisee, to examine or audit, or cause to be examined or audited by a third party, the business records, cash control devices, bookkeeping and accounting records, bank statements, sales and income tax records and returns, and other books, statements, and records of the Franchised Business and Franchisee. Franchisee shall maintain complete and accurate copies all such books, statements, records and supporting documents at all times at Franchisee's Operations Center. Franchisee must fully cooperate with Franchisor, representatives of Franchisor, and third parties hired by Franchisor to conduct any such examination or audit. In the event Franchisor's examination of Franchisee's records reveals that Franchisee underreported any figure to Franchisor by more than 2%, then Franchisee shall reimburse to Franchisor, all of Franchisor's costs in connection with Franchisor's audit/examination.

ARTICLE 14 **TRANSFER OF INTEREST**

14.A. BY THE FRANCHISOR

At all times, Franchisor possesses and maintains the sole, absolute and unilateral right to Transfer and/or assign Franchisor's rights and obligations under this Agreement and the Ancillary Agreements, in whole and/or in part (for any purpose and in any form of transaction as may be designated and/or elected by Franchisor, in Franchisor's sole discretion) to any person, entity, Corporate Entity and/or third party without the consent of Franchisee and without the approval of Franchisee or any other party. Nothing contained in this Agreement shall prevent, prohibit, restrict, hinder, enjoin, or otherwise restrain Franchisor from selling, transferring, conveying, or assigning this Agreement and the Ancillary Agreements, and/or Franchisor's

rights and obligations under this Agreement and the Ancillary Agreements, to any person, entity, Corporate Entity or other third party. Franchisor has an unrestricted and unequivocal right to Transfer and/or assign any of its rights or obligations under this Agreement and the Ancillary Agreements, in whole or in part, in Franchisor's sole discretion. In the event Franchisor Transfers and/or assigns this Agreement and/or the Ancillary Agreements, and/or any or all of Franchisor's rights and obligations set forth in this Agreement and/or the Ancillary Agreements, to a person, an entity, Corporate Entity, or other third party, this Agreement and the Ancillary Agreements, shall survive, remain in full force and effect, and inure to the benefit of the purchaser, transferee, conveyee, and/or assignee of this Agreement and/or the Ancillary Agreements and/or Franchisor's rights and obligations under this Agreement and/or the Ancillary Agreements.

14.B. FRANCHISEE MAY NOT TRANSFER WITHOUT FRANCHISOR APPROVAL

Franchisee agrees, and Franchisee represents and warrants that Franchisee's Owners understand and agree, that the rights and duties set forth in this Agreement are personal to Franchisee and each Owner. Therefore, Franchisee agrees that:

- (1) No ownership interest of any Owner in Franchisee may be Transferred without the prior written consent of Franchisor;
- (2) No obligations, rights, or interest of Franchisee in (a) this Agreement, (b) the lease or ownership interests in Franchisee's Operations Center, (c) the Franchised Business, or (d) all or substantially all of the assets of the Franchised Business may be Transferred without the prior written consent of Franchisor. This restriction shall not prohibit Franchisee from granting a mortgage, charge, lien, or security interest in the assets of the Franchised Business or this Agreement for the exclusive purpose of securing financing for the initial development (occurring prior to the Actual Business Commencement Date) of the Franchised Business;
- (3) Without limitation to the foregoing, any Transfer by Franchisee respecting and/or relating to this Agreement and/or the Franchised Business and/or assets associated with the Franchised Business will require the prior written consent of Franchisor where such Transfer occurs by virtue of: (a) divorce or legal dissolution of marriage; (b) insolvency; (c) dissolution of a Corporate Entity; (d) last will and testament; (e) intestate succession; or (f) declaration of, or transfer in trust;
- (4) Any purported Transfer without the written consent of Franchisor, or otherwise in violation of this Agreement including, but not limited to this Article 14.B. shall constitute a breach of this Agreement and shall convey to the transferee no rights or interests in this Agreement; and
- (5) In the event of a Transfer of this Agreement that is approved by Franchisor, Franchisee shall not be relieved of Franchisee's obligations under this Agreement whether said obligations accrued and/or arose prior to and/or after the date of Transfer.

14.C. CONDITIONS FOR APPROVAL OF TRANSFER

Provided Franchisee and each Owner and Spouse, respectively, are in substantial compliance with this Agreement and the Ancillary Agreements, and Franchisor does not elect to exercise Franchisor's right of first refusal as set forth in Article 14.F below, Franchisor shall not unreasonably withhold its approval of a Transfer by Franchisee or an Owner. The proposed transferee (including such assignee's owner(s) and spouse(s) if the proposed transferee is a Corporate Entity) must be of good moral character, have sufficient business experience, aptitude, and financial resources to own and operate a Brightly Business, and otherwise meet Franchisor's then applicable standards for franchisees as determined by Franchisor in its sole, but reasonable discretion. Furthermore, the proposed transferee and the proposed transferee's owners and spouses may not own or operate, or intend to own or operate, a Competitive Business. Franchisee agrees

that Franchisor may condition approval of a Transfer upon Franchisee's satisfaction (either before, or contemporaneously with, the effective date of the Transfer) of the following:

- (1) Franchisee must provide written notice to Franchisor of the proposed Transfer of this Agreement at least 30 days prior to the Transfer, and Franchisee must have also satisfied the obligations set forth in Article 14.F below;
- (2) All accrued monetary obligations of Franchisee and all other outstanding obligations to Franchisor and/or Franchisor's affiliates under this Agreement and the Ancillary Agreements must be satisfied in a timely manner, and Franchisee must satisfy all trade, supplier, and vendor accounts and other debts, of whatever nature or kind, in a timely manner;
- (3) Franchisee, each Owner, and each Spouse must not be in default or material breach of this Agreement or the Ancillary Agreements;
- (4) The transferee shall be bound by all terms and conditions of this Agreement. Each owner of the transferee shall also be required to execute the Joinder Agreement in the form attached to this Agreement as Exhibit 1 and such further agreements designated by Franchisor whereby the proposed transferee assumes each and every obligation and responsibility of Franchisee as set forth in this Agreement;
- (5) All obligations of Franchisee under this Agreement and the Ancillary Agreements shall be assumed by the transferee, each individual owner of transferee, and their respective spouses in a manner satisfactory to Franchisor;
- (6) Franchisee, each Owner, and each Spouse must execute the General Release attached to this Agreement as Exhibit 5 releasing Franchisor, Franchisor's affiliates and Franchisor's past and present officers, directors, shareholders, members, partners, agents, representatives, independent contractors, servants, and employees, of any and all claims against Franchisor for matters arising on, or before, the effective date of the Transfer;
- (7) If the proposed Transfer includes or entails the Transfer of this Agreement, substantially all of the assets of the Franchised Business, a controlling interest in Franchisee, or is one of a series of Transfers which in the aggregate Transfers substantially all of the assets of the Franchised Business or a controlling interest in Franchisee, then, at the election of Franchisor and upon notice from Franchisor to Franchisee, the transferee may be required to execute (and/or, upon Franchisee's request, shall cause all interested parties to execute) for a term ending on the expiration date of the original Term of this Agreement, the then current standard form Franchise Agreement offered to new franchisees of Brightly Businesses and any other agreements as Franchisor requires. Such agreements shall supersede this Agreement and its associated agreement in all respects, and the terms of Franchisor's then current agreements may differ from the terms in this Agreement, provided that such agreements shall provide for the same Royalty Fee, Advertising Contributions, and all other financial or monetary obligations established in this Agreement;
- (8) The transferee, at its expense, must improve, modify, refurbish, renovate, remodel, and/or otherwise upgrade Franchisee's Operations Center to conform to the then current standards and specifications of Franchisor, and the transferee must complete such improvements, modifications, refurbishments, renovations, remodeling, and/or upgrading within the time period Franchisor reasonably specifies;

(9) Franchisee, each Owner, and each Spouse shall remain liable for all obligations to Franchisor set forth in this Agreement;

(10) At the transferee's expense, the transferee, and the transferee's Cooperative President, managers and/or any other applicable employees of transferee's Brightly Business must complete any training programs then in effect for franchisees of Brightly Businesses upon terms and conditions set forth in this Agreement or as Franchisor otherwise reasonably requires;

(11) Franchisee must pay the Transfer Fee to Franchisor, which is a fixed sum of \$2,500 (the "Transfer Fee");

(12) Franchisor's approval of the material terms and conditions of the Transfer, and Franchisor determines in Franchisor's Reasonable Business Judgment that the price and terms of payment are not so burdensome as to be detrimental to the future operations of the Franchised Business by the transferee;

(13) Transferee's employees, directors, officers, independent contractors, and agents who will have access to Confidential Information shall execute the Confidentiality Agreement attached hereto as Exhibit 2;

(14) Franchisee entering into an agreement with Franchisor agreeing to subordinate any obligations of transferee to make installment payments of the purchase price to Franchisee to the transferee's obligations to Franchisor, including, without limitation, transferee's obligations with respect to Royalty Fees and Advertising Contributions;

(15) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer indicates only that the transferee meets, or Franchisor waived, the criteria established by Franchisor for franchisees as of the time of such transfer, and Franchisor's approval thereof does not constitute a warranty or guaranty by Franchisor, express or implied, of the suitability of the terms of sale, successful operation, or profitability of the Franchised Business;

(16) Franchisee and transferee acknowledge and agree that Franchisor's approval of the Transfer at issue does not constitute Franchisor's approval of future or other Transfers or the waiver of the requirement that Franchisor must approve such future or other Transfers in accordance with this Agreement;

(17) The Transfer must be made in compliance with all applicable laws;

(18) The Transfer of the Franchised Business, the lease for Franchisee's Operations Center (if applicable), and the assets of the Franchised Business shall be made only in conjunction with a Transfer of this Agreement, approved by Franchisor in accordance with and subject to this Article 14 and the terms and conditions of this Agreement; and

(19) Franchisor's consent to a Transfer of any interest that is subject to the restrictions of this Agreement shall not constitute a waiver of any claims it may have against Franchisee or deemed a waiver of Franchisor's right to demand strict and exact compliance with this Agreement by the transferee.

14.D. DEATH OR DISABILITY OF FRANCHISEE OR AN OWNER

(1) If Franchisee is an individual and not a Corporate Entity, upon the death or permanent disability of Franchisee, the executor, administrator, conservator, or other personal representative of

Franchisee, must appoint a manager that meets the equivalent of an Operating Manager within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability. The appointed manager (as applicable) must serve and qualify as an Operating Manager and attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Brightly Business is not being managed by a Franchisor approved Operating Manager (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Brightly Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Operating Manager is able to assume the management and operation of Franchisee's Brightly Business. Franchisor's appointment of a manager for Franchisee's Brightly Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Brightly Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Brightly Business or to any creditor of Franchisee for any products, materials, supplies, or services purchased by Franchisee's Brightly Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time.

(2) If Franchisee is a Corporate Entity, upon the death or permanent disability of Franchisee's Cooperative President, the remaining Owners within a reasonable time, which shall not exceed 30 days from the date of death or permanent disability must appoint a new Cooperative President that is approved by Franchisor. The appointed Cooperative President must attend and successfully complete the Training Program within 60 days of the appointment. If Franchisee's Brightly Business is not being managed by a Franchisor approved Cooperative President (as applicable) within 30 days after such death or permanent disability, Franchisor is authorized, but is not required, to immediately appoint a manager to maintain the operations of Franchisee's Brightly Business for, and on behalf of, Franchisee at Franchisee's sole costs until an approved Cooperative President is able to assume the management and operation of Franchisee's Brightly Business. Franchisor's appointment of a manager for Franchisee's Brightly Business does not relieve Franchisee of its obligations under this Agreement, including this Article 14.D., or constitute a waiver of Franchisor's right to terminate this Agreement pursuant to Article 16, below. At all times, including while Franchisee's Brightly Business may be managed by Franchisor's appointed manager, Franchisor shall not be liable for any debts, losses, costs, or expenses incurred in the operations of Franchisee's Brightly Business or to any creditor of Franchisee for any products, materials, supplies, or services purchased by Franchisee's Brightly Business. Franchisor has the right to charge a reasonable fee for such management services and may cease to provide management services at any time. Notwithstanding the foregoing, if Franchisee is a Corporate Entity and the Cooperative President is the only Owner of Franchisee, then Article 14.D(1) shall apply as if the Cooperative President were the sole individual Franchisee.

(3) Upon the death of Franchisee or any Owner, the executor, administrator, conservator, or other personal representative of that deceased person must transfer his interest to a person Franchisor approves within a reasonable time, not to exceed 12 months from the date of death.

(4) If Franchisee is an individual, then in the event of the death or permanent disability of Franchisee, this Agreement may be Transferred to any designated person, heir, or beneficiary without the payment of the Transfer Fee. Notwithstanding the immediately foregoing sentence, the Transfer of this Agreement to such transferee of Franchisee shall be subject to the applicable terms and conditions of this Article 14, and the Transfer shall not be valid or effective until Franchisor has received the properly executed legal documents, which Franchisor's attorneys deem necessary

to properly and legally document such Transfer of this Agreement. Furthermore, said transferee must agree to be unconditionally bound by the terms and conditions of this Agreement and the Joinder Agreement attached to this Agreement as Exhibit 1.

14.E. TRANSFER TO WHOLLY OWNED CORPORATE ENTITY

In the event Franchisee is an individual/are individuals, this Agreement may be Transferred by Franchisee to a Corporate Entity (the “Assignee Corporate Entity”), provided that: (a) Franchisee has provided Franchisor with 30 days prior written notice of the proposed Assignment of this Agreement the Joinder Agreement attached to this Agreement as Exhibit 1; (c) Franchisee has provided Franchisor with true and accurate copies of corporate formation documents related to the Assignee Corporate Entity and the ownership of the Assignee Corporate Entity and has further provided Franchisor with all additional documentation as Franchisee may request concerning the proposed assignment and/or Assignee Corporate Entity; and (d) Franchisee is otherwise in compliance with the terms and conditions of this Agreement and any Ancillary Agreements. Franchisee agrees that an assignment to an Assignee Corporate Entity shall not relieve Franchisee of Franchisee’s individual obligations under this Agreement as such obligations existed between Franchisee and Franchisor prior to the date of any assignment to the Assignee Corporate Entity.

14.F. FRANCHISOR’S RIGHT OF FIRST REFUSAL

If Franchisee or an Owner desire to engage, in whole or in part, in a Transfer of Franchisee, this Agreement, Franchisee’s Brightly Business, Franchisee’s Operations Center, and/or Franchisee’s Operations Center, then Franchisee or such Owner (as applicable) must obtain a bona fide, signed written offer from the fully disclosed purchaser (the “Offer”) and submit an exact copy of the Offer to Franchisor. Franchisor shall have 30 days after receipt of the Offer to decide whether Franchisor will purchase the interest in Franchisee, Franchisee’s Brightly Business, Franchisee’s Operations Center, and/or Franchisee’s Operations Center for the same price and upon the same terms contained in the Offer (however, Franchisor may substitute cash for any form of payment proposed in the Offer). If Franchisor notifies Franchisee that Franchisor intends to purchase the interest within said 30 day period, Franchisee or Owner (as applicable) must sell the interest to Franchisor. Franchisor will have at least an additional 60 days to prepare for closing. Franchisor shall be entitled to receive from Franchisee or Owner (as applicable) all customary representations and warranties given by Franchisee or Owner (as applicable) as the seller of the assets and/or the ownership interest or, at Franchisor’s election, the representations and warranties contained in the offer. If Franchisor does not exercise its right of first refusal, Franchisee or Owner (as applicable) may complete the Transfer to the purchaser pursuant to and in accordance with the terms of the Offer, provided that separate and apart from this Article 14.F, right of first refusal, Franchisee complies with the terms of this Article 14. However, if the sale to the purchaser is not completed within 120 days after delivery of the Offer to Franchisor, or there is a material change in the terms of the sale, Franchisor will again have the right of first refusal specified in this Article 14.F. Franchisor’s right of first refusal in this Article 14.F, shall not apply to any Transfer pursuant to Article 14.E, of this Agreement.

ARTICLE 15

RENEWAL OF FRANCHISE

15.A. FRANCHISEE’S RIGHT TO RENEW

Subject to Franchisee’s satisfaction of the terms and conditions of this Article 15, Franchisee possesses the option to renew the franchise for Franchisee’s Brightly Business for one additional 10 year Renewal Term, provided that:

- (1) Franchisee has complied with the terms and conditions of this Agreement and, without limitation to the foregoing, has operated Franchisee’s Brightly Business in conformity with the System and has not otherwise breached this Agreement at any time;

- (2) Franchisee maintains possession of Franchisee's Operations Center and/or a substitute thereof that is approved by Franchisor and located within the Operating Territory;
- (3) Franchisee agrees to update the condition, appearance, and functionality of Franchisee's Operations Center and to otherwise modify Franchisee's Operations Center in compliance with specifications and standards then applicable for new Brightly Businesses;
- (4) Franchisee pays the Renewal Fee, which is a fixed sum of \$500 (the "Renewal Fee"); and
- (5) Franchisee complies with the terms and conditions of Article 15.

15.B. NOTICE OF RENEWAL AND NON-RENEWAL

Franchisee must give Franchisor written notice of Franchisee's election to renew this Agreement not less than 180 days before the end of the Term.

15.C. RENEWAL FRANCHISE AGREEMENT

Subject to the satisfaction of the conditions set forth in this Article 15, to renew the franchise license and to obtain the right to continue to operate the Franchised Business (a) Franchisor and Franchisee execute and become parties to Franchisor's then current Franchise Agreement and Franchisor's then current ancillary agreements that Franchisor then designates and customarily uses in the grant of franchises for Brightly Businesses at the time of renewal, and (b) each Owner and Spouse must execute and become parties to an agreement similar to the Joinder Agreement attached hereto as Exhibit 1. The terms of the renewal Franchise Agreement and ancillary agreements may differ from the terms of this Agreement and the Ancillary Agreements, including, without limitation, requiring higher advertising contributions and higher royalty fees. Franchisee, each Owner, and each Spouse may be required to execute further documents, instruments or agreements that Franchisor customarily requires in the grant of franchises for Brightly Businesses at the time of renewal. Failure by Franchisee, each Owner, and/or each Spouse to execute the foregoing documents, instruments, and agreements within 30 days after delivery to Franchisee shall be deemed an election by Franchisee not to renew the franchise.

15.D. CONDITIONS FOR RENEWAL

In addition to the conditions and requirements stated above in this Article 15, each and every one of the following conditions and requirements must be satisfied by Franchisee before and at the time of renewal:

- (1) Franchisee, each Owner, and each Spouse (as applicable) must not be in material default of any provision of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements; and Franchisee must have substantially and timely complied with all the terms and conditions of all agreements with Franchisor and Franchisor's affiliates;
- (2) Franchisee must have timely satisfied all monetary obligations owed by Franchisee to Franchisor and under this Agreement, the Ancillary Agreements, and any other agreement between Franchisee and any of Franchisor's affiliates;
- (3) Franchisee must present satisfactory evidence that Franchisee has the right to remain in possession of Franchisee's Operations Center or obtain Franchisor's approval for a new Operations Center within the Operating Territory (if any) for the operation of the Franchisee's Brightly Business for the duration of the Renewal Term of this Agreement;
- (4) Based upon an assessment of Franchisee's needs conducted by Franchisor prior to renewal, Franchisee must undertake such additional training, if any, as necessary to comply with Franchisor's then current training requirements; and

(5) Franchisee and the Owners must execute the general release, attached hereto as Exhibit 5 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state, or local laws, rules, regulations, or orders. If precluded by law from giving a general release, Franchisee shall execute an estoppel statement.

ARTICLE 16

DEFAULTS AND REMEDIES

16.A. TERMINATION BY FRANCHISOR

(1) **Automatic Termination** – Franchisee shall be in default of this Agreement, and Franchisee's rights under this Agreement shall be automatically and immediately terminated, without notice to Franchisee and without providing Franchisee any opportunity to cure, upon the occurrence of any one or more of the following actions, inactions, events, and/or circumstances:

- (a) Franchisee becomes insolvent;
- (b) Franchisee makes a general assignment for the benefit of creditors or takes any other similar action for the protection or benefit of creditors;
- (c) Franchisee admits in writing Franchisee's inability to pay its debts as they mature;
- (d) Franchisee gives notice to any governmental body or agency of insolvency, pending insolvency, suspension of operations and/or pending suspension of operations;
- (e) Franchisee files a voluntary petition in bankruptcy;
- (f) Franchisee is adjudicated bankrupt or insolvent;
- (g) An involuntary petition in bankruptcy is filed against Franchisee;
- (h) Franchisee files any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution, or other similar relief under any applicable federal and/or state law relative to bankruptcy, insolvency or similar relief for debtors;
- (i) A court of competent jurisdiction enters an order, judgment or decree approving a petition filed against Franchisee seeking any relief described in Article 16.A(1)(h), and (1) Franchisee acquiesces in the entry of such order, judgment or decree (the term "acquiesce" as used in this Article 16.A(1)(i) shall include, without limitation, Franchisee's failure to file a petition or motion to vacate or discharge any order, judgment or decree within 60 days after entry of such order, judgment or decree), or (2) such order, judgment or decree shall remain for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;
- (j) Franchisee seeks, consents to, or acquiesces in, the appointment of any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee;
- (k) A bill in equity or other proceeding for the appointment of any trustee, receiver, conservator, custodian or liquidator of Franchisee for Franchisee's business or any assets of Franchisee is filed and Franchisee consents to same;

(l) A court of competent jurisdiction appoints or orders any trustee, receiver, conservator, custodian or liquidator for Franchisee's business or any assets of Franchisee and such appointment or order remains for an aggregate of 60 days, whether or not consecutive, from the date of entry thereof;

(m) Franchisee initiates proceedings for a composition with creditors under any state or federal law or such a proceeding is initiated against Franchisee;

(n) This Agreement, or any of Franchisee's rights under this Agreement, is levied upon under any attachment or execution;

(o) Execution is levied upon or against Franchisee's business or any assets of Franchisee;

(p) A final judgment against Franchisee remains of record or unsatisfied for 30 days or more, unless an appeal and/or supersedeas bond is filed;

(q) Franchisee is dissolved;

(r) A cause of action or lawsuit to foreclose any lien or mortgage against Franchisee's Operations Center if Franchisee is the fee simple owner of Franchisee's Operations Center;

(s) A cause of action or lawsuit to foreclose any lien against equipment used in the operation of Franchisee's Brightly Business or located at Franchisee's Operations Center is instituted against Franchisee and not dismissed within 60 days after the summons is served on Franchisee;

(t) Real or personal property of Franchisee utilized in the operation of Franchisee's Brightly Business is sold after levy thereupon by any sheriff, marshal, or other law enforcement officer;

(u) Upon termination by Franchisor pursuant to Article 16.A(2) of this Agreement; and/or

(v) Upon termination by Franchisor pursuant to Article 16.A(3) of this Agreement.

(2) **Automatic Termination Upon Written Notice** – Franchisee shall be in default of this Agreement and Franchisee's rights under this Agreement may be terminated by Franchisor, in Franchisor's sole discretion, upon written notice from Franchisor to Franchisee of any one of the following events and/or the occurrence of any one or more of the following actions, events and/or circumstances with such termination effective on the date of Franchisor's notice:

(a) Franchisee breaches a material term or provision of this Agreement or, if, pursuant to the terms of this Agreement Franchisee is permitted to cure such breach, Franchisee breaches a material term or provision of this Agreement and Franchisee fails to timely cure such breach pursuant to the terms of this Agreement;

(b) Franchisee abandons, surrenders and/or fails to continuously and actively operate Franchisee's Brightly Business, unless prevented by casualty if such casualty is repaired or otherwise remedied in accordance with Article 7.D.;

(c) Franchisee failing or refusing on more than three occasions during the Term to timely submit to Franchisor any records, reports, videotapes, recordings, books, accounts, statements, data, documentation, or other information in accordance with this Agreement;

- (d) Franchisee fails or refuses on more than three occasions during the Term to timely pay when due the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, and/or monetary obligation payable to Franchisor pursuant to this Agreement;
- (e) Franchisee and/or Franchisee's Owners intentionally misrepresent and/or omit material information in any submitted application and during the application process;
- (f) Franchisee attempts to Transfer, or any purported Transfer of, this Agreement or any of Franchisee's rights under this Agreement to a third party without Franchisor's prior written consent and/or otherwise not in accordance with this Agreement;
- (g) Franchisee discloses, divulges, and/or communicates to any unauthorized person or entity the Operations Manual and/or any contents of, or any information contained in, the Operations Manual;
- (h) Franchisee discloses, divulges, and/or communicates to any unauthorized person or entity any Confidential Information;
- (i) Franchisee fails or refuses on more than three occasions to substantially comply with any of the requirements imposed by this Agreement or the Operations Manuals;
- (j) Franchisee materially breaches, or is in material default of, this Agreement or engaging in any other activity that injures, harms, damages, or otherwise has a material adverse effect on Franchisor, the System, the Licensed Marks, Brightly Businesses, Franchisee's Brightly Business, and the goodwill, brand, and reputation associated therewith;
- (k) Franchisee, an Owner, and/or a Spouse (as applicable) breaches, or is in default of, any of the Ancillary Agreements, including, without limitation, the Joinder Agreement attached hereto as Exhibit 1;
- (l) Conviction of Franchisee and/or an Owner of a felony or Franchisee or an Owner pleading guilty or nolo contendere to a felony or crime (i) that is not related to an offense regarding immigration status and, (ii) with respect an Owner, where the Owner is not expelled from the Franchisee within one month of said conviction, guilty plea or nolo contendere to a felony or crime;
- (m) Franchisee and/or an Owner engages in dishonest or unethical conduct that results, in Franchisor's Reasonable Business Judgment, in embarrassment to Franchisor, the System, the Licensed Marks, Brightly Businesses, Franchisee's Brightly Business, and the goodwill, brand, and reputation associated therewith;
- (n) If any inspection of Franchisee's records, reports, books, accounts, statements, data, documentation, or other information discloses an understatement of payments payable to Franchisor under this Agreement of 5% or more, including, without limitation, payment of the Royalty Fee and/or the Advertising Contribution;
- (o) Franchisee uses products, and/or supplies not approved by Franchisor, including, without limitation, the System Equipment and Supplies and/or the Approved Services and Products;

- (p) Franchisee fails to complete the Training Program to Franchisor's reasonable satisfaction;
 - (q) Franchisee engages in conduct which, in Franchisor's Reasonable Business Judgment, may adversely affect the goodwill of Franchisor, the System, the Licensed Marks, Brightly Businesses and/or Franchisee's Brightly Business;
 - (r) An immediate threat or danger to public health or safety resulting from the operation of Franchisee's Brightly Business;
 - (s) Franchisee loses the right or ability to occupy Franchisee's Operations Center due to Franchisee's default of the underlying breach, material breach of the underlying lease, or Franchisee's failure to elect any option to renew the underlying lease;
 - (t) Franchisee and/or an Owner fails to comply with Anti-Terrorism Laws or become listed on the Annex to Executive Order 13244;
 - (u) Franchisee fails to: (1) immediately notify Franchisor of any known breach of the Confidentiality Agreement by any person or entity; (2) immediately notify Franchisor of facts and information that would cause a reasonable person to believe that a person or entity violated the Confidentiality Agreement and/or is in the process of violating the Confidentiality Agreement; and/or (3) take reasonable steps (including notice to Franchisor and Franchisee's consultation with Franchisee's legal counsel) to prevent any person or entity from violating the terms of the Confidentiality Agreement;
 - (v) Franchisee misappropriates, misuses, or makes any unauthorized use of the Licensed Marks, the Confidential Information, and/or the System, Franchisee materially impairs the goodwill associated with the Licensed Marks, and/or Franchisee applies for registration of the Licensed Marks anywhere in the world;
 - (w) Franchisee fails, refuses, and/or is unable to pay the Royalty Fee, Advertising Contribution, and/or any other payment, fee, financial obligation, and/or monetary obligation payable to Franchisor pursuant to this Agreement within 10 calendar days following written notice of same from Franchisor;
 - (x) Franchisee and/or Franchisee's affiliate fails, refuses, and/or is unable to pay any payment, fee, financial obligation, and/or monetary obligation payable to Franchisor and/or Franchisor's affiliates pursuant to this Agreement and/or any other agreement between or among Franchisor, Franchisor's affiliate, Franchisee and/or Franchisee's affiliate within 10 calendar days following written notice of same from Franchisor and/or Franchisor's affiliate; and/or
 - (y) Franchisee fails or refuses, without legal justification, on more than three occasions to timely pay any supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items for the use of, operation of, and/or associated with, Franchisee's Brightly Business, including, without limitation, the System Equipment and Supplies and/or the Approved Services and Products.
- (3) **Termination After Cure Period** – Franchisee shall be in default of this Agreement, and Franchisee's rights under this Agreement shall be terminated, upon 30 calendar days written notice (specifying the default of this Agreement and/or the actions, inactions, failures, circumstances, and/or events that must be cured by Franchisee) to Franchisee (the "Notice Period") upon the occurrence of any one or more of the following actions, inactions, events, and/or circumstances

with such termination effective upon expiration of the Notice Period, unless cured by Franchisee within the Notice Period:

- (a) Franchisee fails or refuses to comply with any term and condition of this Agreement or any other agreement between or among Franchisor, Franchisor's affiliates, Franchisee and/or Franchisee's affiliates;
- (b) Franchisee fails to develop, open, operate and maintain Franchisee's Brightly Business in accordance with this Agreement and throughout the Term;
- (c) Franchisee fails to develop, open, and operate Franchisee's Brightly Business on or before the Scheduled Business Commencement Date;
- (d) Franchisee operates Franchisee's Brightly Business in any manner that violates any federal, state, or local law, rule, regulation, ordinance, permit or code;
- (e) Franchisee fails to maintain, or suffers cancellation of, any insurance policy required under this Agreement;
- (f) Franchisee fails or refuses to comply with any specification, standard or operating procedure designated by Franchisor or otherwise set forth in the Operations Manual;
- (g) Franchisee fails or refuses, without legal justification, to pay any supplier or vendor for any goods, products, supplies, equipment, materials and/or any other items for the use of, operation of, and/or associated with, Franchisee's Brightly Business, including, without limitation, the System Equipment and Supplies and/or the Approved Services and Products;

and/or

- (h) Franchisee fails to timely satisfy and pay all vendors, suppliers and/or contractors in connection with the development and/or construction of the Brightly Business.

The foregoing events of default set forth in this Article 16.A(3) shall exclude events of default that are otherwise governed by and/or events of default under Article 16.A(1) or Article 16.A(2). In the event of any inconsistency or conflict between the provisions of this Article 16.A(3) with Article 16.A(1), Article 16.A(1) shall take precedence and govern. In the event of any inconsistency or conflict between the provisions of this Article 16.A(3) with Article 16.A(2), Article 16.A(2) shall take precedence and govern.

(4) **Additional Termination Rights** – Franchisee agrees that Franchisee's strict and exact compliance with, and performance of, all the terms and conditions of this Agreement is necessary for the protection of Franchisor, the System, the Licensed Marks, Brightly Businesses, Franchisee's Brightly Business, and the goodwill, brand, and reputation associated therewith. Franchisee agrees that Franchisee's failure to strictly and exactly to comply and perform in accordance with each of the terms and conditions of this Agreement shall constitute a default under, and a material breach of, this Agreement. Accordingly, in addition to the actions, inactions, events, and/or circumstances specified as a default in Article 16.A(1) through Article 16.A(3) above or elsewhere in this Agreement, Franchisee's failure to perform and comply with each and every term and condition set forth in this Agreement shall constitute a default under this Agreement and a material breach of this Agreement. In the event of a default or material breach not otherwise specified as a default in Article 16.A(1) through Article 16.A(3) above or elsewhere in this Agreement (a "General Default"), then Franchisor shall notify Franchisee in writing of such General Default, and Franchisor will

specify in such notice the default or material breach of this Agreement and/or the actions, inactions, failures, circumstances, and/or events that must be cured by Franchisee. If Franchisee fails to remedy or cure such default within 30 days of such notice, or such longer period time as may be required by law, then Franchisor may terminate Franchisee's rights under this Agreement without further notice to Franchisee.

16.B. TERMINATION BY FRANCHISEE

If Franchisee, each Owner, and Spouse (as applicable) are in full compliance with the material terms and provisions of this Agreement, any amendment or successor agreement, and any of the Ancillary Agreements, and Franchisor materially breaches Franchisor's substantive and material obligations set forth in this Agreement, Franchisee may terminate this Agreement in the event of the following:

- (1) Franchisor does not correct the material breach within 30 days after Franchisor's receipt of Franchisee's written notice of such material breach to Franchisor; or
- (2) In a case where Franchisor's material breach cannot reasonably be cured within 30 days, within 30 days of Franchisor's receipt of Franchisee's written notice of Franchisor's material breach, Franchisor shall be provided a reasonable time period to cure such material breach provided that Franchisor provides reasonable evidence to Franchisee of Franchisor's current, continuing and/or planned efforts to correct the material breach within a reasonable time.

In either case, Franchisee's termination of this Agreement shall not take effect until expiration of the 30 day period set forth above and or such reasonable time period as necessary to cure the material breach, and Franchisee delivers to Franchisor a separate written notice of termination. The termination date must be at least 10 days after Franchisor's receipt of Franchisee's notice of termination. Franchisee's termination of this Agreement for any reason other than as set forth in this and in compliance with this Article 16.B. shall not constitute the termination of this Agreement and shall constitute a material breach of this Agreement by Franchisee.

16.C. FRANCHISOR'S OTHER REMEDIES

In the event of Franchisee's breach of any provision of this Agreement or Franchisee's default under this Agreement, Franchisor, at Franchisor's sole discretion, shall be entitled to the following remedies and rights in addition to any other rights and remedies available to Franchisor set forth in this Agreement, at law, or in equity: (i) void and terminate this Agreement, and market, sell, transfer, convey and assign the rights granted to Franchisee under this Agreement to any other person or entity in Franchisor's sole discretion; (ii) hold Franchisee liable for, and recover from Franchisee, all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges resulting from Franchisee's default or material breach; (iii) exercise all legal and equitable rights and remedies allowable by applicable law; (iv) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses, and charges to reclaim the rights granted to Franchisee under this Agreement, and marketing, selling, transferring, conveying or assigning those rights to another person or entity; (v) enjoin, prohibit or otherwise prevent Franchisee from operating Franchisee's Brightly Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court ordered restraining order, injunction or other means; (vi) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees,

accountant fees, expert witness fees, and consultant fees), expenses and charges resulting from, or associated with, enjoining, restraining, prohibiting, or otherwise preventing Franchisee from operating Franchisee's Brightly Business or exercising any rights granted to Franchisee under this Agreement pursuant to a court ordered restraining order, injunction or other means; (vii) a declaratory judgment that this Agreement and all rights granted to Franchisee under this Agreement are terminated, null and void; (viii) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges associated with enforcing this Agreement; (ix) recover from Franchisee all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee pursuant to this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, payments of the Royalty Fee and Advertising Contributions; (x) recover from Franchisee all costs (including court costs, deposition costs, and all other costs of litigation), damages (subject to the limitations set forth in Article 18.J. below), losses (including loss of royalties and loss of business), interest, fees (including, without limitation, reasonable attorney fees, accountant fees, expert witness fees, and consultant fees), expenses and charges resulting from, or associated with, recovering from Franchisee all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee this Agreement, the Ancillary Agreements, and/or any other agreements between Franchisee and Franchisor, including, without limitation, payments of the Royalty Fee and Advertising Contributions; (xi) temporarily or permanently suspend any existing credit arrangements or accommodations previously extended to Franchisee and/or refrain from offering or making available to Franchisee any credit arrangements or accommodations that may be offered or made available to other System franchisees; (xii) modify payment terms for approved products, supplies, or other merchandise purchased by Franchisee (which may include, without limitation, requiring cash on delivery); (xiii) disqualify Franchisee from being eligible for, or from participating in, special promotion programs, rebates, and/or rebate sharing that may be offered or made available to other System franchisees; (xiv) refrain from providing or making available to Franchisee promotional materials or other materials developed by the Brand Development Fund; (xv) require payment of the Noncompliance Fee, which shall be payable and due within 14 days of the date of Franchisor's invoice; and/or (xvi) if a default or breach by Franchisee results in the earlier termination of this Agreement, then Franchisor, at Franchisor's sole election, may accelerate the due date for all payments, fees, monetary obligations, financial obligations, interest, and charges due and owing to Franchisor from Franchisee, including, without limitation, payments of the Royalty Fee and Advertising Contributions. If Franchisor does not pursue termination of this Agreement in the event of a default or breach by Franchisee, and/or Franchisor accepts any royalties, payments, contributions, funds, or other monetary sums from Franchisee, such actions do not constitute a waiver or acceptance of Franchisee's default or breach, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor's such rights and remedies are cumulative, and no exercise or enforcement by Franchisor of any such right or remedy precludes the exercise or enforcement by Franchisor of any other right or remedy which Franchisor is entitled by law to enforce.

ARTICLE 17

OBLIGATIONS UPON TERMINATION, EXPIRATION AND CONTINUING OBLIGATIONS

17.A. PAYMENT OF AMOUNTS OWED TO FRANCHISOR

Without limitation as to any other Article or provision of this Agreement, upon expiration or termination of this Agreement for any reason, Franchisee shall immediately pay to Franchisor all sums and fees due from Franchisee to Franchisor under the terms of this Agreement including, but not limited to Royalty Fees and Advertising Contributions and all other sums and fees due from Franchisee to Franchisor and/or

Franchisor affiliates and/or suppliers for products and services including, but not limited to, System Equipment and Supplies.

17.B. CEASE OPERATIONS, USE OF SYSTEM AND PROTECTION OF THE SYSTEM

Upon expiration, termination, or Transfer of this Agreement for any reason, Franchisee shall immediately:

- (1) Permanently cease to be a franchise owner of the Brightly Business that was the subject of this Agreement and cease to operate such Brightly Business under the System;
- (2) Directly or indirectly, hold itself out to any person or entity, or represent itself, as a present or former Brightly Business franchisee;
- (3) Permanently cease to use, in any manner: (a) the System including, without limitation, the Confidential Information, the Licensed Marks, the Business Management System Data, and the Operations Manual; (b) any methods, procedures, or techniques associated with the System in which Franchisor possesses proprietary rights or constitute Franchisor's trade secrets; (c) System Equipment and Supplies, including communicating with or ordering products from Franchisor's designated suppliers and vendors of System Equipment and Supplies; (d) the Approved Services and Products; and (e) any other advertising, marketing, media, and any other information, documents or things associated with Franchisor, the System, the Licensed Marks, Brightly Businesses, the Franchised Business, and Franchisee's former Brightly Business, including, without limitation, any confidential, proprietary methods, procedures, descriptions of products, techniques, trade secrets, proprietary marks, distinctive forms, slogans, symbols, signs, stationary, advertising material, articles, logos, devices, items and all other things, tangible or intangible, associated with Franchisor, the System, the Licensed Marks, and Brightly Businesses;
- (4) Return to Franchisor the Operations Manual (including any and all parts, supplements, and copies of the Operations Manual), the Confidential Information (including without limitation the Business Management System Data and all customer lists and information), and all other confidential materials, equipment, software, information, and property owned by Franchisor and all copies thereof provided, however, that Franchisee may retain Franchisee's copies of this Agreement, correspondence between Franchisor and Franchisee, but not including Confidential Information that may be contained in or attached thereto, and other documents that Franchisee needs to retain pursuant to applicable law;
- (5) Permanently cease accessing, immediately disconnect from, and discontinue using any and all digital media, intra-nets, cloud based systems, and/or servers that store, maintain, and/or provide access to the Operations Manual, Confidential Information, and all other standards, specifications of Franchisor;
- (6) Immediately notify Franchisor, in writing, of any and all locations where Franchisee may have maintained and/or stored digital files and/or media containing all or parts of the Operations Manual, any Confidential Information, and all other standards and specifications of Franchisor, immediately turn over such digital files and media to Franchisor, and follow Franchisor's instructions as to the destruction of such digital files and media;
- (7) Except in the event an authorized transferee continues to operate Franchisee's former Brightly Business at Franchisee's Operations Center subsequent to a Transfer, at Franchisee's sole cost and expense: (a) modify and alter Franchisee's former Brightly Business, Franchisee's former Brightly Operations Center, and Franchisee's Operations Center, as reasonably necessary or otherwise required by Franchisor, to ensure that Franchisee's Operations Center has been completely de-

identified and differentiated from its former appearance to prevent any confusion by the public as to the continued existence of a Brightly Business at your Operations Center; (b) remove from Franchisee's Operations Center all distinctive physical and structural features identifying a Brightly Business and all distinctive signs, trade dress and emblems associated with the System including, without limitation, signs, trade dress, and emblems bearing the Licensed Marks; and (c) make specific additional changes to Franchisee's Operations Center as Franchisor reasonably requests for the purpose of completely de-identifying Franchisee's former Brightly Business. Franchisee shall immediately initiate the foregoing actions and complete such actions within the period of time designated by Franchisor, and Franchisee agrees that Franchisor and/or Franchisor's designated agents may enter the premises of Franchisee's Operations Center at any time to make foregoing alterations at Franchisee's sole risk and expense. Franchisee further agrees that Franchisee's failure to timely make modifications and alterations to Franchisee's Operations Center will cause irreparable injury to Franchisor, and Franchisee consents to the entry, at Franchisee's expense, of any ex-parte order by any court of competent jurisdiction authorizing Franchisor or its agents to take action, if Franchisor seeks such an order;

(8) Take all actions necessary and/or reasonably required to cancel all fictitious or assumed names or equivalent registrations relating to the Licensed Marks;

(9) At no cost to Franchisor, take such action as may be determined by Franchisor to: (a) provide and assign to Franchisor the Business Management System, the Business Management System Data, and all customer lists, customer information, and customer data; and (b) transfer, disconnect, and/or otherwise assign, as directed by Franchisor, all telephone numbers, email addresses, yellow pages telephone directories, telephone directory type listings, Web Based Media listings, accounts and log-in information used in connection with Franchisee's former Brightly Business and/or otherwise associated with the System and/or the Licensed Marks, cancel Franchisee's interests in same as such cancellation may be directed by Franchisor, and effectuate, perform, honor, and comply with Franchisee's obligations under the Assignment of Telephone Numbers and Digital Media Accounts attached to this Agreement as Exhibit 4;

(10) Abide by, and comply with, the restrictive covenants and obligations set forth in this Agreement, including, without limitation, the restrictive covenants and obligations set forth in Article 6.B. through Article 6.E. of this Agreement; and

(11) Provide Franchisor, within 30 days of the expiration, termination, or Transfer of this Agreement, with written proof demonstrating that Franchisee has complied with the terms of this Article 17 and all other obligations under this Agreement that Franchisee must perform, abide by, and comply with, subsequent to the termination, expiration, or Transfer of this Agreement.

17.C. CONTINUING OBLIGATIONS

All obligations of Franchisor and Franchisee under this Agreement which expressly, or by their nature, survive, or are intended to survive, the expiration, termination, or Transfer of this Agreement shall continue in full force and effect subsequent to, and notwithstanding, this Agreement's termination, expiration, or Transfer until such obligations are satisfied in full or, by the nature and/or terms, such obligation(s) expire.

Franchisee further agrees that in the event of a Transfer of this Agreement by Franchisee, whether or not such Transfer is authorized by Franchisor or made in violation of this Agreement, under no circumstance shall Franchisee be relieved of Franchisee's Obligations under this Agreement and the Joinder Agreement attached to this Agreement as Exhibit 1. The immediately foregoing shall not be interpreted or otherwise construed as constituting consent to any Transfer of this Agreement without the express written consent by Franchisor and Franchisee's compliance with this Agreement respecting any such Transfer.

ARTICLE 18
ENFORCEMENT AND CONSTRUCTION

18.A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS

(1) Except as expressly provided to the contrary in this Agreement, Franchisor and Franchisee acknowledge and agree that each term and condition of this Agreement shall be interpreted or otherwise construed to be independent of each other and severable. Although each term and condition of this Agreement are considered by the parties to be reasonable and intended to be enforceable, if any such term and condition of this Agreement is found by a court of competent jurisdiction, agency, or other governmental agency to be unenforceable as written or otherwise, then such term and condition shall be modified, rewritten, interpreted, or “blue-lined” to include as much of its nature and scope as will render it enforceable. If such term and condition cannot be so modified, rewritten, interpreted, or “blue-lined” in any respect, then it will not be given effect and severed from this Agreement, and the remainder of this Agreement shall be interpreted, construed, and enforced as if such term and condition was not included in this Agreement.

(2) If any applicable and binding law or rule requires a greater prior notice of the termination of this Agreement than is required in this Agreement, or the taking of some other action not required by this Agreement, or if under any applicable and binding law or rule, any term and condition of this Agreement, or any specification, standard, or operating procedure Franchisor prescribes is invalid or unenforceable, then the greater prior notice and/or other action required by law or rule shall be substituted for the comparable provisions, and Franchisor has the right, in its sole discretion, to modify the invalid or unenforceable term and condition, specification, standard, or operating procedure to the extent required to be valid and enforceable. Franchisee agrees to be bound by any such substituted and/or modified term and condition of this Agreement imposing the maximum duty permitted by law that is prescribed within the terms of any provision of this Agreement as though it were originally and separately articulated in, and made a part of, this Agreement as of the Effective Date and/or any specification, standard or operating procedure Franchisor prescribes, which may result from striking from any terms and conditions, specifications, standards, or operating procedures, and any portion or portions thereof, a court may hold to be unenforceable or from reducing the scope of any promise or covenant to the extent required to comply with a court order. Modifications to this Agreement shall be effective only in those jurisdictions in which such terms and conditions, specifications, standards, or operating procedures are found to be unenforceable, unless Franchisor elects to give them greater applicability, in which case, this Agreement shall be enforced as originally made in all other jurisdictions.

18.B. WAIVER OF OBLIGATIONS

No delay, waiver, omission, or forbearance on the part of Franchisor to enforce any term and condition of this Agreement or exercise any of Franchisor’s rights, options, or powers under this Agreement constitutes a waiver by Franchisor to enforce any other term and condition of this Agreement or exercise any of Franchisor’s other rights, options, or powers under this Agreement. No such delay, waiver, omission, or forbearance shall constitute a waiver by Franchisor to subsequently enforce such term and condition of this Agreement or subsequently exercise such right, option, or power. Acceptance by Franchisor of any payments, fees, charges, or other amount from Franchisee payable to Franchisor pursuant to this Agreement shall not constitute a waiver or acceptance of Franchisee’s default or breach of this Agreement or otherwise a waiver of any term and condition of this Agreement, and Franchisor reserves the right to pursue any and all additional remedies set forth in this Agreement, at law, or in equity. Franchisor shall likewise not be deemed to have waived or impaired any term and condition, right, option or power set forth in this Agreement by virtue of any custom or practice of the parties at variance with the terms and conditions of this Agreement or Franchisor’s insistence upon Franchisee’s strict compliance with Franchisee’s

obligations, including any mandatory specification, standard or operating procedure. No waiver by Franchisor of any term and condition of this Agreement shall be valid unless in writing and signed by Franchisor.

18.C. FORCE MAJEURE

If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God, including, but not limited to, natural disaster, tornados, earthquakes, wildfires, and pandemics and/or labor strikes unassociated with Franchisee or Franchisor (collectively, “Force Majeure”), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee’s payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

18.D. SPECIFIC PERFORMANCE AND INJUNCTIVE RELIEF

Nothing in this Agreement bars Franchisor’s right to obtain specific performance of the provisions of this Agreement and injunctive relief under legal and/or equity rules against threatened conduct that will cause damages or loss to it, the Licensed Marks, or the System. Without limitation to the rights set forth in Article 6 of this Agreement, Franchisee agrees that Franchisor may obtain such injunctive relief. Franchisee agrees that Franchisor will not be required to post a bond (other than as set forth in Article 6.H. of this Agreement) to obtain injunctive relief and that Franchisee's only remedy if an injunction is entered against Franchisee will be the dissolution of that injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). The remedies available to Franchisor under Article 6.H. are not exclusive of one another and may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Without limitation to the foregoing Franchisee agrees that in the event of a breach of this Agreement by Franchisee respecting and/or concerning the System and/or the Licensed Marks shall cause irreparable harm to Franchisor, the System, and the Licensed Marks. The foregoing shall not be interpreted to invalidate the mediation and arbitration requirements set forth in Article 18.G. of this Agreement and shall be consistent with same.

18.E. RIGHTS OF PARTIES ARE CUMULATIVE

The rights of Franchisor and Franchisee under this Agreement are cumulative and no exercise or enforcement by a party of any right or remedy precludes the exercise or enforcement by that party of any other right or remedy which Franchisor or Franchisee is entitled by law to enforce.

18.F. GOVERNING LAW

EXCEPT TO THE EXTENT GOVERNED BY THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. §§ 1051 *ET SEQ.*) OR OTHER FEDERAL LAW, THIS AGREEMENT AND THE RELATIONSHIP BETWEEN THE PARTIES HERETO SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF NEW YORK, EXCEPT THAT ITS CHOICE OF LAW AND CONFLICTS OF LAWS RULES SHALL NOT APPLY AND ANY FRANCHISE REGISTRATION, DISCLOSURE, RELATIONSHIP OR SIMILAR STATUTE WHICH MAY BE ADOPTED BY THE STATE OF NEW YORK SHALL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS PARAGRAPH.

18.G. NON-BINDING MEDIATION AND BINDING ARBITRATION

- (1) **Non-Binding Mediation** – Franchisee and Franchisor agree that before either party may bring any action, dispute and/or controversy arising from or related to this Agreement and/or the franchise relationship between Franchisor and Franchisee in arbitration, the parties must first mediate the dispute through non-binding mediation. Mediation shall be non-binding and shall be conducted by the American Arbitration Association (“AAA”) in accordance with the AAA’s then current rules for the mediation of commercial disputes. All mediation proceedings shall be conducted in Brooklyn, New York or, if a mediator is not available in Brooklyn, New York then at a suitable location selected by the mediator that is located closest to Brooklyn, New York. Mediation shall be conducted by one mediator and if Franchisor and Franchisee cannot agree on a mediator then the mediator shall be selected by the AAA. Mediation shall be conducted within 45 days of the AAA’s designation and/or acknowledgment of the selected mediator or such longer period as may be agreed to between Franchisor and Franchisee in writing and signed by each respective party. Franchisor and Franchisee shall each be responsible for their own costs associated with mediation and Franchisor and Franchisee shall each be responsible for and shall each pay 50% of the mediator’s fee and the AAA’s mediation fees.

Notwithstanding the preceding paragraph, Franchisor and Franchisee agree this Sub-Article 18.G.(1) and, thereby, the prerequisite requirement of non-binding mediation, shall not, at Franchisor’s election, apply to: (a) any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee’s violation or purported violation of Article 6 of this Agreement; and/or (b) claims by either Franchisor or Franchisee under this Agreement that relates to either Franchisor’s or Franchisee’s failure to pay fees or other monetary obligations due under this Agreement.

- (2) **Arbitration** – Subject to the prerequisite requirements of non-binding mediation as set forth in Sub-Article 18.G.(1), and, except, at Franchisor’s election, as to any claims or disputes related to or concerning a breach of this Agreement by Franchisee that, under the terms of this Agreement, may entitle Franchisor to the award of injunctive relief including, but not limited to, Franchisee’s violation or purported violation of Article 6 of this Agreement, Franchisor and Franchisee agree that all disputes, controversies, and claims, arising from and/or related to this Agreement, the relationship between Franchisor and Franchisee, the System, and/or the validity of this Agreement and/or the Ancillary Agreements, shall be submitted, on demand of either Franchisor or Franchisee, to the AAA for binding arbitration. Arbitration shall be conducted by one arbitrator in accordance with the AAA’s then current rules for commercial disputes, except as may be otherwise required in this Article 18.G. All arbitration proceedings shall be conducted in Brooklyn, New York or, if suitable AAA facilities are not available in Brooklyn, New York then at a suitable AAA location selected by the arbitrator that is located closest to Brooklyn, New York.

In connection with binding arbitration, Franchisor and Franchisee further agree that:

- (a) All matters relating to arbitration, will be governed by the United States Federal Arbitration Act, except as expressly or otherwise set forth in this Agreement;
- (b) The arbitration hearing shall be conducted within 180 days of the demand for arbitration;

- (c) The arbitrator shall render written findings of fact and conclusions of law;
- (d) Except as may be otherwise required and/or prohibited by this Agreement including, but not limited to Articles 18.I., 18.J., 18.N., 18.O., 18.R., 18.T., and 18.X. of this Agreement, the arbitrator has the right to award or include in his or her award any relief that he or she determines to be proper, including monetary damages, interest on unpaid sums, specific performance, injunctive relief, attorneys' fees, and costs and expenses as allowable under this Agreement. Notwithstanding the foregoing, under no circumstance shall the Arbitrator be authorized to award or declare the Licensed Marks to be generic or invalid;
- (e) They shall each be bound to the limitations periods set forth in Article 18.I. of this Agreement and that, in any arbitration proceeding, Franchisor and Franchisee must each timely submit, within the same arbitration proceeding, any claim that would constitute a compulsory counterclaim as such claims are defined and set forth under Rule 13 of the United States Federal Rules of Civil Procedure. Any claim that is not submitted or filed as required shall be forever barred;
- (f) Judgment upon the arbitrator's award may be entered in any court of competent jurisdiction;
- (g) Arbitration and/or any arbitration award must be conducted in accordance with the terms of this Agreement including, but not limited to, the requirements set forth in this Article 18.

(3) Consent to Jurisdiction and Venue – Subject to the non-binding mediation and arbitration provisions set forth in this Article 18.G., Franchisor and Franchisee agree that any judicial action or legal proceeding must be brought in a court of competent jurisdiction located within New York and within Brooklyn or the county closest to Brooklyn. Franchisor and Franchisee do hereby irrevocably consent to and waive any objection to such jurisdiction or venue. Without limitation to the foregoing and notwithstanding same, Franchisor and Franchisee agree that Franchisor, at Franchisor's election, may bring any legal action or proceeding seeking a temporary restraining order, preliminary injunction, or any action seeking Franchisor's enforcement of an arbitration award or any judicial decision in the federal or state court located in the county and state where either the Franchised Business was located or where Franchisee resides.

18.H. VARIANCES

FRANCHISEE AGREES THAT FRANCHISOR HAS AND MAY AT DIFFERENT TIMES, IN FRANCHISOR'S ABSOLUTE AND SOLE DISCRETION, APPROVE EXCEPTIONS OR CHANGES FROM THE UNIFORM STANDARDS OF THE SYSTEM, WHICH FRANCHISOR DEEMS DESIRABLE OR NECESSARY UNDER PARTICULAR CIRCUMSTANCES. FRANCHISEE UNDERSTANDS THAT IT HAS NO RIGHT TO OBJECT TO OR AUTOMATICALLY OBTAIN SUCH VARIANCES, AND ANY EXCEPTION OR CHANGE MUST BE APPROVED IN ADVANCE BY FRANCHISOR IN WRITING. FRANCHISEE UNDERSTANDS THAT EXISTING FRANCHISEES MAY OPERATE UNDER DIFFERENT FORMS OF AGREEMENTS AND THAT THE RIGHTS AND OBLIGATIONS OF EXISTING FRANCHISEES MAY DIFFER MATERIALLY FROM THIS AGREEMENT.

18.I. LIMITATIONS OF CLAIMS

EXCEPT FOR CLAIMS BROUGHT BY FRANCHISOR WITH REGARD TO FRANCHISEE'S OBLIGATIONS TO MAKE PAYMENTS TO FRANCHISOR PURSUANT TO THIS AGREEMENT, FRANCHISOR'S ENFORCEMENT OF THE RESTRICTIVE COVENANTS SET FORTH IN ARTICLE 6 OF THIS AGREEMENT, AND FRANCHISEE'S OBLIGATION TO INDEMNIFY FRANCHISOR IN ACCORDANCE WITH THIS AGREEMENT, ANY AND ALL CLAIMS AND/OR CAUSES OF ACTIONS ARISING OUT OF, OR RELATING TO, THIS AGREEMENT, OR THE RELATIONSHIP BETWEEN FRANCHISEE AND FRANCHISOR RESULTING FROM THIS AGREEMENT, SHALL BE BARRED UNLESS SUCH CLAIM AND/OR CAUSE OF ACTION IS COMMENCED WITHIN TWO YEARS FROM THE DATE ON WHICH THE ACT OR EVENT GIVING RISE TO THE CLAIM OCCURRED OR ONE YEAR FROM THE DATE ON WHICH FRANCHISEE OR FRANCHISOR KNEW, OR SHOULD HAVE KNOWN, IN THE EXERCISE OF REASONABLE DILIGENCE, OF THE FACTS GIVING RISE TO SUCH CLAIM AND/OR CAUSE OF ACTION, WHICHEVER OCCURS FIRST IN TIME.

18.J. WAIVER OF PUNITIVE DAMAGES

FRANCHISOR AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE, EXEMPLARY, CONSEQUENTIAL OR SPECULATIVE DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EXCEPT AS OTHERWISE PROVIDED HEREIN, EACH SHALL BE LIMITED TO THE RECOVERY OF ACTUAL DAMAGES SUSTAINED BY IT; PROVIDED THAT SUCH WAIVER SHALL NOT APPLY TO ANY CLAIM (A) ALLOWED BY FRANCHISOR OR FRANCHISEE FOR ATTORNEY'S FEES OR COSTS AND EXPENSES UNDER THIS AGREEMENT; AND/OR (B) FOR LOST PROFITS BY FRANCHISOR OR FRANCHISEE AND THE OWNERS UPON OR ARISING OUT OF THE TERMINATION OF THIS AGREEMENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THIS AGREEMENT, IF ANY OTHER TERM OF THIS AGREEMENT IS FOUND OR DETERMINED TO BE UNCONSCIONABLE OR UNENFORCEABLE FOR ANY REASON, THE FOREGOING PROVISIONS OF WAIVER BY AGREEMENT OF PUNITIVE, EXEMPLARY, INCIDENTAL, INDIRECT, SPECIAL, CONSEQUENTIAL OR OTHER SIMILAR DAMAGES SHALL CONTINUE IN FULL FORCE AND EFFECT.

18.K. WAIVER OF JURY TRIAL

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 A LEGAL ACTION, IN MEDIATION, OR IN ARBITRATION.

18.L. BINDING EFFECT

This Agreement is binding upon the parties of this Agreement and their respective executors, administrators, heirs, assigns and successors in interest, and shall not be modified except by written agreement signed by both Franchisee and Franchisor.

18.M. COMPLETE AGREEMENT

This Agreement, the documents referred to in this Agreement and the Schedules and Exhibits to this Agreement, together with the Operations Manual, constitute the entire, full, and complete Agreement between Franchisor and Franchisee concerning the subject matter of this Agreement and supersedes all prior related agreements between Franchisor and Franchisee. Notwithstanding the foregoing, the Disclosure Document (as registered with certain states, required by federal law or otherwise and provided to Franchisee or its representative) shall not be deemed to constitute a part of this Agreement nor as a separate, binding agreement concerning the subject matter hereof. Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclose the representations made in the Franchise Disclosure Document,

its exhibits, and its amendments.

18.N. ATTORNEY FEES AND EXPENSES

Franchisee agrees that in the event that an arbitrator in any arbitration proceeding and/or, a court of competent jurisdiction shall issue an award, judgment, decision and/or order finding, holding and/or declaring Franchisee's breach of this Agreement than Franchisor shall also be entitled to the recovery of all reasonable attorney fees, costs and expenses associated with and/or related to such arbitration and/or litigation. Said fees, costs and expenses shall include, but not be limited to, attorney fees, arbitration fees, arbitrator fees, deposition expenses, expert witness fees and filing fees.

18.O. WAIVER OF CLASS-ACTION:

INDIVIDUAL DISPUTE RESOLUTION AND NO MULTI-PARTY ACTIONS

FRANCHISOR AND FRANCHISEE AGREE THAT ALL PROCEEDINGS AND/OR LEGAL ACTIONS ARISING OUT OF OR RELATED TO THIS AGREEMENT AND/OR THE OFFER AND SALE OF THE BRIGHTLY FRANCHISE FROM FRANCHISOR TO FRANCHISEE, WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND NOT A CLASS-WIDE BASIS, AND THAT ANY PROCEEDING BETWEEN FRANCHISEE, FRANCHISEE'S OWNERS, SPOUSES AND/OR GUARANTORS AND FRANCHISOR AND/OR FRANCHISOR'S AFFILIATES, OFFICERS, DIRECTORS AND/OR EMPLOYEES MAY NOT BE CONSOLIDATED WITH ANY OTHER PROCEEDING BETWEEN FRANCHISOR AND ANY OTHER THIRD PARTY.

18.P. ACCEPTANCE BY FRANCHISOR

This Agreement will not be binding on Franchisor unless and until an authorized officer of Franchisor has signed it.

18.Q. OPPORTUNITY FOR REVIEW BY FRANCHISEE'S ADVISORS

Franchisee agrees and represents that prior to the signing of this Agreement that Franchisor recommended, and that Franchisee had the opportunity to have this Agreement and the Franchise Disclosure Document reviewed by Franchisee's lawyer, accountant, and other business advisors.

18.R. NO PERSONAL LIABILITY BY FRANCHISOR'S EMPLOYEES, OFFICERS AND/OR AUTHORIZED AGENTS

Franchisee agrees that the fulfillment of any of Franchisor's obligations written in this Agreement or based on any oral communications ruled to be binding in a court of law shall be Franchisor's sole obligation and none of Franchisor's employees, officers and/or authorized agents shall be personally liable to Franchisee for any reason. In addition to the foregoing, Franchisor and Franchisee are not joint employers. The foregoing shall not be construed to imply that Franchisor and/or Franchisor's agents have made any oral promises as pursuant to Article 18.M. of this Agreement, this written Agreement represents the sole Agreement between Franchisor and Franchisee.

18.S. NON-UNIFORM AGREEMENTS

Franchisee agrees that Franchisor makes no representations or warranties that all other agreements with Coopportunity, Inc. franchisees entered into before or after the Effective Date do or will contain terms substantially similar to those contained in this Agreement. Franchisee agrees that Franchisor may waive or modify comparable provisions of other Franchise Agreements to other System franchisees in a non-uniform manner.

18.T NO RIGHT TO OFFSET

Franchisee shall not, on grounds of the alleged nonperformance, material breach, or default by Franchisor of this Agreement, any other agreement between Franchisor and Franchisee, or for any other reason, withhold any payment, fee, or any other amount payable by Franchise to Franchisor pursuant to this

Agreement, including, without limitation, the payment of the Royalty Fee and Advertising Contributions, or any other payment obligation by Franchisee to Franchisor. Franchisee shall not have the right to offset or withhold any liquidated or unliquidated amount allegedly due to Franchisee from Franchisor against any payment, fee, or any other amount payable to Franchisor pursuant to this Agreement or any other payment obligation by Franchisee to Franchisor.

18.U. HEADINGS

The headings and subheadings in this Agreement are strictly for convenience and reference only, and they shall not limit, expand, or otherwise affect the interpretation and construction of the terms and conditions of this Agreement.

18.V. AUTHORITY TO EXECUTE AND BIND

Each party agrees, warrants, and represents that it has all requisite power and authority to enter into this Agreement. The execution, delivery, and performance of this Agreement has been duly and lawfully authorized by all necessary actions of each party, and the signatory to this Agreement for each party has been duly and lawfully authorized to execute this Agreement for and on behalf of the party for whom each signatory has signed.

18.W. COUNTERPARTS; ELECTRONIC SIGNATURES; MULTIPLE COPIES

This Agreement may be executed in counterparts, all of which counterparts shall be deemed originals and taken together shall constitute a single agreement, and the signature pages of which may be detached from the several counterparts and attached to a single copy of this Agreement to physically form a single document. Executed duplicates of this Agreement, if any, shall be deemed originals.

18.X. JOINT AND SEVERAL LIABILITY

If Franchisee consists of more than one person or entity, then their liability under this Agreement shall be deemed joint and several.

18.Y. RECITALS

The parties agree that the recitals and representations contained on the first page of this Agreement constitute a part of this Agreement and are hereby fully incorporated into the terms of this Agreement.

ARTICLE 19 **NOTICES**

All written notices and reports permitted or required to be delivered by this Agreement or the Operations Manual shall be deemed so delivered, at the time delivered by hand, one business day after being placed in the hands of a national commercial courier service for overnight delivery (properly addressed and with tracking confirmation), or three business days after placed in the U.S. mail by registered or certified mail, postage prepaid, and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified. Reports requiring delivery shall be delivered by certified U.S. mail and/or electronically, as designated by Franchisor. The addresses for the parties set forth in the initial paragraph of this Agreement shall be used unless and until a different address has been designated by written notice to the other party. Any notice required under this Agreement shall not be deemed effective or given by Franchisee to Franchisor unless given in strict compliance with this Agreement. Notwithstanding the foregoing, the Operations Manual and modifications to the Operations Manual may be delivered and/or noticed to Franchisee by such means selected by Franchisor, including electronic notice and email.

In all cases where Franchisor's prior approval is required and no other method or timing for obtaining such approval is prescribed, Franchisee shall request such approval in writing, and, unless otherwise expressly

proscribed in this Agreement, Franchisor shall respond within 10 business days after receiving Franchisee's written request and all supporting documentation, provided if Franchisor does not respond, such request shall be deemed unapproved. Franchisor's consent to, or approval of, any act or request by Franchisee shall be effective only to the extent specifically stated, and Franchisor's consent or approval shall not be deemed to waive, or render unnecessary, consent or approval of any other subsequent similar act or request.

IN WITNESS WHEREOF, the parties have executed, sealed, and delivered this Agreement as of the Effective Date set forth in the first paragraph of this Agreement.

Franchisor:

Coopportunity, Inc.

Franchisee:

By: _____
Signature

Name and Title

Signature

Name (please print)

Signature

Name (please print)



Brightly Franchise Agreement
SCHEDULE 1
OPERATING TERRITORY ACKNOWLEDGMENT

Pursuant to the Franchise Agreement dated _____, 20__ by and between Coopportunity, Inc., as Franchisor, and _____, as Franchisee (the “Franchise Agreement”), Franchisor and Franchisee agree:

Franchisee’s Operating Territory – “Franchisee’s Operating Territory”, as such term is identified and defined in the Franchise Agreement, including, but not limited to, Articles 1 and 2.A. of the Franchise Agreement, is identified, as follows:

[To be Effective this Schedule Must be Completed and Signed by Franchisor. If not completed and signed at time of signing Franchise Agreement, may be completed in the future pursuant to the terms of the Franchise Agreement.]

The foregoing Operating Territory has been determined based on negotiations initiated by Franchisee and benefitting Franchisee. To the extent that the foregoing description of the Operating Territory includes and/or delineates geographic or political boundaries such determinations will be considered fixed as of the Effective Date of the Franchise Agreement and will not change for the purpose of this Agreement notwithstanding a change or reorganization to such boundaries or regions. All street boundaries, if any, will be deemed to end at the street center lines unless otherwise specified above.

Franchisor:
Coopportunity, Inc.

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



Brightly Franchise Agreement
SCHEDULE 2
FRANCHISE FEE, AND OPERATIONS CENTER LOCATION
ACKNOWLEDGMENT

Pursuant to the Franchise Agreement dated _____, 20__ by and between Coopportunity, Inc., as Franchisor, and _____, as Franchisee (the “Franchise Agreement”), Franchisor and Franchisee agree:

(a) **Initial Franchise Fee** – Franchisee’s Initial Franchise Fee is:

\$0

(b) **Operations Center Location Acknowledgment** – If selected by Franchisee at the time of signing the Franchise Agreement and, if approved by Franchisor, the location for Franchisee’s Operations Center shall be:

[If left incomplete or unknown at time of executing this Agreement, Franchisee agrees that Operations Center, must be located Within Franchisees Operating Territory at a location approved by Franchisor in writing.]

Franchisee agrees and represents that the foregoing determination as to Franchisee’s Operating Territory was based on negotiations initiated by Franchisee and for Franchisee’s benefit.

Franchisor:
Coopportunity, Inc.

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)



Brightly Franchise Agreement
SCHEDULE 3
STATEMENT OF FRANCHISEE'S OWNERS

Franchisee represents that the following schedule is complete and accurately identifies Franchisee's Owners, Franchisee's Cooperative President, and their respective ownership interests in Franchisee. Defined terms shall have the meaning set forth in the Franchise Agreement between Franchisor and Franchisee.

If Franchisee is a Corporate Entity, Franchisee represents and affirms to Franchisor that the following list identifies each and every Owner of Franchisee and their respective ownership interests.		
Owner Name	Owner Address	Ownership Interest Percentage
Name of designated Cooperative President:		

Franchisor:
Coopportunity, Inc.

Franchisee:

By: _____
Signature

Signature

Name and Title

Name (please print)

Signature

Name (please print)



Brightly Franchise Agreement
EXHIBIT 1
JOINDER AGREEMENT



JOINDER AGREEMENT

The undersigned individuals do hereby agree to be individually, jointly and severally bound by and to each and every term, provision, covenant and obligation set forth in the Franchise Agreement, provided that so long as the undersigned are not in violation of the restrictive covenants set forth in Article 6 of the Franchise Agreement nor have done any intentional or grossly negligent act to the material detriment of Franchisor, there will be no personal obligation to the undersigned for any obligation owed to Franchisor by Franchisee.

Signature

Signature

Name (please print)

Name (please print)

Dated _____

Dated _____



Brightly Franchise Agreement
EXHIBIT 2
CONFIDENTIALITY AGREEMENT

[THIS EXHIBIT IS FOR REFERENCE PURPOSES ONLY AS A SAMPLE FORM CONFIDENTIALITY AGREEMENT THAT FRANCHISOR MAY APPROVE FOR USE BY FRANCHISEE – BEFORE USING WITH AN EMPLOYEE OR CONTRACTOR FRANCHISEE SHOULD HAVE THIS AGREEMENT REVIEWED AND APPROVED BY AN INDEPENDENT LOCAL ATTORNEY HIRED BY FRANCHISEE]



CONFIDENTIALITY AGREEMENT (Sample Only)

This Agreement (the “Agreement”) is entered into by the undersigned (“you”) in favor of:

[Insert On the Line Below Name of Franchisee that Owns and Operates the Brightly Franchised Business]

_____ (hereinafter referred to as “us”, “our” or “we”)

Recitals and Representations

WHEREAS, we are the owners of a licensed Brightly Business (hereinafter referred to as the “Brightly Business”) that we independently own and operate as a franchisee;

WHEREAS, you are or are about to be an employee, independent contractor, officer and/or director of a Brightly Business that is independently owned and operated by us;

WHEREAS, in the course of your employment, independent contractor relationship and/or association with us, you may gain access to Confidential Information (defined below in this Agreement) and you understand that it is necessary to protect the Confidential Information and for the Confidential Information to remain confidential;

WHEREAS, our franchisor, Coopportunity, Inc. is not a party to this agreement and does not own or manage the Brightly Business but is an intended third party beneficiary of this Agreement; and

WHEREAS, this Agreement is not an employment agreement and is only a confidentiality agreement in connection with information, materials and access that may be provided to you in connection with the Brightly Business.

NOW THEREFORE, you acknowledge and agree as follows:

1. Recitals and Representations. You agree that the foregoing Recitals and Representations are true and accurate and shall constitute a part of this Agreement and are hereby incorporated into the main body of this Agreement.

2. Definitions. For purposes of this Agreement, the following terms have the meanings given to them below:

“Business Management System” refers to and means the software and/or internet or cloud based system and/or systems, point of sale system or systems and customer relationship management system or systems as used in connection with the operations of the Brightly Business.

“Business Management System Data” refers to and means the forms, data, tools, customer information, inventory and sales information, and other information that is entered into and/or maintained on the Business Management System of the Brightly Business.

“Confidential Information” refers to and means: (a) non-public methods, specifications, standards, policies, procedures, information, concepts, programs and systems relating to the development, establishment, marketing, promotion and operation of the Brightly Business; (b) information concerning customers, customer lists, email lists, database lists, product sales, operating results, financial performance and other financial data of the Brightly Business; (c) customer lists and information related to the Brightly Business; (d) Business Management System Data; (e) current and future information contained in the Brightly Operations Manual made available to the Brightly Business by Coopportunity, Inc.; and (f) recipes, production, cooking, and service procedures that are not disclosed to the public but used by the Brightly Business.

“Digital Media” refers to and means any interactive or static electronic document, application or media including, but not limited to, www.brightly.coop, social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to the Brightly Business or other Brightly Business.

“Licensed Marks” refers to and means the word marks, trademarks, service marks, and logos now or hereafter utilized in the operation of a Brightly Business, including, but not limited to, the “Brightly” word mark, associated logos, and any other trademarks, service marks or trade names that we designate for use in a Brightly Business.

“Operations Manual” refers to and means the confidential operations manual made available to the Brightly Business by our franchisor or as otherwise designated by us. The Operations Manual may consist of one or more volumes, handbooks, manuals, written materials, video, electronic media files, cloud/internet based list-service, intra-net, internet based and accessed databases, computer media, webinars and other materials as may be modified, added to, replaced, or supplemented.

“Trade Dress” refers to and means the Brightly designs, images, marketing materials, packaging, branding and/or branding images used in connection with the operation of the Brightly Business.

3. Your Access to Confidential Information. In addition to the representations and acknowledgments contained in the Recitals and Representations, above, you acknowledge and represent that in your capacity as an employee, independent contractor, officer and/or director of the Brightly Business that you will be gaining access to, among other things, the Confidential Information. You acknowledge that the terms of this Agreement are fair and reasonable.

4. Protection of the Confidential Information. You agree that: (i) you will not use the Confidential Information in any business or capacity other than the Brightly Business; (ii) you will maintain the confidentiality of the Confidential Information at all times; (iii) you will not make unauthorized copies of documents containing the Confidential Information; (iv) you will take such reasonable steps as the we may ask of you from time to time to prevent unauthorized use or disclosure of the Confidential Information; and (v) you will stop using the Confidential Information immediately at our request or demand. You will not use the Confidential Information for any purpose other than for the performance of your duties on behalf of us and in accordance with the scope of your work with us.

5. Reasonableness of Covenants and Restrictions. You agree that the terms of this Agreement are reasonable and fair and that you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Agreement. **You hereby waive any right to challenge the terms of this Agreement as being overly broad, unreasonable, or otherwise unenforceable.**

6. Breach. You agree that failure to comply with the terms of this Agreement will cause irreparable harm to us and to our franchisor Coopportunity, Inc., and other Brightly franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of these covenants will entitle us or our Franchisor Coopportunity, Inc. to injunctive relief. You agree that we and/or our Franchisor Coopportunity, Inc. may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, you agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Article are exclusive of any other, but may be combined with others under this Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages.

7. Miscellaneous.

(a) If we hire an attorney or files suit against you because you have breached this Agreement and if we prevail in such lawsuit, you agree to pay the reasonable attorney fees and costs that we incur.

(b) Each section of this Agreement, including each subsection and portion thereof, is severable. In the event that any section, subsection, or portion of this Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Agreement agrees that the court may impose such limitations on the terms of this Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration and geographic area.

(c) YOU ACKNOWLEDGE THAT THIS IS NOT AN EMPLOYMENT AGREEMENT.

(d) YOU ACKNOWLEDGE AND AGREE THAT OUR FRANCHISOR, COOPPORTUNITY, INC., IS NOT A PARTY TO THIS AGREEMENT BUT IS AN INTENDED THIRD PARTY BENEFICIARY OF THIS AGREEMENT.

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as of the date or dates set forth below.

Individual Signature of Restricted Party

Individual Signature of Restricted Party

Name (please print)

Name (please print)

Date _____

Date _____



Brightly Franchise Agreement
EXHIBIT 3
FRANCHISEE'S OPERATIONS CENTER LOCATION
ACKNOWLEDGMENT



FRANCHISEE'S OPERATIONS CENTER LOCATION ACKNOWLEDGMENT
(POST EFFECTIVE DATE)

Pursuant to the terms of the Franchise Agreement dated _____ by and between Coopportunity, Inc., as Franchisor, and _____, as Franchisee, Franchisee has selected the following proposed Operations Center and Franchisor, pursuant to the terms and conditions of the Franchise Agreement, approves the proposed location as Franchisee's Operations Center:

[To be Effective this Schedule Must be Completed and Signed by Franchisor.]

Franchisor and Franchisee agree that the location set forth above constitutes Franchisee's Operations Center as such term is defined in the Franchise Agreement.

Franchisor:
Coopportunity, Inc.

Franchisee:

By: _____

Franchisee Signature

Title

Name (please print)



Brightly Franchise Agreement
EXHIBIT 4
ASSIGNMENT OF TELEPHONE NUMBERS
AND DIGITAL MEDIA ACCOUNTS



ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS
(for the benefit of Coopportunity, Inc. and its assigns)

THIS ASSIGNMENT OF TELEPHONE NUMBERS AND DIGITAL MEDIA ACCOUNTS ASSIGNMENT (“Assignment”) is entered into between _____ (the “Assignor”) and Coopportunity, Inc. and its successors and assigns (the “Assignee”).

WHEREAS, Assignee is the franchisor of the Brightly Business franchise system (the “Brightly Business Franchise System”);

WHEREAS, Assignor, as franchisee, and Assignee, as franchisor, are parties to a Brightly Business Franchise Agreement (the “Franchise Agreement”);

WHEREAS, the term “Digital Media” shall refer to and mean “any interactive or static electronic document, application or media that is connected to and/or in a network of computers, servers and/or other devices linked by communications software, part of the world wide web (including, but not limited to websites), linked by the internet or part of a web based application, software application, smart phone based application or social media platform including, but not limited to social media platforms and applications such as Facebook, LinkedIn, Twitter, Pinterest, Instagram, SnapChat, TikTok, YouTube, and world wide web and internet based directories and local directories that refers, references, identifies, reviews, promotes and/or relates, in any way, to a Brightly Business, Brightly Businesses, Assignor’s Brightly Business and/or trademarks associated with the Brightly Business Franchise System and/or Assignee. Digital Media further includes the Brightly Business website, web pages and website subdomains (including those related to, associated with and/or a part of the Brightly Business Franchise System) associated with and/or related to Assignor’s Brightly Business and all web pages, blog posts, videos, articles, information, sub-domains, and all other media and/or publications relating to the Brightly Business Franchise System that is displayed and/or transmitted digitally”; and

WHEREAS, in connection with Assignor’s establishment and operation of a Brightly Business, Assignor will be utilizing accounts, information, phone numbers and Digital Media subject to strict requirements set forth in the Franchise Agreement.

NOW THEREFORE, Assignor, in exchange for good and valuable consideration provided and paid by Assignee (receipt of which is hereby acknowledged), agrees:

1. That Assignor does hereby assign to assignee all telephone numbers, facsimile numbers, listings, domain names and Digital Media that is associated with Assignor’s Brightly Business including, the following (all collectively referred to as the “Media”):

- (a) All phone numbers, facsimile numbers and listings that are currently, or in the future, associated with Assignor’s Brightly Business;

(b) The following telephone and facsimile numbers:

_____; and

(c) All Digital Media, all Digital Media accounts, and all Digital Media log-in information.

The foregoing shall not be construed and/or interpreted as Assignees acknowledgment and/or agreement that Assignor owns and/or possesses any ownership interests in the foregoing telephone numbers, accounts and/or Digital Media. Any and all rights of Assignor in and to same exist subject to a limited license pursuant to the Brightly Business Franchise Agreement which shall take precedence and govern. However, this Assignment is intended by Assignor and Assignee to be an instrument that may be relied upon by all third parties to authorize and permit the assignments and transfers set forth in this Assignment and to facilitate the transfer of accounts and media to within the control of Assignee. Nothing contained in this Assignment shall be used to construe nor imply that Assignor possesses any ownership interests or rights in the Digital Media and in the event of any inconsistency or conflict between this Assignment and the Franchise Agreement, the Franchise Agreement shall take precedence and govern.

2. This Assignment will become effective automatically upon the termination or expiration of the Franchise Agreement for any reason. As to all third parties proof of the expiration or termination of the Franchise Agreement shall exist exclusively upon the written declaration of Assignee and Assignee's declaration shall be dispositive and not subject to challenge. Assignor agrees that all third parties may rely on this Assignment for the purpose of taking any and all actions to ensure that access to and control of the Media is maintained by Assignee.

UTILIZATION OF THIS ASSIGNMENT SHALL EXIST AT THE SOLE DISCRETION OF ASSIGNEE AND FOR THE SOLE BENEFIT OF ASSIGNEE

Assignor:

Assignee: Coopportunity, Inc.

Signature

Signature

Name and Title (please print)

Name and Title (please print)

Dated _____

Dated _____



Brightly Franchise Agreement
EXHIBIT 5
GENERAL RELEASE

GENERAL RELEASE

TO ALL TO WHOM THESE PRESENTS SHALL COME OR MAY CONCERN, KNOW THAT:

_____, as RELEASOR, in consideration of good and valuable consideration received from:

Coopportunity, Inc., as RELEASEE, receipt of which is hereby acknowledged, releases and discharges the RELEASEE, RELEASEE'S heirs, officers, members, agents, executors, administrators, successors and assigns, from all claims, actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, contracts, promises, variances, trespasses, damages, judgments, extents, executions, claims, and demands whatsoever, unless the foregoing relates to instances where any RELEASEE acts with willful negligence, in law, admiralty or equity which against the RELEASEE, the RELEASOR, RELEASOR'S, heirs, executors, administrators, successors and assigns ever had, now have or hereafter can, shall or may, have for, upon, or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE. The words "RELEASOR" and "RELEASEE" include all releasors and releasees under this Release. This Release may not be changed orally.

IN WITNESS WHEREOF, the **RELEASOR** has hereunto set RELEASOR'S hand and seal on the date set forth below.

Releasor:

Signature

Name (please print)

Date _____

NOTARY SIGNATURE, SEAL AND INFORMATION: On _____ before me, the undersigned, personally appeared _____ personally known to me or proven to me on the basis of satisfactory evidence to be the individual(s) whose name(s) is (are) subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their capacity/capacities, and that by his/her/their signature(s) on the instrument, the individual(s), or the person upon behalf of which the individual(s) acted, executed the instrument.

Notary Signature and Seal



Brightly Franchise Agreement
EXHIBIT 6
ACH AUTHORIZATION FORM



AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name

Business No.

Franchisee Mailing Address (street)

Franchisee Phone No.

Franchisee Mailing Address (city, state, zip)

Contact Name, Address and Phone Number (if different from above)

Franchisee Fax No.

Franchisee Email Address

Bank Account Information:

Bank Name

Bank Mailing Address (street, city, state, zip)

[☐] Checking [☐] Savings

Bank Account No.

(check one)

Bank Routing No.

Bank Phone No.

Authorization:

Franchisee hereby authorizes Coopportunity, Inc. ("Franchisor") to initiate debit entries to Franchisee's account with the Bank listed above and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee's account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____

Date: _____

Name: _____

Federal Tax TD No.: _____

Its: _____

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT F
LIST OF FRANCHISEES

FRANCHISEES (as of June 30, 2023)			
State	Operating Location	Franchisee	Phone Number
NY	443 39 th Street, 4 th Floor Brooklyn, NY 11232	Staten Island Cleaning, LLC	347-286-4134
	443 39 th Street 4 th Floor, Brooklyn, NY 11232	Sunset Gardens Cleaning, LLC	646-661-5255
	PO Box 1161 Triborough Station New York, NY 10035	East Harlem Cleaning, LLC	646-866-7336
	443 39 th Street 4 th Floor, Brooklyn, NY 11232	Washington Heights Cleaning Services, LLC	646-586-3129
PA	211 N 13 th Street, 4 th Floor Philadelphia, PA 19107	South Philadelphia Cleaning Cooperative LLC	215-609-0332



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT G
LIST OF FRANCHISEES
THAT HAVE LEFT THE SYSTEM

FRANCHISEES THAT LEFT THE SYSTEM			
State	Business Address	Franchisee	Phone Number
No Franchises Requiring Disclosure			



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT H
STATE SPECIFIC ADDENDA

CALIFORNIA FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

1. Item 17 “Renewal, Termination, Transfer and Dispute Resolution: The Franchise Relationship,” is supplemented by the addition of the following:

A. 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.

B. The franchisor, any person or franchise broker in Item 2 of the FDD is not subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such persons from membership in such association or exchange.

C. California Business and Professions Code Sections 20000 through 20043 establish the rights of the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

D. 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.*).

E. The Franchise Agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

F. The Franchise Agreement requires binding arbitration. The arbitration will occur in New Jersey with the costs being borne by the franchisee and franchisor.

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.

G. The Franchise Agreement requires application of the laws of the State of New Jersey. This provision may not be enforceable under California law.

2. Section 31125 of the California Corporations Code requires us to give you a Disclosure Document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

3. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516).

4. Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

5. Item 6 “Other Fees.” is supplemented by the addition of the following statement: “The highest interest rate allowed by law in the State of California is 10%.”

6. The following URL address is for the franchisor’s website: www.brightly.coop.

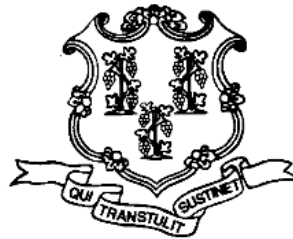
OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dpfi.ca.gov.

CONNECTICUT FDD ADDENDUM

Amendment to the Coopportunity, Inc. Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

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.

BUSINESS OPPORTUNITY DISCLOSURE

The following business opportunity disclosure is provided by Coopportunity, Inc., a registered business in the State of Connecticut.

Disclosure Document is dated: March 6, 2024

1. Item 3 “Litigation.” is supplemented by the addition of the following:

A. Neither the Franchisor nor any person identified in Items 1 or 2 above has any administrative, criminal, or material civil action (or a significant number of civil actions irrespective of materiality) pending against him alleging a violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations.

B. Neither the Franchisor nor any other person identified in Items 1 or 2 above has during the 10 year period immediately preceding the date of this Disclosure Document, been convicted of a felony or pleaded nolo contendere to a felony charge or been held liable in any civil action by final judgment, or been the subject of any material complaint or other legal proceeding where a felony, civil action, complaint or other legal proceeding involved violation of any franchise law, fraud, embezzlement, fraudulent conversion, restraint of trade, unfair or deceptive practices, business opportunity law, securities law, misappropriation of property or comparable allegations or which was brought by a

present or former purchaser-investor or which involves or involved the business opportunity relationship.

C. Neither the Franchisor nor any person identified in Items 1 or 2 above is subject to any currently effective injunctive or restrictive order or decree relating to the franchise, or under any federal, state or Canadian franchise, securities, business opportunity, antitrust, trade regulation or trade practice law as a result of concluded or pending action or proceeding brought by a public agency, or is a party to a proceeding currently pending in which an order is sought, relating to or affecting business opportunity activities or the seller-purchaser-investor relationship, or involving fraud, including but not limited to, a violation of any business opportunity law, franchise law, securities law or unfair or deceptive practices law, embezzlement, fraudulent conversion, misappropriation of property or restraint of trade.

D. Neither Company nor any person identified in Item 2 above 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) suspending or expelling these persons from membership in the association or exchange.

2. Item 4 “Bankruptcy,” is supplemented by the addition of the following:

No entity or person listed in Items 1 and 2 of this Disclosure Document has, at any time during the previous 10 fiscal years (a) filed for bankruptcy protection, (b) been adjudged bankrupt, (c) been reorganized due to insolvency, or (d) been a principal, director, executive officer or partner of any other person that has so filed or was adjudged or reorganized, during or within one year after the period that the person held a position with the other person.

HAWAII FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

ADDITION TO FDD RECEIPT EXHIBIT “J”

Exhibit J “FDD Receipts,” is supplemented with the addition of the following:

The Receipt for this Disclosure Document (Exhibit “J”) is supplemented to add the following:

1. THIS FRANCHISE WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS BEFORE THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS BEFORE THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

3. THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT AND THE CONTRACT OR AGREEMENT

SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

ILLINOIS FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire or acknowledgement 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

INDIANA FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

1. Item 8, "Restrictions on Sources of Products and Services," is supplemented by the addition of the following:

Under Indiana Code Section 23-2-2.7-1(4), the franchisor will not obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted by the franchisee.

2. Item 6, "Other Fees" and Item 9, "Franchisee's Obligations," are supplemented, by the addition of the following:

The franchisee will not be required to indemnify franchisor for any liability imposed upon franchisor as a result of franchisee's reliance upon or use of procedures or products that were required by franchisor, if the procedures or products were utilized by franchisee in the manner required by franchisor.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," is supplemented, by the addition of the following:

A. Indiana Code 23-2-2.7-1(7) makes unlawful unilateral termination of a franchise unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

B. Indiana Code 23-2-2.7-1(5) prohibits a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Law.

C. ITEM 17(r) is amended subject to Indiana Code 23-2-2.7-1(9) to provide that the post-term non-competition covenant shall have a geographical limitation of the territory granted to Franchisee.

D. ITEM 17(v) is amended to provide that Franchisees will be permitted to commence litigation in Indiana for any cause of action under Indiana Law.

E. ITEM 17(w) is amended to provide that in the event of a conflict of law, Indiana Law governs any cause of action that arises under the Indiana Disclosure Law or the Indiana Deceptive Franchise Practices Act.

MARYLAND FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” is supplemented, by the addition of the following:

A. 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.

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

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

D. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, et seq.).

MICHIGAN FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

1. 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.

A. A prohibition of your right to join an association of franchisees.

B. A requirement that you assent to a release, assignment, novation, waiver, or estoppel that deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.

C. A provision that permits us to terminate a franchise before the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure the failure after being given written notice of the failure and a reasonable opportunity, which in no event need be more than 30 days, to cure the failure.

D. A provision that permits us to refuse to renew a franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials that have no value to us 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: (a) the term of the franchise is less than 5 years, and (b) you are prohibited by the Franchise Agreement 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 you do not receive at least six months advance notice of our intent not to renew the franchise.

E. A provision that permits us to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

F. A provision requiring that litigation be conducted outside this state. This shall not preclude you from entering into an agreement, at the time of litigation, to conduct litigation at a location outside this state.

G. A provision that permits us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet our reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is our or Sub-franchisor's competitor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) Your or proposed transferee's failure to pay us any sums or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

H. A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants us 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 us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in Item 17(g).

I. A provision that permits us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to you unless a provision has been made for providing the required contractual services.

2. If our most recent financial statements are unaudited and show a net worth of less than \$100,000, you may request that we arrange for the escrow of initial investment and other funds you paid until our

obligations, if any, to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow.

3. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL.

4. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913; telephone number (517) 373-3800.

MINNESOTA FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

ADDITIONAL RISK FACTORS:

1. THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

2. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

AMENDMENT OF FDD DISCLOSURES:

A. Item 6, "Other Fees", Not sufficient funds are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

B. Item 13, "Trademarks", Item 13 is supplemented by the addition of the following: As required by the Minnesota Franchise Act, Minn. Stat. Sec. 80C.12(g), we will reimburse you for any costs incurred by you in the defense of your right to use the marks, so long as you were using the marks in the manner authorized by us, and so long as we are timely notified of the claim and given the right to manage the defense of the claim including the right to compromise, settle or otherwise resolve the claim, and to determine whether to appeal a final determination of the claim.

C. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following: With respect to franchises governed by Minnesota law, we will comply with

Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5, which require, except in certain specified cases, that you be given 90 days- notice of termination (with 60 days to cure) and 180 days-notice of non-renewal of the Agreement.

D. Item 17 “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is supplemented by the addition of the following: Item 17 shall not provide for a prospective general release of claims against us that may be subject to the Minnesota Franchise Law. Minn. Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release.

E. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Disclosure Document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

NEW YORK FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NEW YORK 10005.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor’s principal trademark:

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or,

within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of **Item 4**:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of **Item 5**:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

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

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

6. The following language replaces the “Summary” section of **Item 17(d)**, titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of **Item 17(j)**, titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

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

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

NORTH DAKOTA FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

1. Item 5, "Initial fees", Item 5 is supplemented by the addition of the following:

Refund and cancellation provisions will be inapplicable to franchises operating under North Dakota Law, North Dakota Century Code Annotated Chapter 51-19, Sections 51-19-01 through 51-19-17. If franchisor elects to cancel this Franchise Agreement, franchisor will be entitled to a reasonable fee for its evaluation of you and related preparatory work performed and expenses actually incurred.

2. Item 6, "Other Fees", Item 6 is supplemented by the addition of the following:

No consent to termination or liquidated damages shall be required from franchisees in the State of North Dakota.

3. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

A. Any provision requiring a franchisee to sign a general release upon renewal of the Franchise Agreement has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

B. Any provision requiring a franchisee to consent to termination or liquidation damages has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

C. Covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust and inequitable. Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.

D. Any provision in the Franchise Agreement requiring a franchisee to agree to the arbitration or mediation of disputes at a location that is remote from the site of the franchisee's business has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The site of arbitration or mediation must be agreeable to all parties and may not be remote from the franchisee's place of business.

E. Any provision in the Franchise Agreement which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of North Dakota is void with respect to any cause of action which is otherwise enforceable in North Dakota.

F. Apart from civil liability as set forth in Section 51-19-12 of the N.D.C.C., which is limited to violations of the North Dakota Franchise Investment Law (registration and fraud), the liability of the franchisor to a franchisee is based largely on contract law. Despite the fact that those provisions are not contained in the franchise investment law, those provisions contain substantive rights intended to be afforded to North Dakota residents and it is unfair to franchise investors to require them to waive their rights under North Dakota Law.

G. Any provision in the Franchise Agreement requiring that the Franchise Agreement be construed according to the laws of a state other than North Dakota are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

H. Any provision in the Franchise Agreement which requires a franchisee to waive his or her right to a jury trial has been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law.

RHODE ISLAND FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17 is supplemented by the addition of the following:

A. The Rhode Island Franchise Investment Act, R.I. Gen. Law Ch. 395 Sec. 19-28.1-14 provides that a provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

B. Any general release as a condition of renewal, termination or transfer will be void with respect to claims under the Rhode Island Franchise Investment Act.

VIRGINIA FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

Item 17, “Renewal, Termination, Transfer and Dispute Resolution,” Item 17(h) is supplemented by the addition of the following:

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 Brightly Franchise Agreement do not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

AMENDMENT OF FDD DISCLOSURES:

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the following amendments are made to the Franchise Disclosure Document:

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.

WISCONSIN FDD ADDENDUM

Amendments to the Coopportunity, Inc. Franchise Disclosure Document

Item 17, "Renewal, Termination, Transfer and Dispute Resolution," Item 17 is supplemented by the addition of the following:

The Wisconsin Fair Dealership Law Title XIV-A Ch. 135, Section 135.01-135.07 may affect the termination provision of the Franchise Agreement.



STATE SPECIFIC AMENDMENTS TO FRANCHISE AGREEMENT

HAWAII FRANCHISE AGREEMENT AMENDMENT

Amendments to the Coopportunity, Inc., Inc. Franchise Agreement:

In recognition of the requirements of the Hawaii Franchise Investment Law, the undersigned agree to the following modifications to the Coopportunity, Inc. Franchise Agreement (the “Franchise Agreement”), as follows:

1. Sub-Article 14.C.(6). Sub-article 14.C.(6) under the Article section titled “Conditions for Approval of Transfer” of the Franchise Agreement is deleted and is replaced with the following:

(6) The Franchisee and its Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination, and transfer of the Franchise Agreement. If this Sub-article contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

2. Sub-Article 15.D.(5). Sub-article 15.D.(5) under the Article section titled “Conditions for Renewal” of the Franchise Agreement is deleted and is replaced with the following:

(5) Franchisee and its Owners must execute the general release, attached hereto as Exhibit 5 releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Hawaii Franchise Investment Law, shall remain in force; it being the intent of this provision that the non-waiver provisions of the Hawaii Franchise Investment Law be satisfied; and

The Hawaii Franchise Investment Law provides rights to the franchisee concerning non-renewal, termination, and transfer of the Franchise Agreement. If this subarticle contains a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control.

3. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Hawaii Franchise Investment Law are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Hawaii State amendment to the Coopportunity, Inc. Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Coopportunity, Inc.

Franchisee:

By: _____
Signature of Franchisor

Signature of Franchisee

Name and Title

Name (please print)

Date: _____

Date: _____

Signature of Franchisee

Name (please print)

Date: _____

ILLINOIS FRANCHISE AGREEMENT AMENDMENT

Amendments to the Coopportunity, Inc., Inc. Franchise Agreement:

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705/1 to 705/45, and Ill. Admin. Code tit. 15, §200.100 et seq., the undersigned agree to the following modifications to the Coopportunity, Inc. Franchise Agreement (the “Franchise Agreement”), as follows:

1. Article 18.F. of the Franchise Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.F. of the Franchise Agreement:

Illinois Addendum: Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside Illinois.

Franchisee’s rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance Section 41 of the Illinois Franchise Disclosure Act Provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.

2. Article 18.G. of the Franchise Agreement, under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction”, shall be amended by the addition of the following statement added after the end of the last sentence of Article 18.G. of the Franchise Agreement:

Illinois Addendum: Illinois law governs the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise Agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise Agreement may provide for arbitration to take place outside Illinois.

Franchisee’s rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance Section 41 of the Illinois Franchise Disclosure Act Provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act, or any other law of Illinois is void.

3. 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 (815 ILCS 705/1 to 705/45) are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Illinois amendment to the Coopportunity, Inc. Franchise Agreement.

Franchisor: Coopportunity, Inc.

Franchisee:

By: _____
Signature of Franchisor

Signature of Franchisee

Name and Title

Name (please print)

Date: _____

Date: _____

Signature of Franchisee

Name (please print)

Date: _____

MARYLAND FRANCHISE AGREEMENT AMENDMENT

Amendments to the Coopportunity, Inc., Inc. Franchise Agreement:

In recognition of the requirements of the Maryland Franchise Registration and Disclosure Law, the parties to the attached Coopportunity, Inc. Franchise Agreement (the “Franchise Agreement”):

1. The 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.

2. 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.

3. Article 18.G. of the Franchise Agreement under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction,” shall be amended by the addition of the following statement added to Article 18.G. of the Franchise Agreement:

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

4. Article 18.I. of the Franchise Agreement under the heading “Limitations of Claims,” shall be amended by the addition of the following statement added to Article 18.I. of the Franchise Agreement:

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

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

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this Maryland amendment to the Coopportunity, Inc. Franchise Agreement.

Franchisor: Coopportunity, Inc.

Franchisee:

By:
Signature of Franchisor

Signature of Franchisee

Name and Title

Name (please print)

Date:_____

Date:_____

Address:_____

Signature of Franchisee

Name (please print)

Date:_____

Address:_____

MINNESOTA FRANCHISE AGREEMENT AMENDMENT

Amendments to the Coopportunity, Inc., Inc. Franchise Agreement:

In recognition of the requirements of the Minnesota Statutes, Chapter 80C. and Minnesota Franchise Rules, Chapter 2860, the parties to the attached Coopportunity, Inc. Franchise Agreement (the “Franchise Agreement”) as follows:

1. Under Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

2. Under Article 15.D of the Franchise Agreement, under the heading “Conditions for Renewal,” the subarticle 15.D(5) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(5) Franchisee and the Principals must execute the general release, attached hereto as Exhibit "10" releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; provided, however, that all rights enjoyed by Franchisee and any causes of action arising in Franchisee’s favor from the provisions of the Minnesota Franchise Act, Minn. Stat. Section 80C.14 et seq. and Minnesota Rules 2860.4400(D), shall remain in force; it being the intent of this provision that the non-waiver provisions of the Minnesota Rules 2860.4400(D) be satisfied; and

Minnesota law provides a franchisee with certain termination and non-renewal rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 180 days-notice of nonrenewal of this Agreement by Franchisor.

3. Under Article 11 of the Franchise Agreement, under the heading “Notification of Infringement and Claims,” the subarticle 11.C. shall be supplemented by the addition of the following:

Franchisor agrees to protect Franchisee, to the extent required by the Minnesota Franchise Act, against claims of infringement or unfair competition with respect to Franchisee’s use of the Marks when, in the opinion of Franchisor’s counsel, Franchisee’s rights warrant protection pursuant to Article 11.E. of this Agreement.

4. Under Article 14 of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C. shall be supplemented by the addition of the following:

Franchisor shall not unreasonably withhold consent to transfer the Franchise Agreement.

5. Under Article 16 of the Franchise Agreement, under the heading “Automatic Termination Upon Written Notice,” the subarticle 16.A.(2). shall be supplemented by the addition of the following:

Article 16.A.(2) will not be enforced to the extent prohibited by applicable law.

6. Under Article 16 of the Franchise Agreement, under the heading “Termination After Cure Period,” the subarticle 16.A.(3)(d), shall be supplemented by the addition of the following:

Subarticle 16.A.(3)(d) will not be enforced to the extent prohibited by applicable law.

7. Under Article 16 of the Franchise Agreement, under the heading “Termination After Cure Period,” the subarticle 16.A.(3) is hereby amended to replace the “30” day cure period with “60” days and the following is added:

Minnesota law provides a franchisee with certain termination rights. Minn. Stat. Sect. 80C.14 Subdivisions 3, 4, and 5 require, except in certain specified cases, that franchisee be given 90 days-notice of termination (with 60 days to cure) of this Agreement.

8. Article 18.F. of the Franchise Agreement, under the heading “Governing Law”, shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.F.:

; except to the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

9. Article 18.G. of the Franchise Agreement under the heading “Choice of Law, Non-Binding Mediation, Binding Arbitration, and Consent to Jurisdiction”, shall be amended by the addition of the following statement added to the end of the last sentence of Article 18.G. of the Franchise Agreement:

; except the extent otherwise prohibited by applicable law with respect to claims arising under the Minnesota Franchise Act.

10. Article 18.K of the Franchise Agreement under the heading “Waiver of Jury Trial”, shall be supplemented by the addition of the following statement at the end of the sentence contained in Article 18.K. of the Franchise Agreement:

; except that nothing in this Agreement should be considered a waiver of any right conferred upon Franchisee by the Minnesota Franchise Act.

11. Article 18.I. of the Franchise Agreement under the heading “Limitations of Claims,” shall be supplemented by the addition of the following statement:

Under the Minnesota Franchise Act, any claims between the parties must be commenced within three years of the occurrence of the facts giving rise to such claim, or such claim shall be barred.

12. Article 18 of the Franchise Agreement under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement:

Any foregoing acknowledgments are not intended to nor shall they act as a release, estoppel or waiver or any liability under the Minnesota Franchise Act.

13. 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 are met independently without reference to this amendment.

IN WITNESS WHEREOF, the parties have duly executed and delivered this Minnesota State amendment to the Coopportunity, Inc. Franchise Agreement.

Franchisor: Coopportunity, Inc.

Franchisee:

By: _____

Signature of Franchisor

Signature of Franchisee

Name and Title

Name (please print)

Date: _____

Date: _____

Signature of Franchisee

Name (please print)

Date: _____

NEW YORK FRANCHISE AGREEMENT AMENDMENT

Amendments to the Coopportunity, Inc., Inc. Franchise Agreement:

In recognition of the requirements of the New York General Business Law, Article 33, Sections 680 through 695, and of the regulations promulgated thereunder (N.Y. Comp. Code R. & Regs., tit. 13, §§ 200.1 through 201.16), the parties to the attached Coopportunity, Inc. Franchise Agreement (the “Franchise Agreement”) as follows:

1. Under Article 14.C of the Franchise Agreement, under the heading “Conditions for Approval of Transfer,” the subarticle 14.C(6) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(6) The transferor and its Owners must execute a general release in a form satisfactory to Franchisor, releasing Franchisor, Franchisor’s affiliates and past and present officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, of any and all claims against Franchisor for matters arising on or before the effective date of the Transfer; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

2. Under Article 15.D of the Franchise Agreement, under the heading “Conditions for Renewal,” the subarticle 15.D(5) shall be deleted in its entirety and shall have no force or effect, and the following shall be substituted in lieu thereof:

(5) Franchisee and the Principals must execute the general release, attached hereto as Exhibit "10" releasing Franchisor, its affiliates and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants, employees, successors and assigns from any and all claims, including, without limitation, claims arising under this Agreement under federal, state or local laws, rules, regulations, or orders - If precluded by law from giving a general release, Franchisee shall execute an estoppel statement -; provided, however, that all rights and causes of action arising in favor of Franchisee from the provisions of New York General Business Law Sections 680-695 and the regulations issued thereunder, shall remain in force; it being the intent of this provision that the non-waiver provisions of N.Y. Gen. Bus. Law Sections 687.4 and 687.5 be satisfied.

3. Article 18 of the Franchise Agreement and under the heading “Enforcement and Construction,” shall be supplemented by the addition of the following new subarticle 18.Z. to the Franchise Agreement:

Nothing in this Agreement should be considered a waiver of any right conferred upon franchisee by New York General Business Law, Sections 680-695.

4. There are circumstances in which an offering made by Coopportunity, Inc. would not fall within the scope of the New York General Business Law, Article 33, such as when the offer and acceptance occurred outside the State of New York. However, an offer or sale is deemed made in New York if you are domiciled in New York or the Outlet will be opening in New York. Coopportunity, Inc. is required to furnish a New York prospectus to every prospective franchisee who is protected under the New York General Business Law, Article 33.

5. Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the New York General Business Law, are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have duly executed and delivered this New York amendment to the Coopportunity, Inc. Franchise Agreement.

Franchisor: Coopportunity, Inc.

Franchisee:

By: _____
Signature of Franchisor

Signature of Franchisee

Name and Title

Name (please print)

Date: _____

Date: _____

Signature of Franchisee

Name (please print)

Date: _____

NORTH DAKOTA FRANCHISE AGREEMENT AMENDMENT

Amendments to the Coopportunity, Inc., Inc. Franchise Agreement:

In recognition of the North Dakota Franchise Investment Law, Section 51-19, the parties to the attached Coopportunity, Inc. Franchise Agreement (the “Franchise Agreement”) agree as follows:

The North Dakota Addendum is only applicable if you are a resident of North Dakota or if your Warrior Factory outlet will be located within the State of North Dakota.

1. Article 15 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring North Dakota franchisees to sign a general release upon renewal of the Franchise Agreement are not enforceable in North Dakota.”

2. Article 16 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring North Dakota Franchisees to consent to termination or liquidated damages are not enforceable in North Dakota.”

3. Articles 6 of the Franchise Agreement are hereby amended by the addition of the following language: “Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota.”

4. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Covenants requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota may not be enforceable in North Dakota.”

5. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “for North Dakota Franchisees, North Dakota law shall apply.”

6. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring a franchisee to consent to a waiver of trial by jury are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.”

7. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring the franchisee to consent to a waiver of exemplary and punitive damages are not enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law.”

8. Article 18 of the Franchise Agreement is hereby amended by the addition of the following language: “Provisions requiring a franchisee to consent to a limitation of claims within one year have been determined to be unfair, unjust, and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, for North Dakota franchisees, the statute of limitations under North Dakota Law will apply.”

Each provision of this amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of North Dakota Law are met independently without reference to this amendment.

[SIGNATURE PAGE TO FOLLOW]

Franchisor: Coopportunity, Inc.

Franchisee:

By: _____
Signature of Franchisor

Signature of Franchisee

Name and Title

Name (please print)

Date: _____

Date: _____

Signature of Franchisee

Name (please print)

Date: _____

WASHINGTON STATE FRANCHISE AGREEMENT AMENDMENT

Amendments to the Coopportunity, Inc., Inc. Franchise Agreement:

In recognition of the Washington State Franchise Investment Protection Act, Chapter 19.100 RCW, the parties to the attached Coopportunity, Inc. Franchise Agreement (the "Franchise Agreement") agree as follows:

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.

[SIGNATURE PAGE TO FOLLOW]



IN WITNESS WHEREOF, the parties have duly executed and delivered this Washington State amendment to the Coopportunity, Inc. Franchise Agreement on the same date as the Franchise Agreement was executed.

Franchisor: Coopportunity, Inc.

Franchisee:

By: _____
Signature of Franchisor

Signature of Franchisee

Name and Title

Name (please print)

Date: _____

Date: _____

Signature of Franchisee

Name (please print)

Date: _____



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT I
STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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:

<u>Effective Dates</u>	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.



FRANCHISE DISCLOSURE DOCUMENT
EXHIBIT J
RECEIPTS

COOPPORTUNITY, INC.
RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If Coopportunity, Inc. offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale, or sooner if required by applicable law.

Applicable state laws in New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the 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 signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If we do 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 the applicable state administrator identified Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

The Issuance Date of this Disclosure Document is: March 6, 2024

The franchise sellers for this offering are:

Name	Principal Business Address	Telephone Number
Juan Cuautle	443 39th Street, 4th Floor, Brooklyn, NY 11232	(646) 992-3662

I received a Disclosure Document issued on March 6, 2024 that included the following exhibits:

A. List of State Administrators	F. List of Franchisees
B. List of Agents for Service of Process	G. List of Franchisees Who Have Left the System
C. Operations Manual Table of Contents	H. State Specific Addenda
D. Financial Statements	I. State Effective Dates
E. Franchise Agreement	J. Receipts

Date	Print Name	Signature

Please sign this copy of the receipt, date your signature, and return it to Coopportunity, Inc., c/o Center for Family Life, 443 39th Street, 4th Floor, Brooklyn, New York 11232.

COOPPORTUNITY, INC.
RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

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