

## FRANCHISE DISCLOSURE DOCUMENT



Bright Brothers Group, LLC  
A Delaware limited liability company  
60 Silvermine Road  
Seymour, CT 06483  
Phone: (408) 785-7691  
Email: info@BrightBrothers.com  
Website: www.BrightBrothers.com

We offer qualified individuals and entities the right to operate a business offering pressure washing, soft washing, gutter cleaning and protection, and commercial power washing services as well as commercial and residential holiday lighting, installation, and maintenance services under the “Bright Brothers” mark.

The total investment necessary to begin operation of a Bright Brothers business in one territory is \$170,282 to \$349,028. This includes \$70,000 that must be paid to franchisor or its affiliate.

The total investment necessary to begin operation of a Bright Brothers business in two - five territories is \$215,282 to \$477,828. This includes \$110,000 to \$200,000 that must be paid to franchisor or its affiliate.

The total investment necessary to convert a business to a Bright Brothers business in one territory is \$86,769 to \$343,278. This includes \$70,000 that must be paid to franchisor or its affiliate.

The total investment necessary to convert a business to a Bright Brothers business in two – five territories is \$169,269 to \$472,078. This includes \$110,000 to \$200,000 that must be paid to franchisor or its affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient to you. To discuss the availability of disclosures in different formats, contact Bright Brothers Group, LLC at 60 Silvermine Road, Seymour, Connecticut 06483 or call (408) 785-7691.

The terms of your contract will govern your franchise relationship. Don’t 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

The Issuance Date of this disclosure document is April 29, 2024, as amended August 16, 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:

<b>QUESTION</b>	<b>WHERE TO FIND INFORMATION</b>
<b>How much can I earn?</b>	Item 19 may give you information about 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 Exhibit G.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit D includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Bright Brothers in my area?</b>	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What's it like to be a Bright Brothers franchisee?</b>	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in his 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 requires you to resolve disputes with the franchisor by mediation and/or litigation only in Connecticut. Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in Connecticut than in your own state.
2. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.
4. **Financial Condition.** 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.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designated, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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  
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 the 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 terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that mediation or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of mediation, to conduct mediating at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
  - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

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

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

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

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

**The fact 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  
Attn: Antitrust & Franchise  
G Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, MI 48909  
Telephone Number: (517) 373-7117

**THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.**

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

The Franchisor is referred to in this Disclosure Document as “we,” “us” or “our.” “You” or “your” means the person who buys the franchise and includes your owners and principals if you are a corporation, limited liability company, or other business entity.

The Franchisor

We are a limited liability company formed in Delaware on June 20, 2023. Our principal business address is 60 Silvermine Road, Seymour, CT 06483. We conduct business under our company name and our then-current proprietary marks, which is currently “Bright Brothers.” Our agents for service of process are listed in Exhibit A to this Disclosure Document.

We offer qualified individuals and entities the right to operate a business offering pressure washing, soft washing, gutter cleaning, and commercial power washing services as well as commercial and residential holiday lighting, installation, and maintenance services (collectively, the “Approved Services”), under the “Bright Brothers” mark (the “Franchised Business”). You must also offer and sell to your customers products that we designate from time to time (the “Approved Products”) associated with the Approved Services.

We have been franchising since December 31, 2023. Except as stated above, we do not engage in any other business activities and have not offered franchises in any other line of business.

The Franchised Business

Your Franchised Business will offer the Approved Products and Approved Services within one or multiple defined geographical area (each, a “Territory” and collectively the “Territories”). You do not need any specific prior experience in order to operate a Franchised Business.

Each Franchised Business operates according to our proprietary business system which includes our valuable know-how, information, trade secrets, methods, Operations Manual, standards, designs, methods of trademark usage, copyrights, sources and specifications, confidential communications, methods of Internet usage, marketing programs, and research and development (collectively, the “System”). We reserve the right to add, modify or change the System, Approved Products and Approved Services at any time.

You will be required to operate the Franchised Business from an approved space located in the Territory that meets our current standards and specifications (the “Approved Location”). You will need to lease approximately 2,000 to 3,000 square feet of commercial real estate for the Approved Location, which includes (i) office space for at least 2 employees (along with meeting space), (ii) space to securely store equipment and inventory, (iii) room for a bleach container with level surface, and (iv) a minimum of one garage door.

If you operate in multiple contiguous Territories, then you are only required to obtain one Approved Location. If you operate in multiple Territories that are noncontiguous, then we may require you to secure additional Approved Locations. However, our standard offering assumes that if you purchase multiple Territories, such Territories will be contiguous with one another.

If you operate the Franchised Business in multiple Territories, then you will be required to secure additional Trucks over time to operate the Franchised Business in those Territories. You are obligated to secure one

(1) Truck in order to open the Franchised Business. Thereafter, you are required to secure additional Trucks to meet the demand from the Approved Products and Approved Services within your Territory(ies).

We identify the System by means of certain trade names, service marks, trademarks, logos, emblems, distinctive trade dress, and indicia of origin, including, but not limited to, the mark “Bright Brothers” and such other trade names, trademarks, and service marks as we now designate or may in the future designate in writing for use in connection with the System (the “Proprietary Marks”). We continue to develop, use, and control the use of the Proprietary Marks in order to identify for the public the source of services marketed under the Proprietary Marks and System, and to represent the System’s high standards of quality, appearance and service.

### Parents, Predecessors and Affiliates

Our affiliate, Basement Systems Inc. (“BSI”), a Connecticut corporation was formed on May 21, 1990, and has a principal place of business at 60 Silvermine Road, Seymour, Connecticut 06483. BSI will provide certain marketing services to franchisees.

Contractor Nation Corporation (“Contractor Nation”) is a related entity owned by an owner in Bright Brothers Group, LLC. Contractor Nation is a Connecticut corporation headquartered at 60 Silvermine Road, Seymour, CT 06483. Contractor Nation was formed on February 4, 2008. Contractor Nation may provide certain support services, sales programs, marketing services and business education services to our franchisees. Contractor Nation does not offer franchises in this or any other line of business.

Except as stated above, we do not have any parents, predecessors, or affiliates that (a) offer or operate franchises in any line of business, or (b) are otherwise involved in any other business activity.

### Market and Competition

Your Franchised Business will offer our Approved Products and Approved Services to the general public, which will include residential and commercial properties. The market for the Approved Products and Approved Services is well developed, and there will be competition from other national and regional chains and local businesses that offer the same or similar services within the Territory you are granted. Certain of our Approved Products and Approved Services are seasonal and may be affected by climate, weather or other environmental conditions.

### Industry Specific Regulations

Your Franchised Business will be subject to laws and regulations in your state, county, or municipality regarding the operation of an establishment that offer and sell products and services which are the same or similar to our Approved Products and Approved Services. The Franchised Business will be subject to federal, state and local Occupational Safety and Health Administration (OSHA) and Environmental Protection Agency (EPA) regulations, and you must strictly comply with all federal, state, and local regulations regarding disposal of waste products, unused, and reclaimed chemicals and pollutants. It is your sole responsibility to investigate these licensing/certification requirements, as well as any other laws or regulations (federal, state or local), that might apply to the operation of your Franchised Business and the offer and sale of our Approved Products and Approved Services. You are advised to examine these laws and regulations before purchasing a franchise from us.

You must investigate all applicable federal, state, and local laws and regulations, and your cost to comply with such laws and regulations, with an attorney and/or financial advisor before purchasing a Franchised

Business from us. It is solely your responsibility to investigate these laws and regulations, and you alone are responsible for compliance despite any advice or information that we may give you. We have not researched any of these laws or regulations to determine their specific applicability to your Franchised Business. Applicable laws and regulations are subject to change.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Lawrence M Janesky, Chief Executive Officer**

Mr. Janesky has served as our CEO since our formation in June 2023 in Seymour, Connecticut. Mr. Janesky, through Contractor Nation, has been a minority investor with Junkluggers Franchising, LLC since July 2019. Mr. Janesky is the Founder and CEO of the following businesses: Contractor Nation based out of Seymour, Connecticut, since 2017; Dr. Energy Saved based out of Seymour, Connecticut since 2009; Total Basement Finishing based out of Seymour, CT since 2007; and Basement Systems, Inc. based out of Seymour, CT since 1987. Mr. Janesky has also been the Primary Instructor of The School of Entrepreneurship since 2016 based out of Seymour, Connecticut and the Owner of Clean Space based out of Seymour, Connecticut since 1999.

### **Stephanie Pelizzari, President**

Ms. Pelizzari has served as our President since our formation in June 2023 in Seymour, Connecticut. Ms. Pelizzari has also served as the Vice President – Klaus Roofing Systems for Basement Systems Inc. since February 2019 in Seymour, Connecticut. Prior to that time, Ms. Pelizzari served as New Business Development for Basement Systems Inc. from March 2014 to February 2019 in Seymour, Connecticut.

### **Austin Passini, Chief Operating Officer**

Mr. Passini has served as our Chief Operating Officer since our formation in June 2023 in Seymour, Connecticut. Mr. Passini has also served as the Financial Analyst for Basement Systems Inc. since October 2021 in Seymour, Connecticut. Prior to that time, Mr. Passini served as the (i) Special Assets Group Portfolio Officer for Bank of America N.A. from April 2020 to October 2021 in East Hartford, Connecticut, and (ii) Special Assets Financial Analyst for Bank of America N.A. from December 2018 to April 2020 in East Hartford, Connecticut.

### **Pat Clark, Chief Training Officer**

Mr. Clark has served as our Chief Training Office since our formation in June 2023 in Greenville, South Carolina. Mr. Clark is also an owner of Precision Pro Wash in Greenville, South Carolina, and has been an owner since 2006.

## **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**

Franchise Agreement

*Initial Franchise Fee.*

Upon execution of your Franchise Agreement, you must pay us an initial franchise fee (the “Initial Franchise Fee”). Your Initial Franchise Fee will depend on how many Territories we grant you the right to operate in as well as how many Qualified Households (households that make \$100,000 or more each year) are located within each Territory.

Each Territory has a minimum of 50,000 Qualified Households. If your Territory has more than 50,000 qualified households, then your Initial Franchise Fee will increase by an additional \$0.12 for each additional Qualified Household in your Territory, up to an additional 10,000 Qualified Households.

The baseline Initial Franchise Fee is calculated as follows:

<b>Territories</b>	<b>Initial Franchise Fee</b>
1	\$50,000
2	\$90,000
3	\$120,000
4	\$150,000
5	\$180,000

The Initial Franchise Fee for each additional Territory after the Initial five (5) Territories is \$30,000 per Territory.

The Initial Franchise Fee is uniformly imposed and deemed fully earned and non-refundable upon payment.

*Initial Training Fee*

Upon execution of your Franchise Agreement, you are required to pay us an initial training fee of \$5,000 (the “Initial Training Fee”).

*Grand Opening Advertising Fee*

Prior to opening the Franchised Business and prior to attending the Initial Training Program, you will be required to pay us or our affiliate a grand opening advertising fee of \$15,000 (the “Grand Opening Advertising Fee”). The Grand Opening is not dependent on the number of Territories that you purchase and will be \$15,000 whether you purchase one or five Territories.

Discount Programs and Credits

*Discount of Initial Franchise Fee for Converting Businesses*

If you have an existing business that is the same or similar to a Franchised Business with annual gross sales of up to \$250,000 during the prior year and you agree to convert the existing business into a Franchised Business, we will discount your Initial Franchise Fee by 25%.

If you have an existing business that is the same or similar to a Franchised Business with annual gross sales of \$250,001 - \$500,000 during the prior year and you agree to convert the existing business into a Franchised Business, we will discount your Initial Franchise Fee by 50%.

If you have an existing business that is the same or similar to a Franchised Business with annual gross sales of \$500,001 or more and you agree to convert the existing business into a Franchised Business, we will discount your Initial Franchise Fee by 75%.

#### *Truck Wrap Credit*

If you have an existing business that is the same or similar to a Franchised Business and you convert that prior business to a Franchised Business, you will receive a truck wrap credit of \$2,000 per Truck. This credit can only be obtained in connection with Trucks that are being converted at the time of signing the Franchise Agreement and not for Trucks that are purchased later on.

#### *Veteran Discount*

If you are an honorably discharged veteran who meets our qualifications for purchasing a franchise, we will discount your Initial Franchise Fee by \$5,000. This reduced Initial Franchise Fee must be paid immediately upon execution of your Franchise Agreement. The Veteran Discount may only be used once and only in connection with the purchase of the first Territory.

#### *Application of Discounts.*

You must provide us with reasonable documentation that we request in order to assess your eligibility for a given discount program and any questions regarding your eligibility for discounts, or for combination of any discounts will be resolved by us in our sole discretion.

Except as described above, all of the fees described in this Item 5 are paid in a lump sum and are uniformly calculated and imposed.

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**ITEM 6  
OTHER FEES**

<b>TYPE OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty Fee	6.5% of weekly Gross Revenue (the “Royalty Fee”).	The Royalty Fee is currently collected weekly via ACH weekly at the end of each calendar week.	See Notes 1 and 2 for the definition of Gross Revenue.
Royalty Fee (Converting Business)	For a period of 12 months from the completion of the Initial Training Program, the Royalty Fee is 3.25% of weekly Gross Revenue.  For months 13-24 after the completion of the Initial Training Program, the Royalty Fee is 4.875% of weekly Gross Revenue.  Thereafter, the royalty fee is 6.5% of Gross Revenue.	The Royalty Fee is currently collected weekly via ACH weekly at the end of each calendar week.	See Notes 1 and 2 for the definition of Gross Revenue.
Brand Fund Contribution	Once established, up to three percent (3%) of your Gross Revenue each week (the “Brand Fund Contribution”).	Once established, the Brand Fund Contribution will be collected weekly via ACH at the end of each calendar week.	See Notes 1 and 2 below.
Local Advertising Requirement	A minimum of 8% of weekly Gross Revenue (the “Local Advertising Requirement”).	Payable each week.	In addition to your Brand Fund Contribution, beginning in the first full month after the date the Franchised Business opens, you must spend a minimum of eight percent (8%) of Gross Revenue each week on local advertising and promotional activities.
Technology Fee	\$150 per month (the “Technology Fee”).	Currently due monthly within ten (10) business days after the end of each calendar month.	The Technology Fee will not increase by more than 25% each year.  The Technology Fee currently includes fees related to management of technology programs.  We may add, delete, or otherwise modify the products and services that

			<p>are included in the Technology Fee.</p> <p>If you purchase the right to operate in multiple Territories under a single Franchise Agreement, your Technology Fee will be the then-current amount, which is currently \$150 per month.</p>
Call Center Fee	\$15 per lead (the “Call Center Fee”).	Due monthly within ten (10) business days after the end of each calendar month.	<p>The Call Center Fee will not increase by more than 25% each year.</p> <p>We reserve the right to require you to use our preferred service provider to receive call center services, in which case we may charge the Call Center Fee.</p>
Renewal Fee	50% of the then-current Initial Franchise Fee (without any discounts) (the “Renewal Fee”).	Upon execution of a successor franchise agreement.	If you purchase the right to operate in multiple Territories under a single Franchise Agreement, you are only obligated to pay the Renewal Fee once.
Transfer Fee	\$7,500 (plus any broker fees) (the “Transfer Fee”).	The Transfer Fee is due with your written notice of proposed transfer.	No Transfer Fee is due for transfers upon death or incapacity which occurs prior to the date of transfer.
Late Fee and Interest	<p>The lesser of (i) eighteen percent (18%), and (ii) the maximum interest rate allowed by law from the due date of payment.</p> <p>You must also pay us \$25 for each month that a payment is paid after the due date which is in addition to the interest above.</p>	When amount owed becomes past due.	Required whenever a payment to us or our affiliate(s) is made after its due date.
Non-sufficient Funds Fee	\$25 for each instance.	When a payment is rejected/returned.	If any payment to us is rejected or returned because you do not have sufficient funds in your account to make such payment, you must pay us a fee of \$25 for each instance (subject to state law).

Initial Training Fee	<p>The Initial Training Fee for up to 3 trainees to attend the Initial Training Program is \$5,000.</p> <p>Each additional trainee will cost \$750 per person.</p>	Within fourteen (14) days of receipt of an invoice.	<p>We will provide the Initial Training Program for the first 3 trainees for \$5,000.</p> <p>Each additional trainee will cost \$750 per person for training (i) more than 3 trainees, even if they attend the same training session, (ii) persons who are repeating the course or replacing a person who did not pass, or (iii) subsequent operating principals, key managers, or employees who attend the course.</p>
Additional Training Programs	Between \$300 - \$500 per day, plus travel and other expenses.	Within fourteen (14) days of receipt of an invoice.	We may charge you a fee for additional, optional, or required training programs that we may provide.
Temporary Management	Five percent (5%) of the Gross Revenue generated during the time period that we provide temporary management.	Within fourteen (14) days of receipt of an invoice.	Payable if we exercise our right to manage your Franchised Business after a default.
Franchise Conference	<p>\$1,000 for up to two (2) people to attend.</p> <p>Additional attendees will be charged at this same rate.</p>	Prior to attending the event.	Payable for you and your employee(s) who attend the Franchise Conference that we host. You are responsible for the travel and living expenses of you and your employees. If you do not attend the Franchise Conference, you must still pay us the applicable Franchise Conference Fee, regardless of the cause for non-attendance, unless you receive our advance written approval for such absence.
Product, Service, Supplier, and Service Provider Review	A \$1,000 alternative supplier or new product review fee plus our actual costs of the inspection and our actual cost of testing the proposed product or evaluating the proposed service or service provider, including personnel and travel costs.	Upon Demand.	Payable if you wish to offer products or use any supplies, equipment, or services that we have not approved or wish to purchase from a supplier or service provider that we have not approved, whether or not we approve the item,

			service, product, or service provider.
Insurance	Cost of premium plus our actual costs.	Upon demand	Payable only if you fail to maintain the minimum insurance we require and we choose to procure the required insurance for you.
Audit Costs	Our costs and expenses, including costs for an independent accountant and attorneys' fees and related travel and living expenses.	Within fourteen (14) days of receipt of an invoice.	Payable if an audit or review shows an understatement of Gross Revenues for the audited or reviewed period of two percent (2%) or more.
Indemnification	Amount of our liabilities, fines, losses, damages, costs and expenses (including actual attorneys' fees).	Upon demand.	Payable if we incur losses due to your breach of the Franchise Agreement or any other action or inaction by you or any other person relating to your Franchised Business.
Enforcement Expenses	Our actual cost of de-identifying your Franchised Business or complying with other post-term obligations on your behalf.	Upon demand.	Payable if your Franchise Agreement expires or is terminated and you fail to de-identify (or comply with other post-term obligations) for your Franchised Business and we take steps to do so.

### **Explanatory Notes**

1. **General.** The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend under the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.

*Manner of Payment.* With the exception of the Initial Franchise Fee, you must pay all fees and other amounts owed to us and/or our affiliates through an electronic funds transfer program (the "EFT Program"), under which we automatically deduct all payments owed to us and/or our affiliates, from the bank account you provide to us for use in connection with EFT Program (the "EFT Account"). You must immediately deposit all revenues from operation of your Franchised Business into this bank account within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, you must provide us with: (i) your bank's name, address and account number; and (ii) a voided check from the bank account. You must immediately notify us of any change in your banking relationship, including any change to the EFT Account. If any Gross Revenue Report has not been received within the required time period, then we may process an electronic funds transfer for the subject month based on the most

recent Gross Revenue Report you submitted, provided, that if a Gross Revenue Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then we may withdraw additional funds through an electronic funds transfer from your designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then we will credit the excess amount to the payment of your future obligations.

2. Royalty; Gross Revenue; Gross Revenue Report.

*Royalty.* You must pay us a weekly royalty fee (the “Royalty Fee”) deducted at the end of each calendar week in an amount equal to six and one-half percent (6.5%) of Gross Revenue generated by your Franchised Business for sales made during the immediately preceding week.

*Gross Revenue.* “Gross Revenue” is defined to include all income of any type or nature and from any source that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of the Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

*Gross Revenue Report.* You must also send us a signed Gross Revenue Report (“Gross Revenue Report”) on or before the Monday of each week for the immediately preceding week, in the manner and form we specify. Each Gross Revenue Report must set forth: (i) your Gross Revenues generated during the previous calendar week; (ii) your calculation of the Royalty and Brand Fund Contribution; and (iii) any other information we may require. We may change the form, content, and/or interval of the Gross Revenue Reports from time to time and/or require you to submit Gross Revenue Reports upon notice to you.

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

**A. YOUR ESTIMATED INITIAL INVESTMENT FOR A NEW FRANCHISED BUSINESS IN ONE TERRITORY**

<b>TYPE OF EXPENDITURE (NOTE 1)</b>	<b>AMOUNT (LOW)</b>	<b>AMOUNT (HIGH)</b>	<b>METHOD OF PAYMENT</b>	<b>TIME OF PAYMENT</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee (Note 2)	\$45,000	\$51,200	Lump Sum	Upon execution of the Franchise Agreement	Us
Computers and Technology (Note 3)	\$2,450	\$4,000	As Incurred	Prior to Opening the Franchised Business	Approved Suppliers
Rent and Security Deposit (Note 4)	\$11,250	\$14,375	As Incurred	As Incurred	Landlord
Truck (Note 5)	\$5,500	\$55,000	As Incurred	As Incurred	Dealership or lender
Sales Vehicle (Note 6)	\$2,500	\$25,000	As Incurred	As Incurred	Dealership or lender
Vehicle Modification (Note 7)	\$4,500	\$5,000	Lump Sum	Prior to Opening	Approved Suppliers
Pallet Racking (Note 8)	\$3,750	\$7,500	Lump Sum	Prior to Opening	Approved Suppliers
Grand Opening Advertising (Note 9)	\$15,000	\$15,000	Lump Sum	Prior to Opening	Us, an affiliate, and third parties
Insurance (Note 10)	\$1,800	\$2,800	As Incurred	Prior to Opening	Insurance Provider
Skid (Note 11)	\$6,000	\$30,000	As Incurred	Prior to Opening	Approved Suppliers
Startup Inventory (Note 12)	\$20,734	\$21,653	Lump Sum	Prior to Opening	Approved Suppliers
Business Licenses and Company Formation (Note 13)	\$250	\$1,000	As Incurred	Prior to Opening	Third Parties
Holiday Lights Inventory (Note 14)	\$17,048	\$18,000	Lump Sum	Prior to Opening	Approved Suppliers
Professional Fees (Note 15)	\$1,000	\$5,000	As Incurred	Prior to Opening	Lawyers, Accountants, Etc.
Initial Training Fee and Travel Expenses (Note 16)	\$6,000	\$11,000	Lump Sum	Upon Execution of the Franchise Agreement	Us, Travel Providers, Hotels, Restaurants
Office Outfit	\$2,500	\$7,500	As incurred	As Incurred	Third parties

Additional Funds (3 Months) (Note 17)	\$25,000	\$75,000	As Incurred	As Incurred	Employees, utilities, suppliers, us and other third parties
<b>TOTAL</b>	<b>\$170,282</b>	<b>\$349,028</b>			

**Explanatory Notes:**

1. Generally. The Chart above assumes that you operate your Franchised Business from a leased commercial office/warehouse, which is approximately 2,000 to 3,000 square feet. All fees and payments described above are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on a number of factors, including market condition and the geographic location of your Franchised Business. We do not finance any fee.
2. Initial Franchise Fee. Upon execution of your Franchise Agreement, you must pay us an Initial Franchise Fee of \$50,000, which you must pay in a lump sum. If you are a military veteran that is honorably discharged, the Initial Franchise Fee is \$45,000. The Initial Franchise Fee is non-refundable and deemed fully earned upon execution of your Franchise Agreement. The low end of this estimate assumes that you will purchase the right to operate in one Territory and will receive the military discount of \$5,000. The high end of this estimate assumes that you will not receive any discounts but will have an additional 10,000 Qualified Households in your Territory.
3. Computers and Technology. This range includes the price to obtain two iPads or cellular-capable tablets, printer, one office desktop computer, and software and licenses.
4. Rent and Security Deposit. This range includes your estimated rent payment for three months as well as a security deposit equal to two months of rent.
5. Truck. The low end of this range assumes that you will lease the Truck while the high end of this range assumes that you will purchase the Truck. We recommend obtaining a 2500 or 3500 crew cab truck with an 8-foot bed. The Truck must be approved by us prior to purchase and must be less than five years old.
6. Sales Vehicle. The low end of this range assumes that you will lease the Sales Vehicle while the high end of this range assumes that you will purchase the Sales Vehicle. We recommend obtaining a small-sized SUV. The Sales Vehicle must be approved by us prior to purchase and must be less than five years old.
7. Vehicle Modification. This range includes the wrap for the Truck and Sales Vehicle as well as the bed liner for the Truck.
8. Pallet Racking. This range includes the estimated amount that you will spend on pallet racking.
9. Grand Opening Advertising. In connection with the opening of the Franchised Business, you must spend a minimum of \$15,000 for grand opening advertising and promotion in the two weeks prior to opening the Franchised Business and the 60 days after opening the Franchised Business in accordance with a plan that you must submit to us.

10. Insurance. We estimate that your initial insurance deposit and initial premiums will be approximately \$1,800 to \$2,800. You should check with your local agent for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, your loss experience, your level of sales and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry beyond what we require you to obtain.
11. Skid. This range includes the estimated amount you will spend on the skid for your Truck. The low end of this estimate assumes that you elect to finance the skid while paying \$3,000 and \$1,000 per month over the first three months. The high end of this amount assumes you will purchase the skid without any financing.
12. Startup Inventory. The startup inventory includes items and equipment such as washing products, gutter guards, safety equipment, small tools and equipment, and other items.
13. Business Licenses and Company Formation. This range includes the fees to obtain business licenses to operate the business as well as filing fees to form an entity.
14. Holiday Lights. This estimate is for the Holiday lights that you will need to purchase over your initial three months of operations.
15. Professional Fees. This estimate is based on the fees necessary to create a franchisee entity and retaining legal counsel and accountants to review this Franchise Disclosure Document.
16. Training Fee and Travel Expenses. We estimate that your travel expenses for initial training will be between \$1,000 and \$6,000. This estimate also includes our Initial Training Fee of \$5,000. You are required to pay for transportation to and from our Initial Training Program and pay all expenses associated with lodging, meals and other miscellaneous expenses during the time of training (including any employee wages). Please see Item 11 of this disclosure document for additional information.
17. Additional Funds. The estimate of additional funds between \$25,000 to \$75,000 is for a period of three (3) months, and is based on an owner-operated business and does not include any allowance for an owner's draw or salary. These estimates are based on our experience in offering and selling franchises, our affiliate's experience in operating a Bright Brothers business, as well as estimates we have received from third-party vendors. We estimate that, in general, you may expect to put additional cash into the business during the first three (3) months of operations, and sometimes longer. This estimate includes ongoing fees that you will be required to pay throughout your operation of the Franchised Business such as Royalty Fees, Local Advertising expenses, Call Center Fees, Brand Fund contribution, etc. This estimate does not include any fees paid for debt services.

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**B. YOUR ESTIMATED INITIAL INVESTMENT FOR A NEW FRANCHISED BUSINESS IN MULTIPLE TERRITORIES**

TYPE OF EXPENDITURE	TERRITORIES	AMOUNT	METHOD OF PAYMENT	TIME OF PAYMENT	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (Note 1)	2	\$90,000	Lump Sum	Upon execution of the Franchise Agreement	Us
	3	\$120,000			
	4	\$150,000			
	5	\$180,000			
Initial Investment to Open Franchised Business (Note 2)		\$125,282– \$297,828	See Item 7, Chart A		
<b>Total</b>	<b>2</b>	<b>\$215,282 - \$387,828</b>	This is the total estimated initial investment to enter into a Franchise Agreement for the right to develop a Franchised Business in multiple Territories.		
	<b>3</b>	<b>\$245,282 - \$417,828</b>			
	<b>4</b>	<b>\$275,282 - \$447,828</b>			
	<b>5</b>	<b>\$305,282 - \$477,828</b>			

**Explanatory Notes**

Generally. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Franchise Agreement for the right to own and operate a Franchised Business in two (2), three (3), four (4), and five (5) Territories.

1. Initial Franchise Fee. Upon execution of the Franchise Agreement, you will be required to pay us an Initial Franchise Fee. The Initial Franchise Fee will depend on the number of Territories that you wish to operate the Franchised Business in. If you wish to operate the Franchised Business in more than five (5) Territories, then each additional Territory will cost an additional \$30,000. Each Territory has a minimum of 50,000 Qualified Households. If your Territory has more than 50,000 qualified households, then your Initial Franchise Fee will increase by an additional \$0.12 for each additional Qualified Household in your Territory, up to an additional 10,000 Qualified Households per Territory.
2. Initial Investment to Open Franchised Business. This figure represents the total estimated initial investment required to open the Franchised Business under the Franchise Agreement. This range includes all of the items outlined in Chart 7(A) of this Item, except for the \$45,000 - \$50,000 Initial Franchise Fee because you may pay a discounted Initial Franchise Fee if you open in two (2) or more Territories.

**C. YOUR ESTIMATED INITIAL INVESTMENT FOR A CONVERSION BUSINESS**

<b>TYPE OF EXPENDITURE (NOTE 1)</b>	<b>AMOUNT (LOW)</b>	<b>AMOUNT (HIGH)</b>	<b>METHOD OF PAYMENT</b>	<b>TIME OF PAYMENT</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee (Note 2)	\$7,500	\$51,200	Lump Sum	Upon execution of the Franchise Agreement	Us
Computers and Technology (Note 3)	\$750	\$4,000	As Incurred	Prior to Opening the Franchised Business	Approved Suppliers
Rent (Note 4)	\$6,750	\$8,625	As Incurred	As Incurred	Landlord
Truck (Note 5)	\$0	\$55,000	As Incurred	As Incurred	Dealership or lender
Sales Vehicle (Note 6)	\$0	\$25,000	As Incurred	As Incurred	Dealership or lender
Vehicle Modification (Note 7)	\$0	\$5,000	Lump Sum	Prior to Opening	Approved Suppliers
Pallet Racking (Note 8)	\$0	\$7,500	Lump Sum	Prior to Opening	Approved Suppliers
Grand Opening Advertising (Note 9)	\$15,000	\$15,000	Lump Sum	Prior to Opening	Us, an affiliate, and third parties
Insurance (Note 10)	\$1,800	\$2,800	As Incurred	Prior to Opening	Insurance Provider
Skid (Note 11)	\$0	\$30,000	Lump Sum	Prior to Opening	Approved Suppliers
Startup Inventory (Note 12)	\$4,421	\$21,653	Lump Sum	Prior to Opening	Approved Suppliers
Business Licenses and Company Formation (Note 13)	\$0	\$1,000	As Incurred	Prior to Opening	Third Parties
Holiday Lights Inventory (Note 14)	\$17,048	\$18,000	Lump Sum	Prior to Opening	Approved Suppliers
Professional Fees (Note 15)	\$0	\$5,000	As Incurred	Prior to Opening	Lawyers, Accountants, Etc.
Initial Training Fee and Travel Expenses (Note 16)	\$6,000	\$11,000	Lump Sum	Upon Execution of the Franchise Agreement	Us, Travel Providers, Hotels, Restaurants
Office Outfit	\$2,500	\$7,500	As incurred	As Incurred	Third parties
Additional Funds (3 Months) (Note 17)	\$25,000	\$75,000	As Incurred	As Incurred	Employees, utilities, suppliers, us and other third parties

<b>TOTAL</b>	<b>\$86,769</b>	<b>\$343,278</b>	
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**Explanatory Notes:**

1. Generally. The Chart above assumes that you operate your Franchised Business from a leased commercial office/warehouse, which is approximately 2,000 to 3,000 square feet. All fees and payments described above are non-refundable, unless otherwise stated or permitted by the payee. Actual costs will vary for each franchise location depending on a number of factors, including market condition and the geographic location of your Franchised Business. We do not finance any fee.
2. Initial Franchise Fee. Upon execution of your Franchise Agreement, you must pay us an Initial Franchise Fee, which you must pay in a lump sum. The Initial Franchise Fee is non-refundable and deemed fully earned upon execution of your Franchise Agreement. The low end of this estimate assumes that you are converting a business that has annual gross sales of \$750,000 and that you qualify for the veteran’s discount. The high end of this estimate assumes that you do not qualify for any discounts and will have an additional 10,000 Qualified Households in your Territory.

If you have an existing business that is the same or similar to a Franchised Business with annual gross sales of up to \$250,000 during the prior year and you agree to convert the existing business into a Franchised Business, we will discount your Initial Franchise Fee by 25%.

If you have an existing business that is the same or similar to a Franchised Business with annual gross sales of \$250,001 - \$500,000 during the prior year and you agree to convert the existing business into a Franchised Business, we will discount your Initial Franchise Fee by 50%.

If you have an existing business that is the same or similar to a Franchised Business with annual gross sales of \$500,001 or more and you agree to convert the existing business into a Franchised Business, we will discount your Initial Franchise Fee by 75%.

If you are an honorably discharged veteran who meets our qualifications for purchasing a franchise, we will discount your Initial Franchise Fee by \$5,000 for the first Territory.

3. Computers and Technology. This range includes the price to obtain two iPads or cellular-capable tablets, printer, one office desktop computer, and software and licenses.
4. Rent. This range includes your estimated rent payments for three months. This range assumes that you already have a facility and otherwise do not need a security deposit.
5. Truck. The low end of this range assumes that already have a Truck that meets our standards. The high end of this range assumes that you will purchase the Truck. We recommend obtaining a 2500 or 3500 crew cab truck with an 8-foot bed. The Truck must be approved by us prior to purchase and must be less than five years old.
6. Sales Vehicle. The low end of this range assumes that you already have a Sales Vehicle that meets our standards while the high end of this range assumes that you will purchase the Sales Vehicle. We recommend obtaining a small-sized SUV. The Sales Vehicle must be approved by us prior to

purchase and must be less than five years old.

7. Vehicle Modification. This range includes the wrap for the Truck and Sales Vehicle as well as the bed liner for the Truck. If you have an existing business that is the same or similar to a Franchised Business and you convert that prior business to a Franchised Business, you will receive a Truck wrap credit of \$2,000 per Truck. The low end of this range assumes that you already have a Truck and Sales Vehicle that does not require modification.
8. Pallet Racking. This range includes the estimated amount that you will spend on a pallet rack. The low end of this range assumes that you already have a pallet rack.
9. Grand Opening Advertising. In connection with the opening of the Franchised Business, you must spend a minimum of \$15,000 for grand opening advertising and promotion in the two weeks prior to opening the Franchised Business and the 60 days after opening the Franchised Business in accordance with a plan that you must submit to us.
10. Insurance. We estimate that your initial insurance deposit and initial premiums will be approximately \$1,800 to \$2,800. You should check with your local agent for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, your loss experience, your level of sales and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry beyond what we require you to obtain.
11. Skid. This range includes the estimated amount you will spend on the skid for your Truck. The low end of this range assumes that you already have a skid.
12. Startup Inventory. The startup inventory includes items such as washing products, gutter guards, safety equipment, small tools and equipment, and other items. The low end of this range assumes that you already have some of the inventory.
13. Business Licenses and Company Formation. This range includes the fees to obtain business licenses to operate the business as well as filing fees to form an entity. The low end of this range assumes that you already have your entity and business licenses in place.
14. Holiday Lights. This estimate is for the Holiday lights that you will need to purchase over your initial three months of operations.
15. Professional Fees. This estimate is based on the fees necessary to create a franchisee entity and retaining legal counsel and accountants to review this Franchise Disclosure Document. The low end of this estimate assumes that you already have an entity in place and do not consult with professionals in the evaluation of the franchise.
16. Training Fee and Travel Expenses. We estimate that your travel expenses for initial training will be between \$1,000 and \$6,000. This estimate also includes our Initial Training Fee of \$5,000. You are required to pay for transportation to and from our Initial Training Program and pay all expenses associated with lodging, meals and other miscellaneous expenses during the time of training (including any employee wages). Please see Item 11 of this disclosure document for additional information.

17. **Additional Funds.** The estimate of additional funds between \$25,000 to \$75,000 is for a period of three (3) months, and is based on an owner-operated business and does not include any allowance for an owner’s draw or salary. These estimates are based on our experience in offering and selling franchises, our affiliate’s experience in operating a Bright Brothers business, as well as estimates we have received from third-party vendors. We estimate that, in general, you may expect to put additional cash into the business during the first three (3) months of operations, and sometimes longer. This estimate includes ongoing fees that you will be required to pay throughout your operation of the Franchised Business such as Royalty Fees, Local Advertising expenses, Call Center Fees, Brand Fund contribution, etc. This estimate does not include any fees paid for debt services. If you are converting your business to a Franchised Business, you may already have equipment, insurance and other items and this amount may be lower for you.

**D. YOUR ESTIMATED INITIAL INVESTMENT FOR CONVERTING TO A FRANCHISED BUSINESS IN MULTIPLE TERRITORIES**

<b>TYPE OF EXPENDITURE</b>	<b>TERRITORIES</b>	<b>AMOUNT</b>	<b>METHOD OF PAYMENT</b>	<b>TIME OF PAYMENT</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
Initial Franchise Fee (Note 1)	2	\$90,000	Lump Sum	Upon execution of the Franchise Agreement	Us
	3	\$120,000			
	4	\$150,000			
	5	\$180,000			
Initial Investment to Open Franchised Business (Note 2)		\$79,269 – \$292,078	See Item 7, Chart A		
<b>Total</b>	<b>2</b>	<b>\$169,269 – \$382,078</b>	This is the total estimated initial investment to enter into a Franchise Agreement for the right to develop a Franchised Business in multiple Territories.		
	<b>3</b>	<b>\$199,269 – \$412,078</b>			
	<b>4</b>	<b>\$229,269 - \$442,078</b>			
	<b>5</b>	<b>\$259,269 - \$472,078</b>			

**Explanatory Notes**

Generally. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee. This Chart details the estimated initial investment associated with executing a Franchise Agreement for the right to own and operate a Franchised Business in two (2), three (3), four (4), and five (5) Territories.

1. **Initial Franchise Fee.** Upon execution of the Franchise Agreement, you will be required to pay us an Initial Franchise Fee. The Initial Franchise Fee will depend on the number of Territories that you wish to operate the Franchised Business in. If you wish to operate the Franchised Business in more than five (5) Territories, then each additional Territory will cost an additional \$30,000. Your Initial Franchise Fee may be discounted as set forth in Item 5. If your Territory has more than 50,000 qualified households, then your Initial Franchise Fee will increase by an additional \$0.12 for each

additional Qualified Household in your Territory, up to an additional 10,000 Qualified Households per Territory.

2. Initial Investment to Open Franchised Business. This figure represents the total estimated initial investment required to open the Franchised Business under the Franchise Agreement. This range includes all of the items outlined in Chart 7(A) of this Item, except for the \$7,500 - \$50,000 Initial Franchise Fee because you may pay a discounted Initial Franchise Fee if you open in two (2) or more Territories.

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

You must operate your Franchised Business in conformance with our methods, standards, and specifications, which we prescribe in our confidential and proprietary operations manual (the “Operations Manual”), and various other confidential manuals, writings, and other information prepared by us for your use in operating a Franchised Business which are provided in the Operations Manual or other means. We may periodically change our standards and specifications at our sole discretion, and you must comply with all changes.

### Approved Products and Approved Services

All Approved Products, Approved Services, Approved Location, vehicles, supplies, equipment, tools, uniforms, forms, advertising materials, computer hardware and software and inventory used by you in connection with the Franchised Business must meet our then-current System standards and specifications, including but not limited to branding requirements (including color and label requirements), which we will establish and modify at our discretion. You may incur an increased cost to comply with such changes at your own expense.

We reserve the right to require you to purchase any of the items or services necessary to establish and operate your Franchised Business in accordance with our standards and specifications and/or from an Approved Supplier, from us, our affiliate(s), or our designated vendors and suppliers.

You must offer for sale all Approved Products and Approved Services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which we may now or in the future designate for sale by System franchisees.

Some suppliers may provide us with test equipment for use in our training center, advertise in our newsletters, and may also sponsor events and/or rent booth space at our Annual Convention or regional meetings.

### Approved Suppliers

Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of our trade dress, you must purchase product samples and other supplies, services, computer hardware and software, and other equipment from us or from approved or designated suppliers that we will specify, from time to time, in the Operations Manual and otherwise in writing (each an “Approved Supplier”).

Presently, we are the only Approved Supplier for Grand Operating Marketing services, washing products, certain equipment, apparel, lights, skid fittings, gutter guards and associated products. Currently, our affiliate is the Approved Supplier (but not required supplier) for Local Advertising services. You must purchase your Sales Vehicle, Truck, safety equipment and apparel, washing products, equipment, and tools from one of our Approved Suppliers or in accordance with our standards and specifications. We reserve the right to require you to purchase additional items or services from our affiliates in the future.

We, our affiliate or a designated third party may be one of several, or the only, Approved Supplier of any item. We reserve the right to require you to purchase any products and services, including equipment, supplies, computer hardware and software, directly from us or our affiliate. We and our affiliates have the right to realize a profit or otherwise derive revenue on any products or services that we, our affiliates, or our Approved Suppliers supply and/or provide to you.

We may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that you are required to purchase from only that supplier (each a “System Supplier”). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with our proprietary standards and specifications or private label goods that we have authorized and prescribed for sale by System Franchised Businesses. You recognize that such products and services are essential to the operation of your Franchised Business and to the System generally. Your failure to pay System Suppliers may interfere with such suppliers’ willingness to supply the System and may result in other System Franchised Businesses’ inability to obtain a product or an ability to obtain a product only on less favorable credit terms. Accordingly, you must pay System Suppliers as and when due. You must use products purchased from approved suppliers solely in connection with the operation of your Franchised Business and not for any competitive business purpose.

#### Ownership Interest in a Supplier/ Revenue Derived from Regional Franchise Purchases and Leases

Our CEO, Larence M. Janesky, owns an interest in Basement Systems, Inc. Except where we are the approved supplier for items you must purchase, none of our officers own any interest in any supplier with whom you are required or recommended to do business, other than in Basement Systems, Inc.

Under some circumstances, we may derive income in the form of rebates or marketing allowances paid to us by Approved Suppliers that we require you to use. In our fiscal year ending December 31, 2023, we did not receive any rebates and did not derive any revenue from franchisees’ required purchases. In the fiscal year ending December 31, 2023, our affiliates did not derive any revenue from our franchisees’ required purchases.

Your obligations to purchase certain products or services from us or our Approved Suppliers, and to purchase goods, services, supplies, fixtures, equipment, computer hardware and software, training and real estate that meet our specifications, are considered “Required Purchases.” We estimate that your Required Purchases will account for approximately 75% to 90% of your total costs incurred in establishing your Franchised Business, and approximately 75% to 90% of your ongoing costs to operate the Franchised Business after the initial start-up phase.

#### Alternative Product or Supplier Approval

If you wish to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, you must provide us the name, address and telephone number of the proposed supplier, a description of the item you wish to purchase, and the purchase price of the item, if known. At our request, you must provide us, for testing purposes, a sample of the item you wish to purchase. We are

not required to approve any particular product or supplier. We may base our approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation we consider necessary or desirable in our System as a whole, as well as the maintenance of our Confidential Information. We have the right to receive payments from suppliers on account of their dealings with you and other Franchised Businesses and to use all amounts we receive without restriction (unless instructed otherwise by the supplier) for any purposes we deem appropriate. We are not required to approve an unreasonable number of suppliers for a given item if we believe that such approval may result in higher costs or prevent the effective or economical supervision of approved suppliers.

You will be required to pay us \$1,000 to review any alternate supplier. We will use reasonable efforts to notify you in writing if your request is approved or denied within 30 days of: (i) our receipt of all supporting information from you regarding your request; and (ii) our completion of any necessary inspection or testing associated with your request. If we do not provide written approval within this time period, then your request will be deemed denied.

We may, but are not required to, provide your proposed supplier or provider with its specifications for the item that you wish the third-party to supply, provided that third-party executes our required non-disclosure agreement form. Each supplier that we approve of must comply with our requirements regarding insurance, indemnification and non-disclosure. If we approve any supplier, you may enter into supply contracts with that third party, but under no circumstances will we guarantee your performance of any supply contract.

We may re-inspect and revoke our approval of particular products or suppliers if we determine that such products or suppliers no longer meet our standards. Once you receive written notice from us that we have revoked our approval, you must immediately cease purchasing products from that supplier.

We do not provide any material benefit to you if you buy from sources we approve, but we may default you under (or terminate) your Franchise Agreement, or otherwise deny your request to renew these agreements, based on your failure to make required purchases from our Approved Suppliers or otherwise in accordance with our standards and specifications.

#### Approved Location

You must secure a leased office/warehouse facility within the Territory that is approved by us (the “Approved Location”). The Approved Location shall include an office and storage space for equipment and inventory. The Approved Location will typically be between 2,000 and 3,000 square feet.

We must review and approve any proposed location, as well as any lease associated with the proposed location, prior to you entering into any lease for the proposed location. You must secure the Approved Location within 90 days of executing the Franchise Agreement in the event that you have not already obtained our approval prior to executing the Franchise Agreement. We may provide you with standards and specifications for the design and layout of the premises of the Approved Location.

#### Advertising and Promotional Materials

We must approve all self-generated advertising materials prior to publication or use.

## Insurance

You must purchase and maintain, at your own expense, insurance covering the operation and location of your Franchised Business as we may require. You must purchase the required insurance at least 30 days before opening your Franchised Business or upon signing a lease for the Approved Location. The limits described in the paragraph below are the minimum amounts that you are required to purchase. If you sign a lease or contract that requires a higher amount than provided below, then you must obtain the higher level of coverage under the terms of the lease or contract. If you sign a lease or contract that does not require as much coverage, you must still purchase enough insurance to meet our requirements.

Presently, our insurance requirements are as follows:

You must obtain the insurance coverage that we require from time to time as presently disclosed in the manuals and as we may modify it. All insurance policies required under your Franchise Agreement and as set forth in the Franchise Agreement (excluding workers' compensation) must name us, our officers, directors, shareholders, partners, agents, representatives as additional insureds. The insurance policies must include a provision that the insurance carrier must provide us with no less than 30 days' prior written notice in the event of a material alteration to, or cancellation of, any insurance policy. A certificate of insurance must be furnished by you to us at the earlier of 90 days after the Effective Date of the Franchise Agreement or prior to the commencement of our Initial Training Program. Insurance coverage must be at least as comprehensive as the minimum requirements set forth in the chart below and in the Franchise Agreement (Article 9 of the Franchise Agreement). You must consult your carrier representative to determine the level of coverage necessary for the Franchised Business. Higher exposures may require higher limits:

1. General liability with product coverage in the amount of \$2MM;
2. Automobile liability in the amount of \$2MM; and
3. Worker's compensation as per state law.

## Computer Hardware and Software

You must purchase any computer hardware, software and peripherals that meet our System standards and specifications. Please see Item 11 of this disclosure document for additional information regarding our computer hardware and software purchasing requirements.

## Purchasing and Distribution Cooperatives; Rebate Programs

We currently do not have any purchasing or distribution cooperatives; however, we reserve the right to establish these types of cooperatives in the future. We may negotiate certain purchase arrangements (including price terms) for the purchase of certain items with suppliers for the benefit of franchises. There are currently no purchasing or distribution cooperatives for Franchised Businesses.

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**ITEM 9**  
**FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section in Franchise Agreement	Item of Disclosure Document
a. Site selection and acquisition/lease	7.1	Items 7, 11 and 12
b. Pre-opening purchases/ leases	7.1, 7.3, 7.4, 7.8, and 7.11	Items 7 and 8
c. Site development and other pre-opening requirements	7.1 and 9	Items 6, 7, 8 and 11
d. Initial and ongoing training	7.2 and 8	Item 11
e. Opening	7.3	Items 11
f. Fees	2.2.9, 3, 12.3, 14.3.2.7, 14.3.2.8, and 22.8	Items 5, 6, 7, and 11
g. Compliance with standards and policies/ operations manual	6, 7.4 through 7.10, 7.14, 7.15 and 7.17	Item 8 and 11
h. Trademarks and proprietary information	4, 5, 7.8 and 7.14	Items 13 and 14
i. Restrictions on products/ services offered	1.2 through 1.7, 7.4 and 7.5	Item 8, 12 and 16
j. Warranty and customer service requirements	7.18	Item 15
k. Territorial development and sales quotas	Not Applicable	Items 12 and 17
l. Ongoing product/ service purchases	7.4 and 7.5	Items 8 and 11
m. Maintenance, appearance and remodeling	7.1.2, 7.15, and 7.17	Items 6, 8 11, 12

	requirements		
n.	Insurance	9	Items 7 and 8
o.	Advertising	12	Items 6 and 11
p.	Indemnification	13.2	Item 6
q.	Owners' participation/ management/ staffing	7.6.3 through 7.6.5, and 7.10	Items 11 and 15
r.	Records and reports	10 and 11	Item 6
s.	Inspections and audits	7.7 and 11	Items 6 and 11
t.	Transfer	14	Item 17
u.	Renewal	2.2	Item 17
v.	Post term obligations	16.1 and 17.2	Item 17
w.	Noncompetition covenants	17	Item 17
x.	Dispute Resolution	18	Item 17
y.	Personal Guaranty	Exhibit A	Item 15

**ITEM 10  
FINANCING**

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

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

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

A. Pre-Opening Obligations.

Before you open your Franchised Business, we will provide you with the following assistance:

1. Define your Territory. (Franchise Agreement, Section 1.2).
2. We will provide you with site selection guidelines and general specifications and standards, including any specific requirements. (Franchise Agreement, Exhibit E).

3. We will provide Initial Training in the System and our policies and procedures to your required trainees. (Franchise Agreement, Section 8).

4. We will provide you with either a written copy or electronic access to our Operations Manual and other manuals, on loan as long as the Franchise Agreement or successor franchise agreement remains in effect. The table of contents for the Operations Manual is attached as Exhibit F to this Franchise Disclosure Document. The Operations Manual is currently 140 pages, including exhibits. (Franchise Agreement, Section 6.1).

5. A third-party supplier will deliver to you your initial supply of inventory and supplies, which you must offer for sale to your customers. We will also provide you with a list of approved and recommended suppliers and a list of equipment that you will need to operate your Franchised Business. We do not deliver or install any of these tools or pieces of equipment. (Franchise Agreement, Section 6.2).

6. We will provide advice and guidance, as we deem necessary in our sole discretion, in preparing to open your Franchised Business, including standards and procedures for obtaining inventory and supplies, providing approved services, advertising and promoting the business and otherwise operating the Franchised Business during the start-up phase. (Franchise Agreement, Sections 6).

7. We will approve your Franchised Business opening, provided that you have met all of our requirements for opening, including completion of the Initial Training Program, obtaining a Vehicle that meets our requirements, and purchase all necessary tools and equipment. We estimate that the typical length of time between signing a Franchise Agreement and opening your Franchised Business is approximately 120 days. Factors affecting this length of time include, among others: hiring of the requisite employees; successful completion of Initial Training Program; local ordinances or community requirements; obtaining a Vehicle that meets our requirements; issuance of all necessary licenses, permits and approvals; and procuring required insurance. You must open the Franchised Business no later than 120 days after the effective date of the Franchise Agreement. We may extend this deadline, in our sole discretion, which we may condition on you executing a general release in our favor. (Franchise Agreement, Section 7.3).

8. We will provide you with a dedicated phone number that will be routed to a call center which you must use in connection with your Franchised Business and in all marketing items. You will be responsible for obtaining your own phone number for your Franchised Business. (Franchise Agreement, Section 6.6).

B. Training.

*Initial Training.* You (or your operating principal if you are an entity) and your Designated Manager as well any other individual responsible for running the Franchised Business (the “Required Trainees”) must attend and satisfactorily complete our Initial Training Program, to our satisfaction, before you open your Franchised Business. Initial Training currently consists of (a) approximately 3-4 days of training to be held at our office and/or other location(s) designated by us near Seymour, Connecticut, and (b) 4-5 days of training to be held at your location (or other location designated by us) at least 14 days prior to your opening. We will conduct Initial Training at least 4 times per year, but may conduct training sessions more frequently at our discretion. We reserve the right to modify the length, location, and timing of the Initial Training Program. We may waive a portion of the Initial Training Program or alter the training schedule if we determine that your trainees have sufficient prior experience or training. The Initial Training Program will be provided as soon as practicable after you sign your Franchise Agreement. (Franchise Agreement, Section 8).

We will provide instructors, facilities, and materials for Initial Training for up to 3 of your representatives (including your Required Trainees) for the Training Fee provided that all of your trainees are trained during the same training session. If space is available, you may bring more than three (3) representatives to Initial Training.

We will charge a training fee of \$5,000 for the Initial Training Program. You are responsible for any travel and living expenses, wages, and other expenses incurred by your trainees during the Initial Training Program or any other training programs. You will be required to pay us \$750 for each additional attendee.

Our Initial Training Program currently consists of the following:

<b>INITIAL TRAINING PROGRAM</b>			
<b>SUBJECT</b>	<b>HOURS OF CLASSROOM TRAINING</b>	<b>HOURS OF ON-THE-JOB TRAINING</b>	<b>LOCATION</b>
History & Philosophy	2	0	Seymour, Connecticut (or other location designated by us)
Opening Procedures	2	0	Seymour, Connecticut (or other location designated by us)
Recruiting	2	0	Seymour, Connecticut (or other location designated by us)
Marketing & Advertising	6	2	Seymour, Connecticut and your location (or other location designated by us)
Sales Procedures	6	6	Seymour, Connecticut and your location (or other location designated by us)
Office Procedures	4	4	Seymour, Connecticut and your location (or other location designated by us)
Washing Procedures	6	16	Seymour, Connecticut and your location (or other location designated by us)
Lighting Procedures	2	6	Seymour, Connecticut and your location (or other location designated by us)
<b>TOTALS</b>	<b>30 Hours</b>	<b>34 Hours</b>	<b>64 HOURS TOTAL</b>

We use manuals, Power Point presentations, online videos and tutorials, a learning management system, and other materials as instructional materials in our Initial Training Program and other training programs.

The instructors for our Initial Training Program and other training programs all have experience working with us or similar businesses. The following individuals will lead our training programs: (i) Pat Clark, who has been with us since our inception and has 18 years of experience in the topics being taught, (ii) Stephanie

Pelizzari, who has been with us since our inception and has 11+ years of experience in the topics that she teaches, and (iii) Austin Passini, who has been with us since our inception and has more than 2 years of experience in the topics he teaches.

Any instructor will have at least one year of experience in the topics they teach.

Your Required Trainees must successfully complete the Initial Training Program at least 14 days before opening your Franchised Business. We will determine, in our discretion, what constitutes successful completion of the program. If your Required Trainees are unable to successfully complete, in our sole discretion, the Initial Training Program for any reason, your Required Trainees must repeat the Initial Training Program or you must send replacement Required Trainees to complete the Initial Training Program. If your Required Trainees have not, in our sole discretion, successfully completed the Initial Training Program 14 days before the opening of your Franchised Business, we may terminate the Franchise Agreement, in which case we will not refund any initial fees paid by you.

### *Additional Training*

We may periodically conduct mandatory or optional training programs for your Required Trainees and/or your employees at our office or another location that we designate. There will be no charge for training programs that we require you or your employees to attend, but we may charge you a reasonable fee for optional training programs. We may provide additional training in person or via recorded media, teleconference, videoconference, the Internet, webinar, or any other means, as we determine. We may require your Required Trainees or employees to satisfactorily complete any additional training programs that we specify. We may require your Required Trainees to participate in refresher or advanced training each year.

If, in our sole judgment, you fail to maintain the quality and service standards set forth in the Manuals, we may, in addition to all of our other rights and remedies, assign trainers to the Franchised Business to retrain Franchised Business employees and restore service levels and/or require you or your employees to repeat Initial Training or attend additional training programs at a location that we designate. We may charge a reasonable fee for each trainer assigned to your Franchised Business and any remedial training.

If your Key Manager ceases to be employed by you at the Franchised Business and you are unable to immediately appoint and train a new manager, we may, in our sole discretion and for a reasonable fee, provide a Key Manager to work at your Franchised Business temporarily until a new Key Manager is appointed and trained.

### *Training by You*

You and/or your Operating Principal and your Designated Manager(s) are responsible for training all of your other employees (and subsequent Designated Managers) in accordance with our standards and training programs. If, in our sole judgment, you fail to properly train your employees or other personnel in accordance with our standards, we may prohibit you from training additional employees and either require them to attend training at our headquarters or pay for our costs and expenses to send one of our representatives to train them at your Franchised Business.

### *Delegation*

We may delegate the performance of any or all of our obligations under the Franchise Agreement to an area representative, affiliate, agent, independent contractor, or other third party. If we appoint an Area

Representative in the area that includes your Franchised Business, the area representative will provide training, support, marketing, and other services to you on our behalf and will have the authority to exercise many of our rights and perform many of our obligations under the Franchise Agreement.

C. Site Selection Assistance.

1. You must secure a leased office/warehouse facility within the Territory that is approved by us (the “Approved Location”). The Approved Location shall include an office and storage space for the equipment and inventory. You must receive our approval of the Approved Location within 90 days of executing the Franchise Agreement, in the event that you have not already obtained our approval prior to executing the Franchise Agreement. You must receive our approval of the leased office/warehouse facility within the Territory. We will consider certain factors when approving a site, such as general location and neighborhood, demographics, zoning, traffic patterns, parking, interior and exterior size, and distance from competitors. If we can’t agree on a site or location for the Franchised Business, then your Franchise Agreement may be terminated by us. (Franchise Agreement, Section 1.3).

2. We estimate that it will take up to 120 days for you to commence operations of your Franchised Business and complete our Initial Training Program and otherwise comply with all of your other pre-opening obligations under your Franchise Agreement. The actual length of this period will depend upon factors such as whether you can acquire acceptable financing arrangements, our training schedules, and time necessary to obtain zoning permits, licenses, and variances in your area. You must successfully comply and complete all of your pre-opening obligations and open your Franchised Business within 120 days of executing your Franchise Agreement or we may terminate your Franchise Agreement upon notice to you. (Section 7.3 of the Franchise Agreement).

D. Post-Opening Obligations.

After you open your Franchised Business, we will provide you with the following assistance:

1. **Review Advertising.** We will review any advertising or promotional programs or materials that you develop. (Franchise Agreement, Section 12.1).

2. **Brand Fund Management.** We will manage the Brand Fund as described below in this Item. We will prepare an unaudited statement of contributions and expenditures for the Brand Fund and make it available within 120 days after the close of our fiscal year to franchisees who make a written request for a copy. (Franchise Agreement, Section 12.3).

3. **Requested Consulting Services.** We will provide you with additional consulting services with respect to the operation of the Franchised Business upon your reasonable request and subject to the availability of our personnel at a mutually convenient time. We will make available to you information about new developments, techniques, and improvements in the areas of advertising, management, operations, and Franchised Business design. We may provide such additional consulting services through the distribution of printed or filmed material, an Intranet or other electronic forum, meetings or seminars, teleconferences, webinars, or in person. If such services are rendered in person other than at our offices, you must pay us a fee and our expenses. (Franchise Agreement, Section 6.3).

4. **Additional Training.** We may schedule, and require you, your Designated Manager (if applicable), and other employees, to attend additional or refresher training courses. We may charge you our then-current tuition fee for you and any other persons that attend such additional or refresher training, and you will be solely responsible for all expenses associated with such training (including travel, lodging,

meals, and employee wages incurred). We will provide this training to you and your employees at our corporate headquarters or other training facility we designate. We may also provide you with remedial training if we determine, in our sole discretion after conducting an audit or inspection of your Franchised Business, that you are not complying with our System standards and specifications. The purpose of remedial training is to get you back on track and in compliance with our standards and specifications. (Franchise Agreement, Section 6.5).

5. **System Updates.** We may, as we deem necessary in our sole discretion, modify and update the System and Manuals, including any standards and specifications, and provide you with updated lists of: (i) Approved Products and Approved Services; (ii) Approved Suppliers; and (iii) items you must purchase in accordance with our System standards and specifications (i.e., equipment, fixtures, inventory, and supplies). (Franchise Agreement, Section 1.1).

6. **Call Center.** We will establish and administer a Call Center, as we deem advisable to manage prospective and existing customers and route/assign work orders/inquiries as we deem necessary in our sole discretion. (Franchise Agreement, Section 6.6).

7. **Evaluate Alternate Suppliers.** We will review any alternate supplier or non-approved item you propose for use in connection with the Franchised Business, and subsequently approve or deny these proposals as disclosed more fully in Item 8 of this disclosure document. (Franchise Agreement, Section 7.4.3.1).

8. **Relocation Review.** We will evaluate sites to which you propose to relocate your Franchised Business in accordance with our then-current System Standards for Approved Locations. (Franchise Agreement, Section 7.1.1).

9. **Ongoing Advice.** We may provide periodic advice and guidance regarding the ongoing operation of your Franchised Business and/or the use of the Proprietary Marks and System in general, as we deem necessary or advisable in our sole discretion. Our advice and assistance may be provided through meetings, printed materials and/or other media that we may make available to you in the System from time to time, or otherwise by telephone, e-mail or other manner of communication. In certain circumstances, we reserve the right to charge our then-current training in connection with providing such assistance and/or be reimbursed for our reasonable expenses in providing any on-site assistance. (Franchise Agreement, Section 6.4).

10. **Pricing.** If we determine that we may lawfully require you to charge certain prices for goods or services, certain minimum prices for goods or services, or certain maximum prices for goods or services, you must adhere to our pricing policies as set forth in the Manuals or otherwise in writing from time to time. We currently require you to charge rates equal to or in excess of a minimum pricing schedule, which we will provide and may revise from time to time. Otherwise, you are solely responsible for determining the prices that you charge customers and must provide us with your current price list upon our request. We will provide you with support when determining at what price you should charge customers for the services. We have the right to negotiate arrangements with customers who have regional or nationwide facilities (“**National Accounts**”), including pricing, which will bind all Franchised Businesses providing services to such National Accounts. If you wish to perform services for a National Account, and we permit you to do so, you may be required to honor pre-negotiated pricing and terms with these National Accounts. We may offer preferred customer plans that offer customers discount prices under certain terms and conditions. You are not required to offer these plans to customers but, if you do elect to participate in our preferred customer plans, you must offer the discount prices set by the plans in accordance with the terms of the plan. (Franchise Agreement, Section 1.4).

E. Advertising and Marketing.

1. Brand Fund

We reserve the right to establish a brand fund (the “Brand Fund”) for the common benefit of the System. Once established, you will be required to participate in and contribute up to three percent (3%) of your Franchised Business’s Gross Revenue (the “Fund Contribution”). (Franchise Agreement, Section 12.3).

The Fund Contribution will be payable on a weekly basis directly to the Brand Fund via EFT on the day that we designate. We have the right to use the Fund Contributions, in our sole discretion, to develop, produce, and distribute national, regional and/or local marketing materials and to create advertising materials and public relations materials which promote, in our sole judgment, the services offered by System franchisees. (Franchise Agreement, Section 12.3). We may use the Fund Contributions to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including the cost of preparing and producing Internet, television, radio, magazine, and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting National Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that we internally administer or prepare; and building partnerships with national and regional brands. Not all System franchisees will benefit directly or on a pro rata basis from such expenditures. (Franchise Agreement, Section 12.3). We reserve the right to engage a third party to handle all Brand Fund activities. While we do not anticipate that any part of Fund Contributions will be used for advertising which is principally a solicitation for franchisees, we reserve the right to use the Fund Contributions for public relations or recognition of our brand, for the creation and maintenance of a web site, a portion of which can be used to explain the franchise offering and solicit potential franchisees, and to include a notation in any advertisement indicating “Franchises Available.” (Franchise Agreement, Section 12.3).

If we do not spend all Fund Contributions by the end of each fiscal year, the funds will be carried forward into the next fiscal year. You must contribute to the Brand Fund regardless of amounts due from other System franchisees.

We will prepare on an annual basis and will have available for you within 120 days of the end of the fiscal year, an unaudited statement of contributions and expenditures for the Fund. Upon your written request, we will provide you with the statement. There is no requirement that the Brand Fund be audited. (Franchise Agreement, Section 12.3).

We have the right to incorporate the Brand Fund as a separate business entity. The Brand Fund is not a trust or our asset and we are not a fiduciary to you with respect to, or a trustee of, the Brand Fund or the monies therein, and we assume no obligation or liability to you with respect to the maintenance, direction or administration of the Brand Fund. (Franchise Agreement, Section 12.3).

We may periodically assist franchises to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives (“Surveys”). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to you if your results from a Survey fall below System-established minimum standards for such Surveys, which will be determined at the time we conduct a Survey. (Franchise Agreement, Section 12.3).

We have the sole right to determine how to spend contributions to the Brand Fund, or any funds from any other advertising program, and the sole authority to determine the selection of the advertising materials and

programs; provided, however, that we will make a good faith effort to expend such funds in the general best interests of the System on a national or regional basis. We are not required, under the Franchise Agreement, to spend any amount on advertising in your Territory. Not all System franchisees will benefit directly or on a pro rata basis from our expenditures. (Franchise Agreement, Section 12.3).

We have the right to reimbursement from the Brand Fund Contributions for reasonable costs and overhead, if any, as we may incur in activities which are reasonably related to directing and implementing the Brand Fund. (Franchise Agreement, Section 12.3).

Company or affiliate-owned Franchised Businesses may contribute to the Brand Fund, but they are not required to do so. (Franchise Agreement, Section 12.3).

We reserve the right to suspend or terminate the Brand Fund at any time and any surplus funds may only be used for marketing and advertising purposes until fully expended. (Franchise Agreement, Section 12.3).

We did not establish the Brand Fund in 2023 nor did we collect any Brand Fund Contributions in 2023.

## 2. Advisory Council

We currently do not have an advisory council but reserve the right to establish an advisory council for the purpose of exchanging ideas and problem-solving methods, advising us on expenditures for System-wide advertising, and coordinating franchisee efforts (an “Advisory Council”). In the event you are elected and accept, you must participate actively in the Advisory Council and participate in all Advisory Council meetings as we require. We reserve the right to prepare and amend the governing documents for the Advisory Council from time to time as we deem necessary, and we will determine the topic areas to be considered by the Advisory Council. The Advisory Council shall act in an advisory capacity only, and we shall have the right to form, change, or dissolve an Advisory Council at any time, as we deem necessary in our sole discretion. (Franchise Agreement, Section 12.6).

## 3. Local Advertising Requirement

In addition to the Brand Fund Contributions, each month you are required to spend at least eight percent (8%) of your Gross Revenues generated during the immediately preceding calendar week on advertising and promoting your Franchised Business within the Territory in accordance with our standards and specifications (the “Local Advertising Requirement”). If you wish to use any advertising or promotional materials other than those currently approved for use by System franchisees, then you must submit the materials you wish to use to us for our prior written approval at least 30 days prior to your intended use or publication. We will use commercially reasonable efforts to notify you of our approval or disapproval of your proposed materials within 15 days of the date we receive the proposed materials from you. If you do not receive our written approval during that time period, the proposed materials shall be deemed disapproved. Once approved, you may use the materials unless we withdraw or revoke our approval, which we may do at any time with written notice. All advertising must prominently display the Proprietary Marks and must comply with any standards we establish as specified in the Operations Manual or in any other writing. We may require you to discontinue using any advertising or marketing material within a specified time frame, and at your own cost and expense. (Franchise Agreement, Section 12.1).

## 4. Grand Opening Marketing

In connection with the opening of the Franchised Business, you must pay us \$15,000 for grand opening advertising and promotion to be expended two weeks prior to opening the Franchised Business and 60 days

after opening the Franchised Business. We have the right to modify the grand opening plan, in our sole discretion. No amount paid by you for your grand opening will be credited toward your Local Advertising Requirement. (Franchise Agreement, Section 12.5.1).

## 5. Advertising Cooperatives

We currently do not have any advertising cooperatives and have no plans to form such cooperatives in the immediate future. However, you must join and actively participate in any organizations or associations of franchisees or advertising cooperatives that we establish or that are established at our direction for the purpose of promoting, coordinating, and purchasing advertising in local, regional, or national areas where there are multiple Franchised Businesses, and you must abide by the bylaws, rules, and regulations duly required by such advertising cooperative, which we have the right to mandate or approve if and when we form such cooperative. If we form an advertising cooperative, we will have the right to determine how membership will be defined, whether company-owned or affiliate-owned Franchised Business will participate in the cooperative, and whether we, an affiliate, a franchisee, or a third party will administer the cooperative. If you join an advertising cooperative, we or the advertising cooperative may require you to spend additional funds on marketing programs conducted by the advertising cooperative, which may be in addition to your Local Advertising Requirement. There is no cap on this potential spending obligation. If we form an advertising cooperative, we will make any governing documents available to you for your review.

## 6. Promotional Programs

You must participate in all Franchised Business promotional programs that we offer to franchisees. You will follow our guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Manuals or otherwise in writing. You will not allow use of gift certificates, gift cards, or coupons (including Groupon and similar discounts) unless approved or offered by us.

## F. Website and Internet Presence.

You must have and maintain adequate hardware and software in order to access the Internet at the bit speed we require from time to time. We have the right, but not the obligation, to establish and maintain a website that provides information about the System and the products and services offered by Franchised Businesses. If we exercise our right to create such a website, we will have sole discretion and control over it. We also have the right, but not the obligation, to create interior pages on our website(s) that contain information about your Franchised Business and other System locations. If we do create such a page, we may require you to prepare all or a portion of the page for the Franchised Business, at your sole expense, and may require you to use a template that we provide. (Franchise Agreement, Sections 12.2.1 and 12.2.2).

Unless you obtain our prior written consent, you are prohibited from establishing or maintaining a separate website, or otherwise maintaining a splash page or other presence on the Internet through any social networking site in connection with the operation of your Franchised Business, including without limitation, Facebook, Twitter (“X”), LinkedIn, TikTok, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site that uses any variation of the Proprietary Marks or references the System. If you seek and obtain our approval to create a separate website or other web presence, you must: (i) establish and operate the website according to our standards and policies as we describe in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that we provide to you to create and/or modify your site(s). We may require you to update the content of any social media and/or networking site at the times and in the manner we decide. (Franchise Agreement, Section 12.2.3).

We have the right to modify our policies regarding both our and your use of Internet websites as we deem necessary or appropriate for the best interests of the System. (Franchise Agreement, Section 12.2.). We are currently the sole registrant of the domain [www.brightbrothers.com](http://www.brightbrothers.com) and we will be the sole registrant of any other domain names we decide to register in connection with the System in the future. You are prohibited from registering any domain name that contains words used in, or similar to, any trademark or service mark owned or used by us or our affiliate, or any colorable variation thereof (including any abbreviation, acronym, phonetic variation, or visual variation). (Franchise Agreement, Section 12.2.5).

G. Computer Hardware and Software.

You must obtain, maintain, and use the computer hardware and software that we specify periodically in the Manuals to (i) enter and track purchase orders and receipts, and customer information, (ii) update inventory, (iii) enter and manage your customer's contact information, (iv) generate sales reports and analysis relating to the Franchised Business, and (v) provide other services relating to the operation of the Franchised Business.

The computer hardware currently includes two iPads or other tablets with cellular capability, one office computer, and one portable printer. The computer hardware must be connected to the Internet via a high-speed Internet connection and must be able to run our designated software programs and general business software such as email, word processing, and similar programs.

The computer system will use third-party software from our approved vendors, including point of sale functions, email marketing, and all customer management functions. For any proprietary software or third-party software that we require you to use, you must execute and be responsible for the fees associated with any software license agreements or any related software maintenance agreements that we or the licensor of the software require.

We estimate that the computer hardware and software will cost between \$2,450 to \$4,000 (if you are a new franchisee) or \$750 to \$4,000 (if you are converting your business to a Franchised Business), which includes the cost of the hardware, software licenses, related equipment, and network connections, including related installation costs. We, or our approved suppliers, may act as vendors or suppliers of some or all of the components of the computer hardware/software.

You must maintain the computer hardware and software at your expense and must purchase any hardware or software maintenance or technical support programs that we require. You must replace, upgrade, or update the computer hardware and software as we may require from time to time. We will establish reasonable deadlines for implementation of any changes to our computer hardware and software requirements, but there are no contractual limitations on our right to require changes to the computer hardware and software.

We currently do not require you to enter into, or expect that you will need to enter into, any maintenance, updating, upgrading, or support contracts related to the computer hardware and software. We, our affiliates, and third-party vendors are not obligated to provide you with any ongoing maintenance, repairs, upgrades, or updates. Vendors may be able to offer optional maintenance, updating, upgrading, or support contracts to you, which we estimate may cost between \$100 to \$500 per year.

You, at all times, must give us unrestricted and independent electronic access (including users IDs and passwords, if necessary) to the computer hardware and software for the purposes of obtaining information relating to the Franchised Business. You must permit us to download and transfer data via a high-speed Internet connection or such other connection that we specify on a real-time basis. There are no contractual

limitations on our right to access data stored in the computer hardware and software, and we may program the computer hardware and software to automatically transmit data and reports about the operation of your Franchised Business to us. We are the sole owners of all databases, lists, templates, programs, and any other software components that have been created and/or customized by or for us using the computer hardware and software, or otherwise generated through your Franchised Business.

Your employees must complete any and all training programs we reasonably require for the proper operation and use of the Business Management and Technology System. You may not use any other cash registers or computer systems in your Franchised Business.

You are required to participate in any System-wide computer network, intranet system, extranet system or community portal that we implement and may be required to use the computer network, intranet system, or extranet system to, among other things: (i) submit your reports due under the Franchise Agreement to us on-line; (ii) view and print portions of the Manuals; (iii) download approved local advertising materials; (iv) communicate with us, other System franchisees, and customers; and (v) to complete initial or ongoing training as we designate. You must use the computer network, intranet system or extranet system that strictly complies with the standards, protocols, and restrictions provided in the Manuals, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory, or defamatory statements. You will be solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described above.

#### H. Additional Investment

We have the right to require you to remodel, re-equip, and otherwise refurbish your Franchised Business to bring it into conformity with our then-current brand image. (Franchise Agreement, Section 7.17).

#### I. Call Center

We have established and maintain a centralized call center for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee as set forth in Item 12 of this Disclosure Document (“Call Center”). You must comply with our procedures for using the Call Center as we specify in the Operations Manual or otherwise in writing, including any fees due in connection with the Call Center. We will have the absolute right to receive all customer calls and subsequently service, route and/or assign work orders or inquiries resulting from such calls as we deem appropriate in our sole discretion. All Franchised Business-related phone numbers and internet lead sources are required to be posted to or directed to the Call Center.

We may operate the Call Center or we may delegate operation of the Call Center to our affiliate or other third-party. Your participation in the Call Center is mandatory and all Call Center services are provided “as-is” and we do not guaranty any certain number of jobs or leads from the Call Center.

## **ITEM 12 TERRITORY**

#### Approved Location

You must operate your Franchised Business from an Approved Location, which must be a leased commercial office/warehouse. Your Approved Location will need approximately 2,000 to 3,000 square feet of secure storage for the office and equipment and inventory. Your Approved Location must be within the Territory granted to you under the Franchise Agreement. You may not relocate your Franchised Business without our written consent, which we will not unreasonably withhold provided that the new location meets

our then-current criteria for an Approved Location. The Approved Location will be added to the Franchise Agreement once it is approved by us.

If you purchase the right to operate in multiple Territories, then you are only required to obtain one Approved Location as long as the Territories are contiguous with one another. Our standard offering assumes that your Territories will be contiguous with one another. We recommend securing an Approved Location that is centrally located in your Territories.

### Relocation of the Franchised Business

If you would like to relocate the Approved Location, you must receive our written consent and our approval, which will not be unreasonably withheld, provided (i) the new Approved Location is satisfactory to us and within your Territory, (ii) your lease, if any, for the new location complies with our then-current requirements, (iii) you comply with our then-current requirements for constructing, outfitting, and furnishing the new Approved Location, (iv) the new Approved Location will not, as determined in our sole discretion, materially and adversely affect the Gross Revenue of any other Franchised Business, (v) you have fully performed and complied with each provision of the Franchise Agreement within the last three (3) years prior to, and as of, the date we consent to such relocation (the “Relocation Request Date”), (vi) you are not in default, and no event exists as of the Relocation Request Date, and (vii) you have met all of our then-current training requirements. If you lose your lease, you must secure our approval of another site and enter into a lease for the new approved site within 90 days after you lose your site lease.

### Territory

Upon signing the Franchise Agreement, we will provide you an area in which you will have certain rights (the “Territory”). The size of your Territory may vary from other System franchisees based on the location and demographics surrounding your Approved Location.

Typically, a Territory will consist of a population of approximately 200,000 people and contain a minimum of 50,000 Qualified Households (households that make \$100,000 or more each year). As set forth in Item 5 of this Disclosure Document, we may allow you to purchase up to an additional 10,000 Qualified Households per Territory.

The demographics, geography, and other factors we use in defining your Territory are based upon information provided to us by third-party sources that we select at our sole discretion.

The boundaries of your Territory may be described in terms of zip codes, streets, landmarks (both natural and man-made) or county lines, or otherwise delineated on a map. The sources we use to determine the population within your Territory will be publicly available population information (such as data published by the U.S. Census Bureau or other governmental agencies and commercial sources).

Because we retain certain “reserved rights” within your Territory, the Territory is not an exclusive 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. “Territory” means that we will neither operate, nor award to another person a franchise to operate, another Franchised Business in your Territory, nor will we service, or authorize others to service, customers in your Territory, except in limited circumstances described below in this Item 12, and provided you are not in default under the Franchise Agreement.

You may not solicit, attempt to service or service any customers outside of your Territory without our prior

written consent (which may be withheld for any reason). If you solicit or sell products or services outside of the Territory without our prior written consent, in addition to all other rights and remedies available to us for a breach of the Franchise Agreement, we will have the right to terminate the Franchise Agreement.

The size of your Territory and/or continuation of your Franchise Agreement is not dependent upon your achieving any sales quotas, market penetrations or other contingencies.

### National Accounts

We have the exclusive right to negotiate and enter into agreements or approve forms of agreements to provide services to any entity that owns or otherwise has responsibility for a building or common services in more than one location whose business is not confined to one particular franchisee's territory, regardless of the contract amount of the services to be performed (a "National Account"). We or any party we may designate shall have the right to perform the services for the National Account within your Territory. Any dispute as to whether a particular customer or account is a National Account will be determined by us, and our determination will be final and binding. You are not entitled to any right to compensation or consideration, or work performed by others in your Territory for National Accounts.

### Rights Reserved By Us

Among other things, we and our affiliates also reserve the exclusive right to: (i) establish and operate, and license third parties the right to establish and operate, other Franchised Businesses using the Proprietary Marks and System at any location outside of the Territory; (ii) acquire, merge with, engage in joint ventures with, or otherwise affiliate with, and thereafter own and operate and franchise others the right to own and operate, any business of any kind, including businesses that offer products that are similar to those provided by your Franchised Business, within or outside your Territory; (iii) open and operate, or license third parties the right to open or operate, businesses that offer products and services similar to the Franchised Business under marks other than the Proprietary Marks at any location; (iv) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System, to engage in any other activities not expressly prohibited under your Franchise Agreement; (v) designate and service National Accounts; (vi) service, route, and/or assign any and all customer work orders and inquiries received through our Call Center; and (vii) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System to engage in any other activities not expressly prohibited under your Franchise Agreement. We are not required to pay you any compensation for soliciting or accepting orders in your Territory. Neither we nor any affiliate currently plan to operate or franchise a business under a different trademark.

In the event of a natural disaster or other similar catastrophic situation, as we determine in our sole discretion other Franchised Businesses may be permitted to provide support to you and/or perform work in the Territory, including the provision of labor, materials, equipment, and project management on projects in the Territory, and you will not be entitled to any proceeds from the provision of these services performed by third parties within the Territory.

### Alternate Channels of Distribution

We, our affiliates, or third parties may distribute our and our affiliates' products and services in your Territory, including those already developed and those yet to be developed, through alternate channels of distribution that we may choose. These alternate channels of distribution will include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that we deem appropriate. This does not give you the right to: (i) to distribute such products or services; or (ii) to share in any of the proceeds that a party received

through these alternate channels.

### Restriction on Rights

You do not have the right to open additional Franchised Businesses, nor do you have any right of first refusal on any other location. You do not have the right to use the Proprietary Marks or the System at any location outside of the Territory. You may not offer any Approved Products or Approved Services in wholesale, e-commerce, or other channel of distribution besides the retail operation of the Franchised Business within the Territory without our prior written consent. Any media advertising or direct mail marketing that you conduct must be predominantly focused within your Territory unless we agree otherwise.

We reserve the right to establish guidelines concerning the acceptance and reimbursement of gift certificates, gift cards, coupons, corporate discounts, and other promotional programs as we set forth from time to time in the Operations Manual or otherwise in writing, including policies related to the allocation of monies when a gift certificate is purchased at one Franchised Business and redeemed at another Franchised Business. We do not have these policies or procedures in place, however, as of the date of this Franchise Disclosure Document.

As long as you are in compliance with the Franchise Agreement, we will not, during the term of your Franchise Agreement, operate or grant others the right to operate any other Franchised Business within the Territory.

### Call Center and Servicing Customers Within Your Territory

Under the Franchise Agreement, you must ensure that all initial calls (new customers) made to your Franchised Business are forwarded to our System-wide call center (“Call Center”). We reserve the right to outsource our Call Center services. Once a customer’s call is routed to our Call Center and we have set up an assignment, we will route that customer’s work to you if the customer’s location (where the work will be performed) is within your Territory, unless: (i) we determine that the work is in the nature of an emergency and (a) you do not respond to the work assigned to you within a time period we deem appropriate under the circumstances, or (b) you are not able to perform the required services for the customer within a time period we deem appropriate in our sole discretion; (ii) the work is of such a large scope and/or commercial nature that we determine, in our sole discretion, that your Franchised Business is not capable of performing the work requested in accordance with our System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case we may route the work to you and additional franchisees, or other franchisees, or our affiliate, for completion); or (iii) the work is mistakenly routed to another franchisee or affiliate-owned business due to either the customer providing incorrect information to our Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; or (iv) you are not operating the Franchised Business in compliance with the Franchise Agreement; or (v) an area that includes your Territory has been subject to a disaster or catastrophe as determined solely by us.

It is important for us to have the right to route customers from our Call Center as described in this Item so that we can protect the integrity and goodwill of our System, and also account for inadvertent mistakes by our customers and our Call Center. You do not have any right to share in the Gross Revenue generated from customers that are serviced within your Territory unless your Franchised Business is assigned and subsequently services that customer.

**ITEM 13  
TRADEMARKS**

You will have the limited right to use the following Proprietary Marks that are currently pending with the United States Patent and Trademark Office (“USPTO”), as well as any other Proprietary Mark we may now or in the future designate in connection with the System, provided you use these marks in accordance with our System standards and specifications:

MARK	SERIAL NUMBER	FILING DATE	REGISTER
Bright Brothers	98167332	September 6, 2023	Principal
	98167391	September 6, 2023	Principal
We've Got the Bright Stuff	98340548	January 3, 2024	Principal
Do the Bright Thing	98340471	January 3, 2024	Principal
The Bright Stuff	98340411	January 3, 2024	Principal
We CLEEN It!	98340378	January 3, 2024	Principal
Brighten Your Home For the Holidays!	98391133	February 5, 2024	Principal

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

All required affidavits relating to the Proprietary Marks have been filed. There are currently no effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court; no pending interference, opposition, or cancellation proceedings; nor any pending material litigation involving any the Proprietary Marks. Currently, there is no litigation pending or otherwise that limits our ability to use or license the Marks to you or any other franchisee. There are no other agreements that will affect our right to use, and license you to use, the Proprietary Marks in any manner material to the System and franchises offered in this disclosure document.

Your right to use the Proprietary Marks granted under the Franchise Agreement is non-exclusive, and we retain the right, among others: (i) to use the Proprietary Marks for selling products and services; (ii) to grant others licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (iii) to develop and establish other systems using the same or similar Proprietary Marks, or any other proprietary marks, and to grant licenses or franchises in those systems without providing any rights to you.

All your usage of the marks and any goodwill you establish will be for our exclusive benefit and you retain no rights in the Proprietary Marks on the termination or expiration of the Franchise Agreement. You may not use the Proprietary Marks as a part of any corporate or trade name or as part of a domain name, or an electronic address, nor may you use any trade name, trademark, service mark, emblem, or logo other than the Proprietary Marks, as we may designate. You must prominently display the Proprietary Marks on the items we designate, including signs and packaging materials. You must obtain fictitious or assumed name registrations we require or under applicable law. You must identify yourself as the owner of the Franchised Business by placing your name on the Franchised Business and on all checks, invoices, receipts, contracts, and other documents that bear any of the Proprietary Marks, and on all printed materials your name must be followed by the phrase “a Bright Brothers franchisee” or any other phrase as we direct. Upon termination or expiration of the Franchise Agreement, you are required to de-identify your Franchised Business, removing all of our trademarks, logos or other proprietary items that we specify.

You must immediately notify us of any information that you acquire concerning any use by others of names or marks which are the same, or confusingly or deceptively similar to any of the Proprietary Marks. At our request, you must assist us to protect and maintain our interest in the Proprietary Marks, and we will pay or reimburse your reasonable costs incurred in rendering such assistance, unless we are required to take action to protect our interests because of your wrongful acts or those of any person under your control.

We are not obligated to protect you from the right to continued use of the Proprietary Marks. Although our right to pursue any third-party infringers of our Proprietary Marks is optional, as a company policy, we may elect to aggressively protect our rights under the Proprietary Marks. If at any time we consider it to be advisable (in our sole discretion) for us and/or you to modify or discontinue the use of any Proprietary Mark and/or use one or more additional or substitute trade or service marks, you must comply with our directions within a reasonable time after receiving notice from us and at your expense. We are not obligated to reimburse you for the costs you incur in complying with our directions or the loss of revenue or expenses caused by any modification or discontinuance of a Proprietary Mark. We are not required to protect you against third party claims of trademark infringement or unfair competition, however we reserve the right to assist in the defense of such matters.

You must immediately notify us of any apparent infringement or challenge to your use of any Proprietary Mark, or any claim by any person of any rights in any Proprietary Mark. You agree not to communicate with any person other than us, our attorneys of choice and your attorneys in connection with any such claim or challenge. If we choose to take over or control the defense of any claim, or challenge the cost of such defense will be paid by us, provided that if any claim or challenge is caused by your wrongful acts, we may request that you indemnify us for any claims or damages we incur. This includes paying all of our attorneys, experts or other professional fees we may incur to defend any claim or challenge resulting from any of your wrongful acts. In limited instances, if we take over any claim or challenge, we may reimburse you for the reasonable expenses you incur in connection with cooperating with us, as we deem necessary in our sole discretion.

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

We do not own any registered patents or copyrights that are material to the franchise, however, we claim common law copyright and trade secret protection for several aspects of the System including our Operations Manual, advertising, and business materials. Additionally, we do not have any patent applications that are pending and/or material to this offering.

There are no current determinations, proceedings or litigation involving any of our copyrighted materials. Should you become aware that any unauthorized third party is using any of our copyrighted materials, we request that you notify us of this unauthorized use. We may revise any of our copyrighted materials in our discretion and may require that you cease using any outdated copyrighted material. You will be responsible for printing any revised or new advertising, marketing, or other business materials.

During the term of the Franchise Agreement, you will receive information which we consider to be our trade secrets and confidential information, including but not limited to information regarding the setup of a Franchised Business; information about proprietary products and methods; any proprietary software we may now or in the future create; our Operations Manual; trade secrets; price marketing mixes related to the sale of goods or services offered or authorized for sale by System franchisees; standards and specifications for equipment, design, and equipment layout; systems and training manuals; training systems; compensation systems; marketing strategies; online marketing systems; sales systems; sales training; location identification and acquisition; general operations; our copyrighted materials; and methods and other techniques and know-how concerning the operation of the Franchised Business which may be communicated to you or of which you may be apprised by virtue of your operation of a Franchised Business (collectively, the “Confidential Information”).

You shall not, during the term of the Franchise Agreement or after, communicate, divulge, or use for the benefit of any other person, partnership, association, corporation, or limited liability company any Confidential Information except to your employees that must have access to it in order to operate the Franchised Business. Certain additional information, including (i) current customer and prospective customer names and addresses, (ii) information about credit extensions to customers, (iii) customer service purchasing histories, (iv) rates charged to customers, and (v) sources of suppliers and purchasing arrangements with suppliers, also constitute our trade secrets and Confidential Information. Any and all information, knowledge, know-how, techniques, and other data, which we designate as confidential will be deemed Confidential Information for purposes of the Franchise Agreement. We have expended considerable time, effort, and money to develop the System, and the Confidential Information is not well known outside of the System. The Confidential Information is of great value to us, and we are implementing this non-disclosure policy in an effort to protect our trade secrets and Confidential Information.

If you, your employees, or principals develop any new concept, process or improvement in the operation or promotion of the Franchised Business, you must promptly notify us and provide us with all necessary related information, without compensation. Any such concept, process or improvement will become our sole property and we will be the sole owner of all patents, patent applications, trademarks, copyrights and other related intellectual property rights. You and your principals will assign to us any rights you may have or acquire, including the right to modify the concept, process or improvement, and otherwise must waive and/or release all rights of restraint and moral rights. You and your principals agree to assist us in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries and further agree to execute and provide us with all necessary documentation for obtaining and enforcing these rights. You and your principals will irrevocably designate and appoint us as your agent and attorney-in-fact to execute and file any documentation and to do all other lawful acts to further the

prosecution and issuance of patents or other intellectual property rights related to any concept, process or improvement. In the event that these provisions are found to be invalid or otherwise unenforceable, you and your principals will grant to us a worldwide, perpetual, non-exclusive, fully paid license to use and sublicense the use of the concept, process or improvement if this use or sublicense would otherwise directly or indirectly infringe your rights.

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

You (or your principals) must devote their personal full-time attention, skill and best efforts to the management and operation of the Franchised Business and to promote and increase the demand for our products and services within the Territory. You agree that you may not, without our prior written consent, engage in any commercial activity that: (i) may benefit or promote a competing business; and (ii) may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System. Your (or your principals') violation of these terms will be a material breach of the Franchise Agreement, and we may terminate the Franchise Agreement with notice and without an opportunity to cure.

Upon your written request, we may permit you to employ a manager to manage the day-to-day operations of the Franchised Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by us in writing prior to hiring; (ii) successfully completes our Initial Training Program before assuming any managerial responsibility; and (iii) executes the form of Confidentiality and Restrictive Covenant Agreement attached to the Franchise Agreement as Exhibit C. The Franchised Business must, at all times, be staffed with at least one individual who has successfully completed the Initial Training Program. In the event that a Designated Manager resigns or is otherwise terminated, the replacement must be trained pursuant to our then-current standards. The new Designated Manager must successfully complete training within 30 days of hiring. The Designated Manager is not permitted to seek or maintain other employment or engage in any other business activities during the term of the Franchise Agreement.

All partners in a limited partnership, shareholders in a corporate franchisee, or members of a limited liability company, as well as all general partners and managing members, must execute the Personal Guaranty attached to the Franchise Agreement as Exhibit A. Additionally, each spouse of the foregoing individuals must also execute the Personal Guaranty, which contains confidentiality and non-competition obligations as set forth in Exhibit A to the Franchise Agreement.

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

You must offer for sale all products and services which we prescribe and only those products and services which we prescribe. You may not offer any other products or services for sale without having received our prior written authorization. You must at all times maintain sufficient levels of inventory as specified in the Operations Manual, to adequately satisfy consumer demand. You must offer, use and sell all private label products which we may now or in the future designate for sale by System franchisees.

All products and services you use or offer for sale from your Franchised Business must comply with our standards and specifications. Our standards and specifications are set forth in the Operations Manual, which is revised from time to time. You are responsible for ensuring that your Franchised Business meets these standards at all times. We have the right to inspect your Franchised Business or attend a project site for quality control purposes. We have the right to change our System from time to time.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**  
**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the Franchise Agreement and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this disclosure document.**

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Length of the franchise term	2.1	Ten (10) years, which will commence on the date we execute the Franchise Agreement.
b. Renewal or extension of term	2.2	One (1) successive ten (10) year term.
c. Requirements for franchisee to renew or extend	2.2.1 through 2.2.9	You must: (i) provide notice of your renewal no fewer than 12 months and no greater than 18 months prior to the end of the term; (ii) demonstrate to our satisfaction that you have the right to operate the Franchised Business at the Approved Location for the duration of the renewal term or, if you are unable to continue operating at the Approved Location, secure a substitute location that is acceptable to us; (iii) complete to our satisfaction, no later 90 days prior to expiration of your then-current term, all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business premises, as well as any update to require hardware and software, as necessary to bring the Franchised Business and all equipment into full compliance with our then-current System standards and specifications for new franchisees; (iv) not be in breach of any provision of the Franchise Agreement, or any other agreement with us, our affiliates, approved/designated suppliers and vendors, and also have been in substantial compliance with these agreements during their respective terms; (v) satisfy all monetary obligations you have to us, our affiliates, and approved or designated suppliers/vendors; (vi) execute our then-current form of franchise agreement, the terms of which may materially vary from the terms of your current Franchise Agreement; (vii) satisfy our then-current training requirements; (viii) execute a general release in favor of us and our affiliates in the form we prescribe; and (ix) pay a renewal fee equal to 50% of the then-current Initial Franchise Fee (without any discounts).
d. Termination by franchisee	Not Applicable.	Not Applicable.
e. Termination by franchisor without cause	Not Applicable.	Not Applicable.
f. Termination by franchisor with cause	15.1 through 15.4	We may terminate your agreement upon your default and, in some instances, failure to cure. Termination is effective upon delivery of written notice, except as otherwise provided in the Franchise Agreement.
g. "Cause" defined – curable defaults	15.3	The following are curable defaults under the Franchise Agreement, provided you cure the default within 15 days of our notice of: (i) your failure to pay any sums due us, our affiliates or any of our System suppliers/vendors; (ii) your failure to immediately endorse and deliver to us any payments due us from any

	15.4	<p>third party that are erroneously made to you; (iii) your failure to maintain sufficient levels of materials and other supplies; (iv) your failure to maintain the prescribed months, days or hours of operations at the Franchised Business; (v) your failure to personally supervise day-to-day operations or fail to employ a sufficient number of qualified, competent personnel as we prescribe; (vi) your failure to maintain the strict quality controls reasonably required by the Franchise Agreement and/or the Manuals; and (vii) your failure to procure or maintain any licenses, certifications or permits necessary for the operation of the Franchised Business.</p> <p>Notwithstanding Sections 15.1, 15.2 and 15.3 of the Franchise Agreement, you will have 30 days to cure any other default under the Franchise Agreement, or any other agreement between us and our affiliates, from the date of our notice.</p>
h. “Cause” defined – non-curable defaults	15.1	<p>The Franchise Agreement will automatically terminate without notice or opportunity to cure upon the occurrence of any of the following: (i) if you make an assignment for the benefit of creditors, file a voluntary petition in bankruptcy, are adjudicated bankrupt or insolvent, file or acquiesce in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consent to or acquiesce in the appointment of a trustee or receiver for you or the Franchised Business; (ii) if proceeding are commenced to have you adjudicated bankrupt or seek your reorganization under any state or federal bankruptcy or insolvency law and such proceeding are not dismissed within 60 days, or a trustee is appointed for you or the Franchised Business without your consent and the appointment is not vacated within 60 days; or (iii) you lose the right to occupy the premises or operate the Franchised Business from the Approved Location.</p>
	15.2	<p>We have the right to terminate the Franchise Agreement upon notice and without opportunity to cure upon the occurrence of any of the following defaults: (i) you or one of your principal(s) are convicted of, or plead guilty or no contest to, a felony or other offense related to the operation of the Franchised Business or which we believe, in our sole discretion, is likely to have an adverse effect on our Proprietary Marks or the goodwill associated therewith; (ii) you or your principal(s) commit any fraud or misrepresentation in the operation of the Franchised Business, including a misrepresentation (financial or otherwise) made in completing your franchise application; (iii) if you or any of your principals, guarantors or agents engage in any activity or conduct that materially impairs the goodwill associated with the System or Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of being notified of this breach; (iv) if you or your principals make any misrepresentation or omission in connection with your franchise application, including but not limited to any financial misrepresentation; (v) if you fail to complete the Initial Training Program in the required time period; (vi) if we send you two or more written notices to cure any of the defaults set forth in Sections 15.3 and 15.4 of the Franchise Agreement in any twelve (12) month period, regardless of whether or not you subsequently cure these defaults; (vii) your material breach under any other agreement with us or our affiliates, or threaten any material breach of these agreements, or any lease for the Approved Location, and fail to cure such breach within the prescribed time</p>

		<p>period set forth in that agreement; (viii) your or your principals' misuse of our Proprietary Marks or Confidential Information in any manner; (ix) your or your principals disclose any contents of the Operations Manual, Confidential Information, and/or Trade Secretes; (x) your violation of any law, ordinance or regulation, as well as your operation of the Franchised Business in a manner that presents a health or safety hazard to customers or the general public; (xi) your violation of any of the restrictive covenants set forth in the Franchise Agreement; (xii) if a levy or writ of attachment or execution or any other lien is placed against you or any of your principals or any of their assets which are not released or bonded against within 30 days; (xii) insolvency of you or your principals; (xiv) if you voluntarily or otherwise abandon the Franchised Business; (xv) if you make any unauthorized transfers of the Franchised Business; (xvi) if you offer any unauthorized or unapproved products or services at or from the Franchised Business; (xvii) if you order or purchase supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier; (xviii) you misuse, or make unauthorized use of, any Proprietary Software that we may develop; (xix) your failure to maintain the required insurance or repay us for insurance we paid for you; (xx) if you fail, within 15 calendar days after notification of non-compliance by federal/state/local government authorities, to comply with any law or regulation applicable to the Franchised Business; (xxi) if the government takes any action against you that results in an obligation upon us that we believe is uneconomical, not in our best interest, or which would result in having an unintended relationship or obligation; (xxii) if you fail to comply with any anti-terrorism law or provisions; (xxiii) if you take any assets or property of the Franchised Business for personal use; (xxiv) if there are insufficient funds in your EFT bank account to cover any payment to Franchisor two (2) or more times in any twelve (12) month period; (xxv) if you fail to commence operations within the required time period; (xxvi) if you operate or conduct business outside of the Territory without our consent; and (xxvii) if you or your principals do not provide your best efforts as described in Section 7.10 of the Franchise Agreement.</p>
<p>i. Franchisee's obligations on termination/non-renewal</p>	<p>16.1</p>	<p>Upon termination or expiration of the Franchise Agreement, your obligations include: (i) immediately cease all operations of the Franchised Business; (ii) immediately pay all amounts owed to us, our affiliates and our major suppliers and vendors; (iii) immediately discontinue using the Proprietary Marks; (iv) immediately cease using the any System and Operations Manual, and within ten (10) days return all proprietary and confidential materials; (v) immediately cease use of all telephone and facsimile numbers, and related listings, as well as any permitted domain names and/or Social Media Pages, that were used in connection with the Franchised Business (collectively, the "Assigned Property") and take all necessary steps to assign the Assigned Property to us or our designee; (vi) immediately vacate the premises of the Franchised Business; (vii) within ten (10) days, return all stationery, printer matter, signs, advertising materials and other items containing our Proprietary Marks; (viii) cease holding yourself or the Franchised Business out as part of our System; (ix) cease all contact with Franchised Business customers; (x) take all actions necessary to amend or cancel any assumed name, business name or equivalent registration that contains any trade name or Proprietary Mark, and furnish evidence to us that you have complied with this obligation within fifteen (15)</p>

		days; (xi) permit us to make a final inspection of your financial records, books and other accounting records within one (1) month of the termination/expiration of your Franchise Agreement; (xii) comply with your post-term restrictive covenants set forth in Section 17 of the Franchise Agreement; (xiii) cease advertising or using in other any other manner any methods, procedures or techniques associated with us or the System; (xiv) de-identify all vehicles used in connection with the Franchised Business; and (xv) execute from time to time any necessary papers, documents, and assurances to effectuate Section 16 of the Franchise Agreement.
j. Franchisor's right to transfer	14.5	There are no restrictions on our right to sell, transfer, or assign the Franchise Agreement.
k. "Transfer" by franchisee - defined	14.1 and 14.4	You, or any of your principals', assignment, sale, gift, pledge or other disposition of any interest in the Franchise Agreement or the Franchised Business (whether voluntary or involuntary, direct or indirect).
l. Franchisor approval of transfer by franchisee	14.1 and 14.4	Any transfer requires our prior written consent.
m. Conditions for franchisor approval of transfer	14.3.2	Our approval of a proposed transfer is conditioned upon the satisfaction of the following conditions, as applicable: (i) all of your accrued monetary obligations to us, our affiliates, suppliers, and vendors have been paid; (ii) you have cured all existing defaults under the Franchise Agreement, and any other agreement with us our affiliates and designated/approved suppliers, within the time period permitted for cure and have substantially complied with these agreements during their respective terms; (iii) you and your principals and the transferee (if it had any prior relationship with us or our affiliates) must execute a general release under seal in favor of us and our affiliates (including our officers, directors, shareholders and employees, in their corporate and individual capacities) in the form we prescribe; (iv) you or the transferee has provided us with a copy of the executed purchase agreement for the Franchised Business, as well as all other documents relevant to the transaction, and we agree to the terms of the agreement; (v) transferee must satisfactorily demonstrate to us, in our sole discretion, that it meets our educational, managerial and business standards to operate the Franchised Business; (vi) transferee must execute our then-current form of franchise agreement, which may contain materially different terms than your Franchise Agreement, and assume a full term as set forth in the then-current form of franchise agreement for new franchisees; or, at our option, entering into an assignment and assumption of the Franchised Business and all rights and obligations thereunder; (vii) you and transferee must pay us our transfer and training fees; (viii) transferee must satisfactorily complete our Initial Training Program at its own expense within the time frame we designate; (ix) you, your principals and members of their respective immediate families must comply with the post-termination provisions of the Franchise Agreement; (x) transferee must obtain and maintain all permits and licenses required for the operation of the Franchised Business within the time limits we set; (xi) if you are operating from a lease location, the lessor of that location must approve the assignment of the lease to the transferee; (xii) the transfer must comply with any state and

	14.4	<p>federal laws that apply to the transfer; (xiii) you must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership; (xiv) the purchase price and its terms are not overly burdensome; (xv) you must request that we provide the transferee with our current form of disclosure document; (xvi) our approval of your transfer does not constitute a waiver of any claims we might have against you; (xvii) we may disclose to any prospective transferee financial information concerning you and your Franchised Business which you have supplied to us under the Franchise Agreement; and (xviii) we may withhold or condition our consent to any transfer as we deem appropriate based on the circumstances of the transfer or otherwise.</p> <p>You do not need to pay a transfer fee if you are an individual and you wish to transfer the Franchise Agreement to a corporation or limited liability company, provided the following conditions are met: (i) the business entity is newly organized and its activities are confined to operating the Franchised Business; (ii) you remain, at all times, the owner of at least 51% of the outstanding shares of the corporation or limited liability company; (iii) the business entity agrees to assume all of your obligations under the Franchise Agreement; (iv) all stockholders of the corporation, or members of the limited liability company, personally guarantee all of the transferee entity's obligations under the Franchise Agreement will be performed; and (v) at our request, you provide all true and correct copies of any documents and contracts governing the rights, obligations, and powers of the owners.</p>
n. Franchisor's right of first refusal to acquire franchisee's business	14.3.1	We have the right to match any bona fide third-party offer to buy your franchise rights, assets or controlling interest that is the subject of a proposed transfer (other than a transfer from an individual franchisee to a business entity as described in Section 14.4 of the Franchise Agreement). We may exercise this right of first refusal within 30 days of the date you provide us with a copy of the third-party offer and any other information that we request. If we do not exercise this option, you must complete the transfer to the third-party within 60 days, subject to the conditions set forth in Section 14.3.2. Otherwise, we will once again have our right of first refusal.
o. Franchisor's option to purchase franchisee's business	16.2	Upon your termination, we may purchase personal property used in connection with the operation of the Franchised Business by: (i) providing you with notice of our election to do so within 60 calendar days of the expiration/termination of your Franchise Agreement; and (ii) pay you the book value for such personal property within 60 days of providing you with this notice.
p. Death or disability of franchisee	14.2.1	Upon the death, disability, physical or mental incapacity of any person with an interest in the Franchise Agreement, the franchisee, or in all or substantially all of the assets of the Franchised Business, the personal representative of such person shall have the right to continue operation of the Franchised Business if: (i) within 180 days from the death/disability/incapacity, the representative meets our then-current standards to own a Franchised Business, and has obtained our prior written approval and has executed our then-current form of franchise agreement for the unexpired terms of the franchise, or has otherwise furnished a personal guaranty of any business entity franchisee's obligations to us and our affiliates; and (ii) this person successfully completes our then-

		<p>current Initial Training Program, which will be provided at our then-current training tuition rate. In the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the previously stated conditions, the personal representative of the deceased franchisee will have a reasonable time, in our sole discretion and not to exceed 180 days from the date or transfer by demise or inheritance, to dispose of the deceased's interest in the Franchised Business subject to all the terms of the Franchise Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then we may terminate the Franchise Agreement.</p>
	14.2.2	<p>We may, but are not obligated to, operate the Franchised Business during the 180-day period following the death/incapacity/disability, and we may pay ourselves a reasonable amount to reimburse us for providing management services and our other costs.</p>
q. Non-competition covenants during the term of the franchise	17.1	<p>During the term of the Franchise Agreement, neither you, nor your owners, officers, directors, principals or Designated Managers, nor any member of the their immediate families may directly or indirectly: (a) own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers any products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Territory or the Territory of any other System franchisee, provided that Section 17.1.1 of the Franchise Agreement does not apply to: (i) your ownership of a Franchised Business under a Franchise Agreement with us; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services; (b) employ or seek to employ any person who is at that time employed by us or our affiliates or any other System franchisee, or otherwise directly or indirectly induce or try to induce an employee to leave his or her employment with us our affiliates or other System franchisees; (c) Solicit any current, former, or prospective customer solicited by your Franchised Business or any other customer that you become aware of as a result of access to our System and other franchisees for any competitive purpose.</p>
r. Non-competition covenants after the franchise is terminated or expires	17.2	<p>For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, your owners, officers, directors, or principals, nor any member of the immediate family of you or your owners, officers, directors, principals, or Designated Managers may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation: (1) Own, maintain, engage in, be employed as an officer, director, or principal of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Territory, (b) within a 25-mile radius of the Territory, or (c) within a 25-mile radius of any other territory franchised or licensed by us to a Franchised Business as of the date of expiration/termination of the Franchise Agreement. This covenant does not apply to: (i) your ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) your ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing Competitive Services; (2) Employ or seek to employ any person who is at that time employed by us or our affiliates</p>

		or any other System franchisee, or otherwise directly or indirectly induce or try to induce an employee to leave his or her employment with us our affiliates or other System franchisees; and (3) solicit any current, former, or prospective customer solicited by your Franchised Business or any other customer that you have become aware of as a result of access to our System and other franchisees for any competitive purpose.
s. Modification of the agreement	22.1	The Franchise Agreement may not be modified except by a written agreement that both of us sign.
t. Integration/ merger clause	22.1	Only the terms of the Franchise Agreement and the Franchise Disclosure Document are binding (subject to state law). Any representations or promises made outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreement is intended to disclaim the representations we made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	18.2	You must first bring any claim that is between us to the attention of our management. You must first exhaust our internal dispute resolution procedures before you may bring your dispute before a third party. The requirement that you must first attempt to resolve disputes internally will survive the termination or expiration of your term.
	18.3	At our option, any disputes and claims that are not resolved by Internal Dispute Resolution must, at our option, be submitted to mediation. The mediation will take place in New Haven County, Connecticut, under the auspices of the American Arbitration Association (“AAA”) in accordance with the AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against us or our affiliates with respect to any such claim or dispute, you must submit a notice to us, which specifies, in detail, the precise nature and grounds of such claim or dispute. Once we receive your notice, we will have thirty (30) days to notify you as to whether we or our affiliates elect to exercise the option to submit such claim or dispute to mediation.  You may not commence any action against us or our affiliates regarding any claim or dispute in any court unless we fail to exercise our option to submit the claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by us. Our right to mediation, as set forth herein, may be specifically enforced by us. Each party shall bear its own cost of mediation, except that we will share the mediator’s fees with you equally. This agreement to mediate will survive any termination or expiration of the Franchise Agreement.
	18.3.1	The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation if such controversy, dispute, or claim relates to an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating): (i) any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information; (ii) any claims pertaining to or arising out of any warranty issue; or (iii) any of the restrictive covenants contained in the Franchise Agreement.

v. Choice of forum	18.4	All claims not subject to mediation must only be brought in a competent court of general jurisdiction located in New Haven County, Connecticut or, if appropriate, the United States District Court for the District of Connecticut (subject to state law).
w. Choice of law	18.1	Connecticut law governs all claims arising out of the Franchise Agreement, without reference to its conflict of laws provision (subject to state law).

**ITEM 18  
PUBLIC FIGURES**

We do not currently use any public figure to promote our System.

**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.

As of December 31, 2023, we had (i) one Affiliate-Owned Location in operation, and (ii) zero franchised locations in operation. This financial performance representation sets forth certain historical sales information reported to us by our Affiliate-Owned Location. We did not exclude any data in connection with any Affiliate-Owned Locations or franchised locations.

This Item discloses the average, median, high, and low monthly Average Ticket, Washing Average Ticket, Gutter Cleaning & Protection Average Ticket, Holiday Lights Average Ticket, Jobs per Working Day by Month, Gross Revenue by Month, Sales by Month (based on date the quote was won), and the Estimate Appointments by Month by the Affiliate-Owned Location from October 1, 2023, through June 30, 2024 (the “Measurement Period”).

As set forth in Item 12, a typical Territory includes a minimum of 50,000 Qualified Households (households that make \$100,000 or more each year). The operating area for the Affiliate-Owned Location contains approximately 125,325 Qualified Households and is otherwise approximately the size of 2.5 Territories. The Affiliate-Owned Location operated using one truck from October 2023 – May 31, 2024. The Affiliate-Owned Location added a second truck in June 2024. Under our Franchise Agreement, franchisees are required to secure additional trucks as demand for the Services increases.

Written substantiation of the data used in preparing this information is available upon reasonable request.

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October 1, 2023 – June 30, 2024	Average <sup>1</sup>	Median <sup>2</sup>	High <sup>3</sup>	Low <sup>4</sup>	Number and Percentage that Met or Exceeded Average
<b>Average Ticket<sup>5</sup></b>	\$1,055.40	\$921.73	\$3,823.84	\$188.08	113/276 (41%)
<b>Washing Average Ticket<sup>6</sup></b>	\$1,003.38	\$882.10	\$3,823.84	\$288.00	98/228 (43%)
<b>Gutter Cleaning &amp; Protection Average Ticket<sup>7</sup></b>	\$1,012.01	\$498.75	\$3,260.32	\$258.75	8/23 (35%)
<b>Holiday Lights Average Ticket<sup>8</sup></b>	\$1,569.74	\$1,446.00	\$3,290.55	\$188.08	10/25 (40%)
<b>Jobs per Working Day by Month<sup>9</sup></b>	2.05	2.08	2.70	1.59	5/9 (56%)
<b>Gross Revenue by Month<sup>10</sup></b>	\$30,379.14	\$32,728.28	\$58,501.27	\$704.12	6/9 (67%)
<b>Sales by Month<sup>11</sup> (based on date quote won)</b>	\$32,134.87	\$36,207.00	\$61,496.23	\$8,575.28	5/9 (56%)
<b>Estimate Appointments by Month<sup>12</sup></b>	58.67	65.00	99.00	17.00	5/9 (56%)

**Notes to Item 19:**

1. **Average.** “Average,” also known as the “mean,” means the sum of all data points in a set, divided by the number of data points in that set.
2. **Median.** “Median” means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.
3. **High.** “High” is the largest number within a dataset.
4. **Low.** “Low” is the lowest number within a dataset.
5. **Average Ticket.** “Average Ticket” is calculated by taking the total Gross Revenue generated during a month and dividing it by the number of jobs that month.
6. **Washing Average Ticket.** “Washing Average Ticket” is calculated by taking the total Gross Revenue generated for washing jobs during a month and dividing it by the total number of washing jobs that month.
7. **Gutter Cleaning & Protection Average Ticket.** “Gutter Cleaning & Protection Average Ticket” is calculated by taking the total Gross Revenue generated for gutter cleaning & protection jobs during a month and dividing it by the total number of gutter cleaning & protection jobs during a

month.

8. **Holiday Lights Average Ticket.** “Holiday Lights Average Ticket” is calculated by taking the total Gross Revenue generated for holiday lights jobs during a month and dividing it by the total number of holiday lights jobs during a month.
9. **Jobs per Working Day by Month.** “Jobs per Working Day by Month” means the total number of jobs that the Affiliate-Owned Location completed on a “working day.” “Working day” does not include days on which the Affiliate-Owned Location does not have a job scheduled.
10. **Gross Revenue by Month.** “Gross Revenue by Month” is defined to include all income of any type or nature and from any source that the Affiliate-Owned Location derives or receives directly or indirectly from, through, by or on account of the operation of the Affiliate-Owned Location each month, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds. Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.
11. **Sales by Month (Based on Date Quote Won).** “Sales by Month (Based on Date Quote Won)” means the total sales that were booked each month by the Affiliate-Owned Business.
12. **Estimate Appointments by Month.** “Estimate Appointments by Month” means the number of appointments completed with customers each month to provide an estimate for the Services.
13. When categorizing the services above between Washing, Gutter Cleaning & Protection, and Holiday Lights, they are grouped based on what the primary service was. For example, if a job was completed where the Affiliate-Owned Location generated \$2,000 in connection with Washing services and \$500 in connection with Holiday Lights services, the entire amount of \$2,500 would be represented as Washing services.
14. **Some outlets have sold this amount. Your individual results may differ. There is no assurance you will sell as much.**

Other than the preceding financial performance representation, we do not make any financial performance representation. 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 Franchised Business, however, we may provide you with the actual records of that Franchised Business. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting our Chief Executive Officer, Lawrence M Janesky, at 60 Silvermine Road, Seymour, CT 06483, (408) 785-7691, the Federal Trade Commission, and the appropriate state regulatory agencies.

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**ITEM 20  
OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1: System-wide Outlet Summary  
For years 2021 to 2023**

<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
<b>Franchised</b>	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
<b>Company-Owned and Affiliate-Owned</b>	2021	0	0	0
	2022	0	0	0
	2023	0	1	+1
<b>Total Outlets</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>1</b>	<b>+1</b>

**Table No. 2:  
Transfers of Outlets from Franchisees to New Owners  
(Other than the Franchisor)  
For years 2021 to 2023**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
<b>Total</b>	<b>2021</b>	<b>0</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>

**Table No. 3:  
Status of Franchised Outlets  
For years 2021 to 2023**

<b>STATE</b>	<b>YEAR</b>	<b>OUTLETS AT START OF YEAR</b>	<b>OUTLETS OPENED</b>	<b>TERMINATIONS</b>	<b>NON-RENEWALS</b>	<b>REACQUIRED BY FRANCHISOR</b>	<b>CEASED OPERATIONS OTHER REASONS</b>	<b>OUTLETS AT END OF THE YEAR</b>
<b>Total</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**Table No. 4:  
Status of Company-Owned Outlets  
For years 2021 to 2023**

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
CT	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	1	0	0	0	1
<b>Total*</b>	<b>2021</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2022</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>2023</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>

**Table No. 5:  
Projected Openings as of December 31, 2023**

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Affiliate-Owned Outlets in the Next Fiscal Year
Connecticut	0	1	0
Florida	0	3	0
North Carolina	0	1	0
South Carolina	0	1	0
Texas	0	4	0
<b>Totals</b>	<b>0</b>	<b>10</b>	<b>0</b>

Over the past three years, no current or former franchisees have signed provisions restricting their ability to speak openly about their experience with the System. You may wish to speak to current and former franchisees but be aware that not all such franchisees will be able to communicate with you. There are no trademark-specific organizations formed by our franchisees that are associated with our System.

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

**ITEM 21**  
**FINANCIAL STATEMENTS**

Attached as Exhibit D to this Disclosure Document is our (i) unaudited balance sheet and profit and loss statement as of May 31, 2024, (ii) unaudited opening day balance sheet as of November 30, 2023, and (ii) audited financial statements as of December 31, 2023. Because we were formed in 2023, we cannot independently provide all the financial statements required. Our fiscal year end is December 31<sup>st</sup>.

**ITEM 22**  
**CONTRACTS**

Attached to this disclosure document are the following contracts and their attachments:

- Exhibit B: Franchise Agreement and Exhibits
- Exhibit C: State Specific Addenda
- Exhibit E: Sample Termination and Release Agreement

**ITEM 23**  
**RECEIPTS**

Exhibit I of this Franchise Disclosure Document contains a detachable document, in duplicate, acknowledging receipt of this Franchise Disclosure Document by a prospective franchisee. You should sign both copies of the Receipt. You should retain one signed copy for your records and return the other signed copy to Bright Brothers Group, LLC, 60 Silvermine Road, Seymour, CT 06483.

**Exhibit A**  
**To**  
**Bright Brothers Group, LLC's**  
**Franchise Disclosure Document**

**List of State Administrators and Agents for Service of Process**

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

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure/registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states.

<p><b><u>CALIFORNIA</u></b></p> <p>(state administrators)          Department of Financial Protection and Innovation          320 West 4<sup>th</sup> Street, Suite 750          Los Angeles, CA 90013          (213) 576-7500 Toll Free (866) 275-2677</p> <p>2101 Arena Blvd.          Sacramento, CA 95834          (866) 275-2677</p> <p>1350 Front Street          San Diego, CA 92101          (619) 525-4233</p> <p>One Sansome St., #600          San Francisco, California 94104          (415) 972-8559</p> <p>(agents for service of process)          California Commissioner of the Department of          Financial Protection and Innovation          320 West 4<sup>th</sup> Street, Suite 750          Los Angeles, CA 90013-2344</p> <p>Commissioner of Department of Financial          Protection and Innovation          One Sansome Street #600          San Francisco, California 94104</p> <p>Commissioner of Department of Financial          Protection and Innovation          2101 Arena Blvd.          Sacramento, CA 95834</p>	<p><b><u>CONNECTICUT</u></b></p> <p>(state administrator)          State of Connecticut          Department of Banking          Securities &amp; Business Investments Division          260 Constitution Plaza          Hartford, CT 06103-1800          (860) 240-8230</p> <p>(agent for service of process)          Banking Commissioner</p>
<p><b><u>HAWAII</u></b></p> <p>(state administrator)          Business Registration Division          Department of Commerce and Consumer Affairs          335 Merchant Street, Room 203          Honolulu, Hawaii 96813          (808) 586-2722</p>	<p><b><u>ILLINOIS</u></b></p> <p>Franchise Bureau          Office of the Attorney General          500 South Second Street          Springfield, Illinois 62706          (217) 782-4465</p>

<p>(agent for service of process)  Commissioner of Securities  State of Hawaii  335 Merchant Street  Honolulu, Hawaii 96813  (808) 586-2722</p>	
<p><b><u>INDIANA</u></b></p> <p>(state administrator)  Indiana Secretary of State  Securities Division, E-111  302 Washington Street  Indianapolis, Indiana 46204  (317) 232-6681</p> <p>(agent for service of process)  Indiana Secretary of State  201 State House  200 West Washington Street  Indianapolis, Indiana 46204  (317) 232-6531</p>	<p><b><u>MARYLAND</u></b></p> <p>(state administrator)  Office of the Attorney General  Securities Division  200 St. Paul Place  Baltimore, Maryland 21202-2021  (410) 576-6360</p> <p>(agent for service of process)  Maryland Securities Commissioner  200 St. Paul Place  Baltimore, Maryland 21202-2021  (410) 576-6360</p>
<p><b><u>MICHIGAN</u></b></p> <p>(state administrator)  Consumer Protection Division  Antitrust and Franchise Unit  Michigan Department of Attorney General  525 W. Ottawa Street  G. Mennen Williams Building, 1<sup>st</sup> Floor  Lansing, Michigan 48933  (517) 373-7117</p> <p>(agent for service of process)  Corporations Division  Bureau of Commercial Services  Department of Labor and Economic Growth  P.O. Box 30054  Lansing, Michigan 48909</p>	<p><b><u>MINNESOTA</u></b></p> <p>(state administrator)  Minnesota Department of Commerce  85 7<sup>th</sup> Place East, Suite 280  St. Paul, Minnesota 55101-2198  (651) 296-6328</p> <p>(agent for service of process)  Minnesota Commissioner of Commerce</p>
<p><b><u>NEW YORK</u></b></p> <p>(state administrator)  Office of the New York State Attorney General  Attention: Barbara Lasoff  Investor Protection Bureau  Franchise Section  120 Broadway, 23<sup>rd</sup> Floor  New York, NY 10271-0332  (212) 416-8236</p>	<p><b><u>NORTH DAKOTA</u></b></p> <p>North Dakota Securities Department  State Capitol, Fifth Floor, Dept. 414  600 East Boulevard Avenue  Bismarck, North Dakota 58505  (701) 328-4712</p>

<p>(agent for service of process)  New York Department of State  Attention: UCC  One Commerce Plaza,  99 Washington Avenue, 6<sup>th</sup> Floor  Albany, NY 12231  (518) 473-2492</p>	
<p><b><u>OREGON</u></b></p> <p>Department of Insurance and Finance  Corporate Securities Section  Labor and Industries Building  Salem, Oregon 97310  (503) 378-4387</p>	<p><b><u>RHODE ISLAND</u></b></p> <p>Securities Division  Department of Business Regulation,  Bldg. 69, First Floor  John O. Pastore Center  1511 Pontiac Avenue  Cranston, Rhode Island 02920  (401) 462-9582</p>
<p><b><u>SOUTH DAKOTA</u></b></p> <p>Division of Insurance  Securities Regulation  124 S. Euclid, Suite 104  Pierre, South Dakota 57501  (605) 773-3563</p>	<p><b><u>VIRGINIA</u></b></p> <p>(state administrator)  State Corporation Commission  Division of Securities and Retail Franchising  1300 East Main Street, 9<sup>th</sup> Floor  Richmond, Virginia 23219  (804) 371-9051</p> <p>(for service of process)  Clerk of the State Corporation Commission  1300 East Main Street, 1<sup>st</sup> Floor  Richmond, Virginia 23219  (804) 371-9733</p>
<p><b><u>WASHINGTON</u></b></p> <p>(state administrator)  Department of Financial Institutions  Securities Division  P.O. Box 9033  Olympia, Washington 98507-9033  (360) 902-8760</p> <p>(agent for service of process)  Director, Department of Financial Institutions  Securities Division  150 Israel Road S.W.  Tumwater, Washington 98501</p>	<p><b><u>WISCONSIN</u></b></p> <p>(state administrator)  Division of Securities  Department of Financial Institutions  201 W Washington Avenue, 3<sup>rd</sup> Floor  Madison, Wisconsin 53703  (608) 266-1064</p> <p>(agent for service of process)  Administrator, Division of Securities  Department of Financial Institutions  201 W Washington Avenue, 3<sup>rd</sup> Floor  Madison, Wisconsin 53703</p>

**Exhibit B**  
**to**  
**Bright Brothers Group, LLC's**  
**Franchise Disclosure Document**

**Franchise Agreement**

**BRIGHT BROTHERS GROUP, LLC  
FRANCHISE AGREEMENT**

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### EXHIBITS

Exhibit A – Personal Guaranty and Guaranty of Spouses

Exhibit B – Conditional Assignment of Franchisee's Telephone Numbers, Facsimile  
Numbers and Domain Names

Exhibit C – Confidentiality and Restrictive Covenant Agreement for Employees

Exhibit D – Electronic Funds Withdrawal Authorization

Exhibit E – Site Selection Addendum

Exhibit F – Franchisee Questionnaire

**DATA SHEET**

Franchisee: \_\_\_\_\_

Ownership: Name: \_\_\_\_\_ Percent: \_\_\_\_%

Name: \_\_\_\_\_ Percent: \_\_\_\_%

Name: \_\_\_\_\_ Percent: \_\_\_\_%

Guarantors: \_\_\_\_\_

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

Approved Location: \_\_\_\_\_

\_\_\_\_\_

Telephone Number: \_\_\_\_\_

E-Mail Address: \_\_\_\_\_

Initial Franchise Fee: \_\_\_\_\_

Conversion:  Yes  No

Territory 1: \_\_\_\_\_

Territory 2: \_\_\_\_\_

Territory 3: \_\_\_\_\_

Territory 4: \_\_\_\_\_

Territory 5: \_\_\_\_\_

**The terms of this Data Sheet are incorporated into the attached Franchise Agreement.**

**BRIGHT BROTHERS GROUP, LLC**  
**FRANCHISE AGREEMENT**

THIS FRANCHISE AGREEMENT (the “Agreement” or “Franchise Agreement”) is entered into and made effective on \_\_\_\_\_ (the “Effective Date”), by and between: (i) Bright Brothers Group, LLC, a Delaware limited liability company with a business address at 60 Silvermine Road, Seymour, Connecticut 06483 (“Franchisor”); and (ii) \_\_\_\_\_, a \_\_\_\_\_ with its principal place of business at \_\_\_\_\_, which is identified more fully in the attached Data Sheet (“Franchisee”).

**RECITALS**

A. Through the expenditure of time, effort, and money, Franchisor has developed a system for the operation of franchised businesses under its then-current proprietary marks (each, a “Franchised Business”) that offer pressure washing, soft washing, gutter cleaning and protection, and commercial power washing services as well as commercial and residential holiday lighting, installation, and maintenance services, among other products and services (collectively, the “Approved Products and Services”).

B. Franchised Businesses are established and operated using Franchisor’s proprietary operating system, the distinguishing characteristics of which includes: (i) valuable know-how, information, trade secrets and methods; (ii) Franchisor’s proprietary standards and specifications for certain products and services used in connection with providing the Approved Products and Services to customers; (iii) certain proprietary products developed by Franchisor or its affiliates from time to time; (iv) Franchisor’s standards and specifications for sales techniques, marketing and advertising programs; (v) Franchisor’s system-wide call center (the “Call Center”); (vi) proprietary initial and ongoing training programs; and (vii) standards and specifications for operating the Franchised Business in the manner set forth in this Agreement and Franchisor’s proprietary and confidential operations manual (the “Operations Manual”) that franchisees have access to, which may be modified from time to time by Franchisor (collectively, the “System”).

C. The System is identified by Franchisor’s proprietary trademarks, service marks, trade dress, logos and other indicia of origin (collectively, the “Proprietary Marks”). The rights to all such Proprietary Marks as are now, or shall hereafter be, designated as part of the System will be owned exclusively by Franchisor or its affiliates and be used for the benefit of Franchisor, its affiliates and Franchisor’s franchisees to identify to the public the source of the products and services marketed thereunder. Franchisor may continue to develop, expand, use, control, and add to the Proprietary Marks and System for the benefit of itself, its affiliates, and its franchisees and licensees in order to identify for the public the source of products and services marketed thereunder and to represent the System’s high standards of quality and service.

D. Franchisor offers franchises for the development and operation of Franchised Businesses to be operated and promoted within a designated geographical territory (the “Territory”) or multiple geographical territories (“Territories”).

E. Franchisee desires to establish and operate a Franchised Business within one or multiple Territories hereinafter designated, to use in connection therewith, Franchisor’s System and the Proprietary Marks and to derive the benefits of Franchisor’s information, experience, advice,

guidance and customer goodwill.

F. Franchisor wishes to grant Franchisee the right to open and operate a Franchised Business based on Franchisee's representations to Franchisor, including those representations set forth in Franchisee's franchise application, in accordance with the terms and conditions set forth in this Agreement.

G. Franchisee recognizes the importance to Franchisor, to its other franchisees and to the public of maintaining the integrity, standards, qualities and attributes of products and services associated with the Proprietary Marks and System, and is willing to adhere to certain uniform standards, procedures and policies to maintain such integrity, standards, qualities and attributes.

**NOW, THEREFORE**, in consideration of the foregoing recitals and the mutual promises, commitments and understandings contained herein, Franchisor and Franchisee hereby agree as follows:

## **1 GRANT OF FRANCHISE**

1.1 **Grant and Acceptance.** Franchisor hereby grants to Franchisee, upon the express terms and conditions contained in this Agreement, and Franchisee hereby accepts, a non-exclusive license to establish and operate one (1) Franchised Business in one (1) or multiple Territories, under the System and Proprietary Marks identified below, and the right to use the System and Proprietary Marks in the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisee may offer and sell Franchisor's Approved Products and Services within the Territory or Territories set forth in Section 1.2 of this Agreement and the Data Sheet. Franchisor has the right to supplement, improve, or otherwise modify the System from time to time in Franchisor's discretion, and Franchisee agrees to comply with all changes which may include, without limitation, the offer and sale of new or different products or services as Franchisor may specify. Franchisee acknowledges and agrees that this Agreement does not grant Franchisee the option or right to purchase additional Franchised Businesses and/or additional territories.

1.2 **Territory.** Except as otherwise provided in this Agreement and for so long as Franchisee is not in default of this Agreement, Franchisor shall not establish and operate, nor license any other third-party the right to establish and operate, any Franchised Business under the System and the Proprietary Marks within the area(s) identified in the Data Sheet, the terms of which are incorporated herein by reference during the term of this Agreement. Each Territory will consist of a population of approximately 200,000 people and contain a minimum of 50,000 qualified households (households that make \$100,000 or more each year). Franchisor and its affiliates retain all other rights, including without limitation, those rights set forth in Sections 1.4 through 1.7 of this Agreement. Franchisee is permitted to operate the Franchised Business outside of the Territory or Territories provided that (a) Franchisee will not be operating within another franchisee's territory, and (b) Franchisee received Franchisor's prior written consent in each instance. Other than these operations, Franchisee is not permitted to operate the Franchised Business outside of the Territory or Territories without Franchisor's prior written consent. All sales and other activities conducted within or outside the Territory must be conducted in accordance with the terms of this Agreement and Franchisor's operating methods, standards, and specifications as set forth in the Operations Manual.

1.3 **Approved Location.** Franchisee shall operate the Franchised Business from a leased commercial office/warehouse facility within the Territory(ies) approved by Franchisor and

meets Franchisor's standards and specifications (the "Approved Location"). If Franchisee operates in one Territory, then Franchisee is only obligated to secure one Approved Location. If Franchisee operates in multiple Territories that are noncontiguous, then Franchisor reserves the right to require Franchisee to secure multiple Approved Locations. Franchisee will need to lease approximately 2,000 to 3,000 square feet of commercial real estate per Approved Location for the office/warehouse and to securely store equipment/inventory. The office may be located in the warehouse, provided that it meets Franchisor's standards and specifications. Franchisor may provide Franchisee with standards and specifications for the design and layout of the premises of the Approved Location, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. If Franchisor has not approved a location from which Franchisee must operate the Franchised Business as of the date Franchisee signs this Agreement, the parties will enter into Franchisor's prescribed form of Site Selection Addendum (as attached as Exhibit E), the terms of which will govern the parties' site selection obligations. Franchisee may not relocate the Franchised Business without Franchisor's prior written consent.

1.4 **National Accounts.** Franchisor will have the exclusive right, on behalf of itself, its affiliate(s), Franchisee, and/or other franchisees utilizing the Proprietary Marks, to negotiate and enter into agreements or approve forms of agreement to provide services to "National Accounts," including National Accounts that Franchisee has solicited or serviced. Franchisee may not solicit any National Accounts outside of the Territory(ies) or solicit any National Accounts within or outside of the Territory(ies) who are already under contract with Franchisor.

1.4.1 The term "National Account" means any business or businesses under common control, ownership, or branding, which operate locations in or deliver products and services beyond one territory, regardless of the volume of products and/or services to be purchased by the customer. Any dispute as to whether a particular customer is a National Account will be determined by Franchisor in its sole discretion and Franchisor's determination will be final and binding.

1.4.2 Franchisee acknowledges and agrees that Franchisor shall have the right, exercisable in its sole discretion, to (i) provide, directly or through any other licensee or franchisee using the Proprietary Marks, such services to the National Account customer location(s) within the Territory(ies), and/or (ii) contract with another party to provide such services to the National Account customer location(s) within the Territory(ies), on the terms and conditions contained in the National Account bid or contract between Franchisor and the National Account customer.

1.4.3 Franchisee agrees that neither the direct provision by Franchisor or a franchisee, licensee, or designee of Franchisor of services to National Account customers as authorized above, nor Franchisor's contracting with another party to provide such services as authorized above, shall constitute a violation of the grant of license contained in this Agreement or any other provision of this Agreement, even if such services are delivered from a location within the Territory(ies). Franchisee disclaims any right to compensation or consideration for work performed by others in the Territory pursuant to this Section.

1.5 **Reservation of Rights.** Franchisee acknowledges that, except as otherwise provided in this Agreement, Franchisee's right to provide the Approved Products and Services, and otherwise use the Proprietary Marks and System, within the Territory(ies) is/are non-exclusive and Franchisor and its affiliates expressly reserve the right to: (i) open and operate, and license others the right to open and operate, Franchised Businesses that offer products and/or services and using the Proprietary

Marks and System at any location outside of the Territory(ies); (ii) open and operate, and license others the right to open and operate, businesses that offer similar products and services to those offered by the Franchised Business under any other mark at any location, within or outside the Territory(ies); (iii) acquire, or be acquired by, any company, including a company operating one or more businesses near the Franchised Business that offer products and services that are the same or substantially similar to the Approved Products and Services; (iv) exercise its rights under Section 1.6 of this Agreement in the events of catastrophe(s); (v) designate and service National Accounts; (vi) service, route, and/or assign any and all customer work orders and inquiries received through Franchisor's Call Center in accordance with this Agreement; and (vii) use the Proprietary Marks and System, and license others to use the Proprietary Marks and System to engage in any other activities not expressly prohibited in this Agreement.

**1.6 Events of Catastrophe.** In the event of a natural disaster or other similar catastrophic situation, as Franchisor determines in its sole discretion, Franchisor, its affiliate(s) and other System franchisees may be permitted to provide support to Franchisee and/or perform work in the Territory(ies), including the provision of labor, materials, equipment, and project management on projects in the Territory, and Franchisee will not be entitled to any proceeds from the provision of these services performed by third parties within the Territory(ies).

**1.7 Alternate Channels of Distribution.** Franchisee acknowledges and agrees that certain of Franchisor's or its affiliates' products and services, whether now existing or developed in the future, may be distributed in Franchisee's Territory(ies) by Franchisor, Franchisor's affiliates, or other third parties that Franchisor designates, in such manner and through such channels of distribution as Franchisor, in its sole discretion, shall determine. Such alternate channels of distribution may include, but are not limited to, the sale and distribution of the products and services via the Internet and through joint marketing with partner companies under terms and conditions that Franchisor deems appropriate. Franchisee understands that this Agreement grants Franchisee no rights: (i) to distribute Approved Products and Services as described in this Section; or (ii) to share in any of the proceeds received by any such party therefrom.

**1.8 Right to Service Customers in the Territory(ies); Use of Call Center.**

**1.8.1** Franchisee must ensure that all initial calls made to the Franchised Business are forwarded to the Call Center, which is part of Franchisor's proprietary Call Center (as defined in this Agreement). Once a customer's call is routed to the Call Center and assigned to the Franchised Business, Franchisor will route that customer's work to Franchisee if the customer's location (where the work is to be performed) is within the Territory(ies), unless: (i) Franchisor determines that the work is in the nature of an emergency and (a) Franchisee does not respond to the assignment within a time period Franchisor deems reasonable in its sole discretion appropriate under the circumstances, or (b) Franchisee is not able to perform the required services for the customer within a time period Franchisor deems reasonably appropriate in its sole discretion; (ii) the work is of such a large scope, complexity and/or commercial nature that Franchisor determines, in its sole discretion, that Franchisee is not capable of performing the work requested in accordance with System standards and specifications and/or the prevailing standard of care in the industry for the type of work requested (in which case Franchisor may route the work order to Franchisee and additional franchisees, or other franchisees, or Franchisor's affiliate, for completion); (iii) the work order is mistakenly routed to another franchisee or affiliate-owned business due to either the customer providing incorrect information to a Call Center representative or an inadvertent error on the part of the Call Center representative when taking the information from the customer; (iv) Franchisee is not operating the

Franchised Business in compliance with this Agreement; or (v) Franchisor reasonably determines that a portion of the Territory(ies) has/have been subjected to a disaster or catastrophe.

1.8.2 Franchisee agrees and acknowledges that Franchisor's rights under this Section are necessary to: (i) maintain uniformity across the System and ensure that all work performed under the Proprietary Marks meets Franchisor's System standards for customer service; and (ii) account for inadvertent mistakes by Franchisor's customers and Franchisor's Call Center. Franchisee further acknowledges that it does not have any right to share in the Gross Revenue generated from customers that are serviced within the Territory(ies) unless Franchisee is assigned, and subsequently provides services to, such customers.

## **2 TERM AND RENEWAL**

2.1 **Term.** The initial term of the Franchise Agreement is for a period of ten (10) years, which will commence on the date Franchisor executes this Agreement.

2.2 **Renewal.** Franchisee has the right to renew this Agreement for one (1) successive, additional ten (10) year period, provided Franchisee has met the following conditions:

2.2.1 Franchisee has notified Franchisor of Franchisee's intention to renew this Agreement in writing at least twelve (12) months, and no more than eighteen (18) months, prior to expiration of the current term;

2.2.2 Franchisee has demonstrated to Franchisor's satisfaction that Franchisee has the right to operate the Franchised Business at the Approved Location for the duration of the renewal term; or, if Franchisee is unable to operate the Franchised Business at the Approved Location, Franchisee has secured a substitute location within the Territory(ies) acceptable to Franchisor;

2.2.3 Franchisee has completed, to Franchisor's satisfaction, prior to the expiration of the then-current term, any updates to all required equipment, supplies, inventory, hardware and software, and vehicles to bring the Franchised Business into full compliance with Franchisor's then-current System standards and specifications and, Franchisee has completed all maintenance, refurbishing, renovating, updating and remodeling of the Franchised Business's Approved Location so that it satisfies Franchisor's then-current standards;

2.2.4 Franchisee is not in breach of any provision of this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and Franchisee has substantially complied with all such agreements during their respective terms;

2.2.5 Franchisee has satisfied all monetary obligations Franchisee owes Franchisor, Franchisor's affiliates, Franchisor's approved/designated suppliers and vendors, and has timely met these obligations throughout the term of this Agreement;

2.2.6 Franchisee executes Franchisor's then-current form of franchise agreement, the terms of which may vary materially from the terms of this Agreement (which may include, without limitation, increased royalty and other fees and insurance requirements), at least three (3) months prior to the expiration of this Agreement;

2.2.7 Franchisee satisfies Franchisor's then-current training requirements for renewing franchisees at Franchisee's expense, if any, as of the date of such renewal, and Franchisee has otherwise obtained and maintained all licenses, permits and approvals required by federal and state law applicable to providing the Approved Products and Services at any location within the Territory(ies);

2.2.8 Franchisee and its principals execute a general release in the form Franchisor prescribes; and

2.2.9 Franchisee pays a renewal fee in an amount equal to 50% of the then-current initial franchise fee (without any discounts).

### **3 FEES AND MANNER OF PAYMENT**

#### **3.1 Initial Franchise Fee; Discounted Initial Franchise Fee For Converting Businesses; Veteran Discount; Vehicle Wrap Credit.**

a. *Initial Franchise Fee.* In consideration of the franchise granted to Franchisee by Franchisor, Franchisee must pay Franchisor a lump sum initial franchise fee amounting to \$\_\_\_\_\_ (the "Initial Franchise Fee"), which is due at the signing of this Agreement and deemed fully earned and non-refundable upon payment, in consideration of administrative and other expenses Franchisor incurs in granting the franchise and for Franchisor's lost or deferred opportunity to franchise others. The Initial Franchise Fee is calculated as follows: (i) \$50,000 for one Territory; (ii) \$90,000 for two Territories; (iii) \$120,000 for three Territories; (iv) \$150,000 for four Territories; and (v) \$180,000 for five Territories. If Franchisee has more than 50,000 Qualified Households in a Territory (households that make \$100,000 or more each year), then Franchisee will pay Franchisor \$0.12 for each additional Qualified Household, up to an additional 10,000 Qualified Households per Territory.

b. *Discounted Initial Franchise Fee for Converting Businesses.*

i. If Franchisee has an existing business that is the same or similar to the Franchised Business with annual gross sales of up to \$250,000 during the prior year and Franchisee agrees to convert the existing business into a Franchised Business, then Franchisor will discount the Initial Franchise Fee by 25%.

ii. If Franchisee has an existing business that is the same or similar to the Franchised Business with annual gross sales of \$250,001 - \$500,000 during the prior year and Franchisee agrees to convert the existing business into a Franchised Business, then Franchisor will discount the Initial Franchise Fee by 50%.

iii. If Franchisee has an existing business that is the same or similar to the Franchised Business with annual gross sales in excess of \$500,000 during the prior year and Franchisee agrees to convert the existing business into a Franchised Business, then Franchisor will discount the Initial Franchise Fee by 70%.

c. *Veteran Discount.* If Franchisee is an honorably discharged veteran who meets Franchisor's qualifications for purchasing a Franchised Business, then Franchisor will discount the Initial Franchise Fee by Five Thousand Dollars (\$5,000.00). The veteran's discount may

only be used once in connection with the purchase of Franchisee's first Franchised Business and Territory.

d. *Vehicle Wrap Credit.* If Franchisee has an existing business that is the same or similar to a Franchised Business, Franchisee will receive a vehicle wrap credit of \$2,000 per vehicle. This credit can only be obtained in connection with vehicles that are being converted at the time of signing this Agreement and not for vehicles that are purchased later on. The vehicle(s) must meet Franchisor's current standards and specifications for a vehicle as set forth in the Operations Manual.

### 3.2 **Royalty Fee; Discounted Royalty Fee for Converting Business; Definition of Gross Revenue.**

3.2.1 *Royalty Fee.* Franchisee will pay Franchisor a weekly royalty fee deducted at the end of each calendar week in an amount equal to six and one-half percent (6.5%) of Franchisee's weekly Gross Revenue (the "Royalty Fee").

3.2.2 *Discounted Royalty Fee for Converting Business.* If Franchisee has an existing business that is the same or similar to a Franchised Business and Franchisee converts that existing business to a Franchised Business, then the Royalty Fee is: (i) 3.25% of weekly Gross Revenue upon completion of the Initial Training Program and for a period of twelve (12) months thereafter; (ii) 4.875% of weekly Gross Revenue for months 13-24 after the completion of the Initial Training Program; and (iii) 6.5% of weekly Gross Revenue thereafter.

3.2.3 *Gross Revenue.* "Gross Revenue" is defined to include all income of any type or nature and from any source that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of the Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, the definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

3.3 **Gross Revenue Reports.** Franchisee shall send Franchisor a signed report ("Gross Revenue Reports") on or before Monday of each week for the immediately preceding calendar week, in the manner and form specified by Franchisor. Each Gross Revenue Report must set forth: (i) Franchisee's Gross Revenue generated during the previous calendar week; (ii) Franchisee's calculation of the Royalty and Brand Fund Contribution (as defined in in this Agreement); and (iii) any other information Franchisor may require. Franchisor may change the form and content of the Gross Revenue Reports from time to time and/or may require Franchisee to submit Gross Revenue Reports on a monthly basis, upon notice to Franchisee.

3.4 **Method of Payment.** With the exception of the Initial Franchise Fee, Franchisee shall pay all fees and other amounts due to Franchisor and/or its affiliates under this Agreement through an electronic funds transfer program (the "EFT Program"), under which Franchisor automatically deducts all payments owed to Franchisor under this Agreement, or any other agreement between Franchisee and Franchisor or its affiliates, from the bank account Franchisee provides to Franchisor for use in connection with EFT Program (the "EFT Account"). Franchisee shall immediately deposit all revenue from the operation of the Franchised Business into this bank account

within two (2) days upon receipt, including cash, checks, and credit card receipts. At least ten (10) days prior to opening the Franchised Business, Franchisee shall provide Franchisor with: (i) Franchisee's bank's name, address and account number; and (ii) a voided check from such bank account. Contemporaneous with the execution of this Agreement, Franchisee shall sign and provide to Franchisor and Franchisee's bank, all documents, including Franchisor's form of EFT Authorization Form attached as Exhibit D to this Agreement, necessary to effectuate the EFT Program and Franchisor's ability to withdraw funds from such bank account via electronic funds transfer. Franchisee shall immediately notify Franchisor of any change in Franchisee's banking relationship, including any change to the EFT Account. Franchisor reserves the right to require Franchisee to pay any fees due under this Agreement by such other means as Franchisor may specify from time to time. If any Gross Revenue Report has not been received within the required time period, then Franchisor may process an electronic funds transfer for the subject month based on the most recent Gross Revenue Report provided by Franchisee to Franchisor, provided, that if a Gross Revenue Report for the subject month is subsequently received and reflects: (i) that the actual amount of the fee due was more than the amount of the electronic funds transfer, then Franchisor may withdraw additional funds through an electronic funds transfer from Franchisee's designated bank account for the difference; or (ii) that the actual amount of the fee due was less than the amount of the electronic funds transfer, then Franchisor shall credit the excess amount to the payment of Franchisee's future obligations.

**3.5 Brand Fund Contribution.** Once established, Franchisee will make weekly contributions to the Brand Fund (as defined in this Agreement) in an amount equal to two percent (2%) of weekly Gross Revenue. Franchisor reserves the right to increase this amount to three percent (3%) of weekly Gross Revenue generated by the Franchised Business for sales made during the immediately preceding calendar week (the "Brand Fund Contribution").

**3.6 Local Advertising Requirement.** Franchisee shall spend a minimum of eight percent (8%) of weekly Gross Revenue on local advertising ("Local Advertising Requirement"). While the Local Advertising Requirement will typically be paid to third parties, Franchisor and its affiliate(s) reserve the right to collect this fee or to designate an Approved Supplier that will collect this fee.

**3.7 Technology Fee.** Franchisee shall pay Franchisor its then-current technology fee each month, which is currently One Hundred and Fifty Dollars (\$150.00) per month (the "Technology Fee"). The Technology Fee will not increase by more than 25% each year. If Franchisee operates in multiple Territories under this Agreement, Franchisee is only required to pay one (1) Technology Fee. The Technology Fee is currently due within ten (10) business days after the end of each calendar month.

**3.8 Call Center Fee.** Franchisee shall pay Franchisor a monthly call center fee equal to Fifteen Dollars (\$15.00) per lead (the "Call Center Fee"). The Call Center Fee is currently due within ten (10) business days after the end of each calendar month. The Call Center Fee will not increase by more than 25% each year.

**3.9 Late and/or Under Payments and Interest.** All fee payments, amounts due for purchases by Franchisee from Franchisor and/or its affiliated company, and other amounts which Franchisee owes to the Franchisor and/or its affiliated company, not received on or before the due date, shall be deemed past due. If any payment or contribution is past due, Franchisee shall pay to the Franchisor immediately upon demand, in addition to the past due amount, Franchisor's then-

current late fee per incident, plus interest on the past due amount from the date it was due until paid at the rate of Eighteen Percent (18%) per month, or the maximum rate permitted by law, whichever is less. Nothing contained in this Section shall prevent Franchisor from exercising, in Franchisor's sole judgment, any other rights or remedies available to Franchisor under this Agreement. In addition to the interest set forth above, Franchisee shall also pay Franchisor Twenty-Five Dollars (\$25.00) for each month that a payment is paid after the due date. Franchisee shall pay Franchisor Twenty-Five Dollars (\$25.00) for any payment that is rejected or returned because Franchisee does not have sufficient funds in its account to make such payment.

3.10 **No Right to Off Set.** Franchisee shall not be entitled to set off any payments required to be made under this Section 3 against any monetary claim it may have against Franchisor.

3.11 **Non-Exclusive Remedies.** Franchisor's right to recover interest and late payment fees under this Section shall not prevent Franchisor from obtaining, or otherwise waive, any other remedy available to Franchisor for Franchisee's breach of this Section as set forth in this Agreement or under applicable law.

3.12 **Taxes on Payments.** In the event any taxing authority, wherever located, imposes any future tax, levy or assessment on any payment Franchisee makes to Franchisor, Franchisee must, in addition to all payments due to Franchisor, pay such tax, levy or assessment.

## 4 PROPRIETARY MARKS

### 4.1 Franchisee's Use of the Proprietary Marks and Other Proprietary Material.

4.1.1 Franchisee shall use only the Proprietary Marks which Franchisor designates, and shall use them only in the manner Franchisor authorizes and permits.

4.1.2 Franchisee shall use the Proprietary Marks only for the operation of the Franchised Business and only in the Territory(ies) and in sales and marketing for the Franchised Business.

4.1.3 Franchisee shall use all Proprietary Marks without prefix or suffix and in conjunction with the symbols "TM," "SM," "S," or "®," as applicable. Franchisee may not use the Proprietary Marks in connection with the offer or sale of any services or products which Franchisor has not authorized for use in connection with the System. Franchisee may not use the Proprietary Marks as part of Franchisee's corporate or other legal name. Franchisee's corporate name and all fictitious names under which Franchisee proposes to do business must be approved by Franchisor in writing before use. Franchisee must use Franchisee's corporate or limited liability company name either alone or followed by the initials "D/B/A" and a business name approved in advance by Franchisor. Franchisee must promptly register at the office of the county in which Franchisee's Franchised Business is located, or such other public office as provided for by the laws of the state in which Franchisee's Franchised Business is located, as doing business under such assumed business name.

4.1.4 Franchisee must identify itself as the owner of the Franchised Business (in the manner Franchisor prescribes) in conjunction with any use of the Proprietary Marks including, without limitation, on invoices, order forms, receipts, customer forms and questionnaires, business

stationery, and advertisements, as well as at such conspicuous locations as Franchisor may designate in writing at the Franchised Business premises.

4.1.5 Franchisee's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement of Franchisor's rights.

4.1.6 Franchisee shall not use the Proprietary Marks to incur any obligation or indebtedness on Franchisor's behalf.

4.1.7 Franchisee shall execute all documents Franchisor deems necessary to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability.

4.1.8 Franchisee must promptly notify Franchisor of any suspected unauthorized use of the Proprietary Marks that Franchisor may now or hereafter designate for use in connection with the System, any challenge to the validity of the Proprietary Marks, or any challenge to Franchisor's ownership of, Franchisor's right to use and to license others to use, or Franchisee's right to use, the Proprietary Marks and Operations Manual (collectively the "Proprietary Material"). Franchisee acknowledges that Franchisor has the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Material, including any settlement thereof. Franchisor has the right, but not the obligation, to take action against uses by others that may constitute infringement of the Franchisor's rights to the Proprietary Material. Franchisor shall defend Franchisee against any third-party claim, suit, or demand arising out of Franchisee's use of the Proprietary Material. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has used the Proprietary Material in accordance with this Agreement, Franchisor shall bear the cost of such defense, including the cost of any judgment or settlement. If Franchisor, in Franchisor's sole discretion, determines that Franchisee has not used the Proprietary Material in accordance with this Agreement, Franchisee shall bear the cost of such defense, including the cost of any judgment or settlement. In the event of any litigation relating to Franchisee's use of the Proprietary Material, Franchisee shall execute any and all documents and do such acts as may, in Franchisor's opinion, be necessary to carry out such defense or prosecution including, without limitation, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Franchisee's use of the Proprietary Material in a manner inconsistent with the terms of this Agreement, Franchisor agrees to reimburse Franchisee for Franchisee's out-of-pocket costs in performing such acts.

4.1.9 Franchisee expressly understands and acknowledges that:

4.1.9.1 Franchisor or its affiliates or licensors own all right, title, and interest in and to the Proprietary Marks and the goodwill associated with and symbolized by them, and Franchisor has the right to use, and license others to use, the Proprietary Marks;

4.1.9.2 The Proprietary Marks are valid and serve to identify the System and those who are authorized to operate under the System;

4.1.9.3 During the term of this Agreement and after its expiration or termination, Franchisee shall not directly or indirectly contest the validity of, or Franchisor's ownership of, or right to use and to license others to use, the Proprietary Marks or any other Proprietary Material;

4.1.9.4 Franchisee's use of the Proprietary Material does not give Franchisee any ownership interest or other interest in or to the Proprietary Material;

4.1.9.5 Any and all goodwill arising from Franchisee's use of the Proprietary Material shall inure solely and exclusively to Franchisor's benefit, and upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the System, the Proprietary Marks, or any other Proprietary Material;

4.1.9.6 Except as specified in this Agreement, the license of the Proprietary Marks granted to Franchisee hereunder is non-exclusive and Franchisor retains the right, among others, to: (i) use the Proprietary Marks itself in connection with selling products and services; (ii) grant other licenses for the Proprietary Marks; and (iii) develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses thereto without providing any rights therein to Franchisee; and

4.1.9.7 Franchisor reserves the right, in Franchisor's sole discretion, to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder. Franchisee shall discontinue using all Proprietary Marks which Franchisor has notified Franchisee, in writing, have been modified or discontinued within thirty (30) days of receiving written notice and, at Franchisee's sole cost and expense, shall promptly begin using such additional, modified or substituted Proprietary Marks.

## 5 CONFIDENTIAL INFORMATION

5.1 **Nondisclosure.** During the term of this Agreement, Franchisee will receive information which Franchisor considers its trade secret and confidential information. Franchisee may not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person or entity any Confidential Information, as defined in Section 5.2. Upon termination or expiration of this Agreement, regardless of reason, Franchisee shall return all copies of such Confidential Information to Franchisor immediately and Franchisee may not use the Confidential Information for any purpose other than operating the Franchised Business in accordance with Franchisor's standards and specifications.

5.2 **Confidential Information.** Confidential Information hereby includes, without limitation, any and all confidential, proprietary, and trade secret information relating to the operation of a Franchised Business, such as: all financial, operational, technical and marketing information; Operations Manual, Franchisor's System policies or procedures, and franchising materials, brochures, marketing plans, forecasts, and related information; cost data; pricing information; business plans; financial records and results of Franchisor's operations and other persons or entities operating a Franchised Business; photographs, devices, samples, models, and illustrations; software developed by or for Franchisor; customer lists and any information relating to Franchisor's customers or the customers of other System franchisees; patent, trademark, service mark, and copyright applications; information relating to inventions, discoveries, software and any other research and development information; methods of conducting the business developed by Franchisor or other franchisees, and any forms, memoranda, outlines, protocol, presentations, proposals, software, or other documents or information related to such methods; any information of a customer not generally known or available to the public; any Trade Secrets (as defined in Section 5.3 of this Agreement), or of a customer of Franchisor, or of any other franchisee; and any information about or originating

from any Franchisee which, if it was information of Franchisor, are expressly deemed Confidential Information pursuant to the foregoing (collectively, “Confidential Information”). Any and all information, knowledge, know-how, techniques, and other data which Franchisor designates as confidential will be deemed Confidential Information for purposes of this Agreement.

5.3 **Trade Secrets.** Notwithstanding Section 5.2, trade secret means information (including, but not limited to, components of the System, product marketing and promotional techniques, confidential business information, technical or non-technical data, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, list of actual or potential customers or suppliers) that: (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy (collectively, “Trade Secrets”). To the extent that applicable law mandates a definition of “trade secret” inconsistent with the foregoing definition, then the foregoing definition shall be construed in such a manner as to be consistent with the mandated definition under applicable law.

5.4 **Employees/Personnel.** All of Franchisee’s employees or other personnel must execute covenants that they will maintain the confidentiality of information they receive in connection with their employment by Franchisee at the Franchised Business. Such covenants shall be in a form satisfactory to Franchisor and substantially similar to the Confidentiality and Restrictive Covenant Agreement attached as Exhibit C to this Agreement. Employee non-compete and restrictive covenant agreements must include, without limitation, specific identification of Franchisor as a third-party beneficiary of such covenants with independent rights to enforce them.

5.5 **New Concepts.** If Franchisee, or Franchisee’s employees or principals, develop(s) any new concept, process or improvement in the operation or promotion of the Franchised Business, including, but not limited to, any modifications or additions to the Proprietary Material, Franchisee shall promptly notify Franchisor and provide Franchisor with all necessary related information, without compensation. Any such concept, process or improvement shall become Franchisor’s sole property and Franchisor shall be the sole owner of all patents, patent applications, trademarks, copyrights and other intellectual property rights related thereto. Franchisee and Franchisee’s principals and agents hereby assign to Franchisor any rights they may have or acquire therein, including the right to modify such concept, process or improvement, and otherwise waive and/or release all rights of restraint and moral rights therein and thereto. Franchisee and Franchisee’s principals and agents agree to assist Franchisor in obtaining and enforcing the intellectual property rights to any such concept, process or improvement in any and all countries, and further agree to execute and provide Franchisor with all necessary documentations for obtaining and enforcing such rights. Franchisee and Franchisee’s principals and agents hereby irrevocably designate and appoint Franchisor as their agent and attorney-in-fact to execute and file any such documentation and to do all other lawful acts to further the prosecution and issuance of patents or other intellectual property rights related to any such concept, process or improvement. In the event that the foregoing provisions of this Section 5.5 are found to be invalid or otherwise unenforceable, Franchisee and Franchisee’s principals and agents hereby grant to Franchisor a worldwide, perpetual, non-exclusive, fully-paid license to use and sublicense the use of the concept, process or improvement to the extent such use or sublicense would, absent this Agreement, directly or indirectly infringe Franchisee’s rights therein.

5.6 **Customer Privacy.** Franchisee agrees to adhere to the terms of Franchisor's customer privacy policies Franchisor may now or in the future develop. Franchisee may not divulge personal information regarding any customers, except as absolutely necessary to operate the Franchised Business.

## 6 FRANCHISOR'S OBLIGATIONS

6.1 **Operations Manual.** Prior to commencing operation of the Franchised Business, Franchisor will provide Franchisee with secure access to its operations manual, which contains mandatory and suggested specifications, standards, and operating procedures for the System, which may be modified and/or supplemented by Franchisor at any time as Franchisor deems advisable in its sole discretion, including Franchisor's proprietary and confidential operations manual for operating a Franchised Business ("Operations Manual"). The Operations Manual may cover such topics as pre-opening procedures, systems and procedures, personnel policies, specifications for vehicles, supplies, equipment and inventory, marketing, accounting and bookkeeping and related matters as may be incorporated from time to time. The Operations Manual will remain confidential and the property of the Franchisor, constituting a trade secret of Franchisor, and may not be shared, loaned out, duplicated, distributed, or copied in whole or in part in any manner. The provisions of the Operations Manual constitute provisions of this Agreement as if fully set forth herein. Franchisor will have the right to add to and otherwise modify the contents of the Operations Manual from time to time in writing in any manner, including through the Operations Manual, email, Franchisor's website, or any other means. Franchisee must always follow the directives in the Operations Manual, as they may be modified by Franchisor from time to time. Such compliance by Franchisee is necessary to protect the integrity and reputation of the System.

6.2 **Initial Supplies.** Franchisor will provide Franchisee with a list of all items and equipment needed to open the Franchised Business, along with the proprietary list of Approved Suppliers for those items (as applicable), with which Franchisee must comply.

6.3 **Ongoing Assistance.** Franchisor may provide Franchisee continuing consultation and advice, as Franchisor deems necessary and appropriate in its sole discretion, regarding the management and operation of the Franchised Business. Franchisor will provide such assistance, in Franchisor's discretion, by telephone, facsimile, intranet communication, on-site visits, or other means. If Franchisee requires and requests additional on-site assistance from Franchisor, subject to the availability of Franchisor's personnel, Franchisor may provide Franchisee with such assistance at Franchisor's then-current training fee, plus expenses, including Franchisor's travel and lodging expenses, as Franchisor deems necessary in its sole discretion. Franchisor may also use the Operations Manual to provide some self-serve training materials.

6.4 **Additional Training.** As set forth more fully in Section 8, Franchisor may, in Franchisor's sole discretion, hold refresher and ongoing training courses, or training courses to provide additional information and/or updates regarding Franchisor's System and/or the operation of the Franchised Business. Except as otherwise provided in this Agreement, Franchisor may require Franchisee and Franchisee's personnel to attend such additional training up to twenty (20) days per year at a location to be selected by Franchisor. All expenses, including Franchisee's and Franchisee's employees' transportation, meal, and lodging expenses to attend such training shall be Franchisee's sole responsibility. If training is conducted at Franchisee's Approved Location or in Franchisee's Territory, Franchisee will be responsible for all of Franchisor's employees' expenses to conduct such training, including transportation, meal, and lodging expenses. Franchisor will provide Franchisee

with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

**6.5 Remedial Training.** In the event Franchisor determines that Franchisee is not operating the Franchised Business as required under the Franchise Agreement or in compliance with the System standards, Franchisor may require Franchisee to attend up to five (5) days of remedial training a year (in addition to any required training). Franchisor has the right to schedule remedial training at its corporate headquarters or other designated training facility, or Franchisor may provide such training on-site at the Franchised Business. In either case, Franchisor may charge Franchisee its then-current tuition training fee to provide such remedial training.

**6.6 Call Center.** Franchisor has established and maintains a centralized call center for the purpose of accepting telephone, internet and other inquiries from potential customers and forwarding such customer information to the appropriate franchisee (the "Call Center"). Franchisee must comply with Franchisor's procedures for using the Call Center as Franchisor specifies in the Operations Manual or otherwise in writing, including any fees Franchisee must pay in connection with administering and maintaining this service. Franchisor has the absolute right to receive all customer calls to the Franchised Business, and subsequently service, route and/or assign any work orders or inquiries resulting from such calls as it deems advisable in its sole discretion, regardless of whether the customer is located within Franchisee's Territory(ies). All System-related phone numbers and internet lead sources are required to be ported to or directed to Franchisor.

**6.7 Pricing.** Franchisor may advise Franchisee from time to time concerning suggested retail prices. Franchisor and Franchisee agree that any list or schedule of prices furnished to Franchisee by Franchisor is a recommendation only and is not to be construed as mandatory upon Franchisee. Nothing contained herein shall be deemed a representation or warranty by Franchisor that the use of Franchisor's suggested prices will result in a profit. Franchisee may charge whatever prices it deems appropriate without regard to Franchisor's suggested pricing.

**6.8 Franchise Conference.** Franchisor may, in Franchisor's discretion, hold one or multiple conferences at a location to be selected by Franchisor (each, a "Franchise Conference"). Franchisor will determine the topics and agenda for such conference to serve the purpose, among other things, of updating franchisees on new developments affecting franchisees, exchanging information between franchisees and Franchisor's personnel regarding operations and programs, and recognizing franchisees for their achievements. Franchisor may require Franchisee to attend the Franchise Conference and pay Franchisor's then-current registration fee, which is currently \$1,000 for up to two (2) attendees. Franchisor reserves the right to charge a reasonable fee for additional attendees. Franchisor also reserves the right to host up to two (2) Franchise Conferences per year. Franchisee must pay this fee even if Franchisee fails to attend the Franchise Conference. All expenses, including Franchisee's and Franchisee's employees' transportation to and from the Franchise Conference, as well as lodging, meals, and salaries during the Franchise Conference, are Franchisee's sole responsibility. Franchisor may use Brand Fund Contributions for purposes related to the Franchise Conference, including costs related to productions, programs, and materials.

## **7 FRANCHISEE'S OBLIGATIONS**

**7.1 Site Location and Lease Approval.** Franchisee shall operate the Franchised Business from an approved office/warehouse space that meets Franchisor's then-current standards and specifications for an Approved Location. Franchisee must receive Franchisor's approval of the

Approved Location within 90 days of the Effective Date of this Agreement. Franchisee will need to lease approximately 2,000 to 3,000 square feet of commercial real estate for Franchisee's office and to securely store all equipment and inventory. The Approved Location must be located in the Territory. If Franchisee operates the Franchised Business in multiple Territories that are not contiguous, then Franchisor reserves the right to require Franchisee to secured an additional Approved Location. Franchisor may provide Franchisee with standards and specifications for the design and layout of the premises of the Approved Location, and Franchisor must review and approve any proposed location, as well as any lease associated with the proposed location, prior to Franchisee entering into any lease for the proposed location. If Franchisor has not approved a location for Franchisee to operate the Franchised Business as of the date Franchisee signs this Agreement, the parties shall enter into Franchisor's prescribed form of Site Selection Addendum, the terms of which shall govern the parties' site selection obligations. Franchisor has the right to review, evaluate and approve Franchisee's proposed lease for the Approved Location ("Lease") prior to execution. Franchisor will condition Franchisor's approval of any proposed Lease on, among other things, Franchisee and Franchisee's landlord's execution of a Collateral Assignment of Lease in the form prescribed by Franchisor.

7.1.1 *Relocation.* If, for any reason, the Lease term is shorter than the term of this Agreement and the Lease cannot be renewed or extended, or Franchisee cannot continue for any other reason to occupy the Location, Franchisee must relocate Franchisee's Franchised Business to a mutually acceptable site within Franchisee's Territory(ies) to complete the unexpired portion of the term of this Agreement. Franchisee must notify Franchisor of Franchisee's intention to relocate, procure a site acceptable to Franchisor within ninety (90) days prior to closing operations at Franchisee's current Approved Location, and open for business at the new Approved Location within thirty (30) days of closing business at Franchisee's existing Approved Location.

7.1.2 *Franchised Business Appearance and Construction.* Franchisee agrees that the Franchised Business must conform to Franchisor's standards and specifications for the appearance, layout, and design of a Franchised Business. Franchisee is solely responsible for the preparation of architectural and working drawings necessary to complete construction and/or build-out at the Approved Location and must ensure that plans meet with applicable ordinances, building codes, permits requirements, and any other applicable local, state, or federal law.

7.1.3 *Use of Premises.* The location of Franchisee's Approved Location approved by Franchisor in accordance with this Agreement shall be used solely for the purpose of operating the Franchised Business, unless otherwise approved in writing by Franchisor. Franchisee must obtain Franchisor's prior written consent to conduct any other business or commercial activity from the Approved Location.

7.2 **Training.** Franchisee (or if Franchisee is an entity, then Franchisee's principals) must attend and successfully complete Franchisor's Initial Training Program as set forth more fully in Section 8 of this Agreement.

7.3 **Opening Requirements.** Franchisee shall open and commence operating the Franchised Business within One Hundred and Twenty (120) days of the Effective Date of this Agreement. In addition to any other pre-opening obligations set forth in this Agreement, Franchisee is required to complete the following prior to commencing operations: (i) obtain all required licenses, certifications, permits and other governmental approvals necessary to operate the Franchised Business in the Territory(ies), and provide Franchisor with written proof thereof; (ii) purchase all

required vehicles, equipment, supplies, and inventory in accordance with Franchisor's standards and specifications and, if appropriate, from Franchisor's Approved Suppliers, that Franchisee is required to purchase prior to opening; (iii) attend and successfully complete Franchisor's Initial Training Program as described in this Agreement, as well as any other pre-opening training Franchisor may prescribe; and (iv) provide Franchisor with any and all documents and information necessary for Franchisor to effectuate the EFT Program to automatically withdraw all payments due and owing Franchisor and its affiliates under the Franchise Agreement.

#### 7.4 **Purchasing Requirements.**

7.4.1 *Compliance with Standards.* Franchisee acknowledges and agrees that Franchisee's obligations set forth in this Agreement and the Operations Manual are reasonable and necessary for the operation of the Franchised Business and to maintain uniformity throughout the System. Franchisee shall adhere to the standards and specifications set forth in this Agreement and the Operations Manual and any revisions or amendments to same. Franchisee shall use the furnishings, supplies, fixtures, equipment, computer hardware and software, and product samples and promotional materials that comply with Franchisor's then-current standards and specifications, which Franchisor will establish and modify at Franchisor's discretion. Franchisee acknowledges that Franchisee may incur an increased cost to comply with such changes at Franchisee's expense.

7.4.2 *Designated and Approved Suppliers.* Franchisee must currently use Franchisor's designated suppliers to purchase any items and/or services necessary to operate the Franchised Business. Recognizing that preservation of the System depends upon product and service uniformity and the maintenance of Franchisor's trade dress, Franchisee agrees to purchase product samples and other supplies, services, furnishings, fixtures, computer hardware and software, and other equipment from Franchisor or from approved or designated suppliers as Franchisor shall specify, from time to time, in the Operations Manual and otherwise in writing (each an "Approved Supplier"). Franchisee hereby acknowledges that Franchisor, Franchisor's affiliate and/or a third party may be one of several, or the only, Approved Supplier of any item. Franchisee further acknowledges and agrees that Franchisor and/or Franchisor's affiliates have the right to realize a profit or otherwise derive revenue on any products or services that Franchisor, Franchisor's affiliates, or Franchisor's Approved Suppliers supply and/or provide to Franchisee. Franchisor has the irrevocable right to modify, supplement or otherwise change its lists of Approved Suppliers and any items that must be purchased from such Approved Suppliers at any time, as Franchisor deems advisable in its sole discretion. Franchisor may provide Franchisee with notice of such modifications to these lists via the Operations Manual or any other manner Franchisor deems appropriate.

7.4.3 *Supplier Approval.* In the event Franchisee wishes to purchase any unapproved item, including inventory, and/or acquire approved items from an unapproved supplier, Franchisee must provide Franchisor the name, address and telephone number of the proposed supplier, a description of the item Franchisee wishes to purchase, and the purchase price of the item, if known. At Franchisor's request, Franchisee must provide Franchisor, for testing purposes, a sample of the item Franchisee wishes to purchase. Nothing in the foregoing shall be construed to require Franchisor to approve any particular supplier. Franchisor may base Franchisor's approval of any such proposed item or supplier on considerations relating not only directly to the item or supplier itself, but also indirectly to the uniformity, efficiency, and quality of operation Franchisor deems necessary or desirable in Franchisor's System as a whole, as well as the maintenance of Franchisor's Confidential Information. Franchisor has the right to receive payments from suppliers on account of their dealings with Franchisee and other franchisees and to use all amounts Franchisor receives

without restriction (unless instructed otherwise by the supplier) for any purposes Franchisor deems appropriate. Nothing herein shall require Franchisor to approve an unreasonable number of suppliers for a given item, which approval might, in Franchisor's reasonable judgment, result in higher costs or prevent the effective or economical supervision of approved suppliers.

7.4.3.1 Franchisee, or the proposed supplier, must pay Franchisor its alternative supplier or new product review fee of One Thousand Dollars (\$1,000) in addition to Franchisor's reasonable costs that Franchisor incurs in connection with inspecting the alternate supplier, its facilities, and/or the previously non-approved item(s) proposed by Franchisee.

7.4.3.2 Franchisor will use commercially reasonable efforts to notify Franchisee in writing whether or not Franchisee's request is approved or denied within thirty (30) days of: (i) Franchisor's receipt of all supporting information from Franchisee regarding Franchisee's request under this Section; and (ii) if applicable, Franchisor's completion of any inspection or testing associated with Franchisee's request. If Franchisor does not provide written approval within this time period, then Franchisee's request will be deemed denied.

7.4.3.3 Franchisor may, but is not obligated to, provide Franchisee's proposed supplier or provider with its specifications for the item that Franchisee wishes the third-party to supply, provided that third-party executes Franchisor's prescribed form of non-disclosure agreement.

7.4.3.4 Each supplier that Franchisor approves of must comply with Franchisor's requirements regarding insurance, indemnification and non-disclosure. If Franchisor approves any supplier, Franchisee may enter into supply contracts with such third party, but under no circumstances will Franchisor guarantee Franchisee's performance of any supply contract.

7.4.3.5 Franchisor may re-inspect and revoke Franchisor's approval of particular products or suppliers when Franchisor determines, in Franchisor's sole discretion, that such products or suppliers no longer meet Franchisor's standards. Upon receipt of written notice of such revocation, Franchisee must cease purchasing products from such supplier.

7.4.4 *System Suppliers.* Franchisor may establish business relationships, from time to time, with suppliers who may produce and/or provide certain goods or services that Franchisee is required to purchase from only that supplier (each a "System Supplier"). These System Suppliers may provide, among other things, supplies, fixtures, technology, software, and equipment, all in accordance with Franchisor's proprietary standards and specifications, or private label goods that Franchisor has authorized and prescribed for sale by System franchisees. Franchisee recognizes that such products and services are essential to the operation of the Franchised Business and to the System generally. Franchisee further recognizes that Franchisee's failure to pay System Suppliers may interfere with such suppliers' willingness to supply the System and may result in other System franchisees' inability to obtain product or ability to obtain product only on less favorable credit terms. Accordingly, Franchisee agrees to pay System Suppliers as and when due. Franchisee must use products purchased from Approved Suppliers solely in connection with the operation of the Franchised Business and not for any competitive business purpose.

7.5 **Authorized Products and Services.** Franchisee shall offer for sale all products and services which Franchisor prescribes and only those products and services which Franchisor prescribes. Franchisee may not offer any other products or services for sale without having received

Franchisor's prior written authorization. Franchisee shall at all times maintain sufficient levels of inventory, as specified in the Operations Manual, to adequately satisfy consumer demand. Franchisee must offer, use, and sell all private label products which Franchisor may now or in the future designate for sale by System franchisees. In the event Franchisee wishes to offer any Approved Products or Services that Franchisor indicates requires additional training or certification from Franchisor or its designee, then Franchisee must complete such training and/or obtain such certification, at Franchisee's sole expense, prior to providing these specialized Approved Products and Services.

## 7.6 Operations.

7.6.1 *Hours of Operation.* Franchisee must operate the Franchised Business for at least those days and number of hours Franchisor specifies in the Operations Manual.

7.6.2 *Maintenance of Premises and Project Sites.* Franchisee must maintain the Franchised Business and all project sites in a clean, safe and attractive manner, and in accordance with all applicable requirements of law, including all federal, state and local health laws, as well as this Agreement and the Operations Manual. Franchisee and Franchisee's employees must give prompt, courteous and efficient service to the public and otherwise operate the Franchised Business so as to preserve, maintain and enhance the reputation and goodwill of the System.

7.6.3 *Personnel/Staffing.* Franchisee must engage a sufficient number of qualified, competent personnel, offer prompt, courteous and efficient service to the public, and otherwise operate the Franchised Business in compliance with the System so as to preserve, maintain and enhance the reputation and goodwill of the System. All personnel engaged in the operation of the Franchised Business during working hours shall dress conforming to Franchisor's standards and shall present a neat and clean appearance in conformance with Franchisor's reasonable standards and shall render competent, efficient service to the customers of the Franchised Business.

7.6.4 *Compliance with Operations Manual and Training of Employees.* Franchisee agrees to conduct the Franchised Business in accordance with the Operations Manual. Franchisee shall immediately train and instruct Franchisee's employees in accordance with the Operations Manual and shall continue such training and instruction as long as each employee is employed. The Operations Manual shall set forth the practices, procedures, and methods to be utilized in the Franchised Business and Franchisor may require Franchisee to conform Franchisee's practices to national programs, which Franchisor has designed as part of Franchisor's System.

7.6.5 *Management Participation.* Franchisee (or at least one of Franchisee's principals if Franchisee is a corporation or partnership) must devote their personal full-time attention and best efforts to the management and operation of the Franchised Business. Upon Franchisee's written request, Franchisor may permit Franchisee to employ a manager to manage the day-to-day operations of the Franchised Business (the "Designated Manager"), provided the Designated Manager: (i) is approved by Franchisor in writing prior to hiring; and (ii) successfully completes Franchisor's Initial Training Program before assuming any managerial responsibility. The Franchised Business must, at all times, be staffed with at least one (1) individual who has successfully completed Franchisor's initial training program. In the event that Franchisee operates more than one Franchised Business, Franchisor may require Franchisee to have a properly trained Designated Manager who has been approved by Franchisor at each location. Franchisee will keep Franchisor informed at all times of the identity of any employee acting as Designated Manager of the Franchised

Business. In the event that a Designated Manager resigns or is otherwise terminated from the Franchised Business, the replacement must be trained pursuant to Franchisor's then-current standards. The new Designated Manager must successfully complete training within thirty (30) days of hiring. Franchisor reserves the right, without the obligation, to train the new Designated Manager directly. Franchisee and any Designated Manager(s) are not permitted to seek or maintain other employment or engage in any other business activities during the term of this Agreement.

7.6.5.1 If Franchisee's Designated Manager departs the Franchised Business and Franchisee does not have another Designated Manager that satisfies the requirements in Section 7.6.5 above, then Franchisor may, at its option, provide Franchisee with a temporary replacement Designated Manager and Franchisee shall be obligated to pay the replacement Designated Manager the then-current fee for each full or partial day.

7.6.6 *Working Capital.* Franchisee must at all times maintain such working capital as may be reasonably necessary to enable Franchisee to properly and fully carry out and perform all of Franchisee's duties, obligations and responsibilities hereunder and to operate the business in a businesslike, proper and efficient manner.

7.6.7 *Inventory.* Prior to commencement of operations, Franchisee shall adequately supply the Franchised Business with representative vehicles, supplies, equipment and inventory as prescribed by the Franchisor, and any other items of the type, quantity and quality as specified by the Franchisor. Franchisee must, at all times, maintain sufficient levels of inventory, including Franchisor's proprietary products and other equipment and supplies used at project sites, as required by Franchisor to adequately meet consumer demand.

7.6.8 *Products with Proprietary Marks.* Franchisee shall, in the operation of its Franchised Business, use and display labels, forms, vehicles, supplies, equipment and inventory imprinted with the Proprietary Marks and colors as prescribed by the Franchisor.

7.6.9 *Market Research.* Franchisor may, from time to time, conduct market research and testing to determine the viability of new products and services. Franchisee must cooperate by participating in such programs and by purchasing and promoting the sale of such test products and services, if required by the Franchisor.

7.7 **Franchised Business Inspection.** Franchisee agrees that, in order to maintain the high quality and uniform standards associated with the Franchise System and to protect its goodwill and reputation, Franchisee will permit Franchisor, during business hours, to inspect Franchisee's Franchised Business or attend a project site, confer with Franchisee and Franchisee's employees and customers, observe and evaluate Franchisee's sales techniques and operation methods, and perform any other inspection which Franchisor deems necessary to protect the standards of quality and uniformity of the franchise System and Franchisee's performance under this Agreement, the Operations Manual, and other standards and specifications required by Franchisor. Franchisee is obligated to make changes to Franchisee's operations based upon any inspections by Franchisor. Franchisor is not required to provide Franchisee with any notice prior to conducting such an inspection.

## 7.8 Computer Software and Hardware.

7.8.1 *Business Management and Technology System.* Franchisor's business management and technology system ("Technology System") is a proprietary integrated business management system, which includes customized software, which facilitates the flow of business-related information between Franchisee, Franchisor, and Franchisee's customers. The Technology System will be managed and maintained by either Franchisor, a third-party company selected by the Franchisor, or a combination of both. The Technology System includes software that manages customer / Franchisee / Franchisor interactions from demand generation and lead intake through invoicing and collections, Franchisor's websites, telematics, and the Call Center, to which Franchisee is required to forward any and all calls made to the Franchised Business (and all telephone numbers associated therewith) so that Franchisor can receive/route/assign these customer calls through the Technology System as set forth more fully in this Agreement. Franchisee will have access to the Technology System through a unique login.

7.8.2 *Computer System.* Franchisor shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware be used by Franchisee, including without limitation: (a) cellular-capable tablets; (b) Franchisor's Technology System; (c) a point of sale system ("POS System"), as Franchisor designates; (d) a compatible "back office" computer system that complies with Franchisor's standards and specifications and is capable of operating designated and Required Software (as defined below); (e) accounting software; (f) software applications and programs; (g) archival back-up systems; (h) Internet access mode and speed; and (i) physical, electronic, and other security systems (collectively, the "Computer System").

7.8.3 *Required Software.* Franchisor shall have the right, but not the obligation, to develop or designate: (i) computer software programs that Franchisee must use in connection with any component of the Computer System, including Franchisor's Technology System software (the "Required Software"), which Franchisee shall install at Franchisee's expense; (ii) updates, supplements, modifications, or enhancements to the Required Software, which Franchisee shall install at Franchisee's expense; (iii) the tangible media upon which Franchisee records data; and (iv) the database file structure of the Computer System.

7.8.4 *Compliance with Requirements.* At Franchisor's request, Franchisee shall purchase or lease, and thereafter maintain, the Computer System and, if applicable, the Required Software. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software. Franchisee agrees, at its own expense, to keep its Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions, and/or replacements to Franchisee's Computer System or Required Software as Franchisor directs from time to time in writing. Franchisee agrees that its compliance with this Section shall be at Franchisee's sole cost and expense.

7.8.5 *Franchisor's Access.* Franchisor may require that Franchisee's Computer System be programmed to automatically transmit data and reports about the operation of the Franchised Business to Franchisor. Franchisor shall also have the right to, at any time without notice, electronically connect with Franchisee's Computer System to monitor or retrieve data stored on the Computer System or for any other purpose Franchisor deems necessary. There are no contractual limitations on Franchisor's right to access the information and data on Franchisee's POS system and

Computer System. Franchisee shall deliver to Franchisor all access codes, static internet protocol (“IP”) addresses and other information to facilitate Franchisor’s access to the data described in this Section within thirty (30) days of opening the Franchised Business.

7.8.6 *Proprietary Software.* Franchisor has a proprietary interest in all databases, lists, templates, programs, and any other software components that have been created and/or customized by Franchisor using the Computer System and/or Required Software (the “Proprietary Software”). In the future, Franchisor may further customize the Proprietary Software and create programs that conduct, among other things, scheduling, accounting, inventory, and related activities. Franchisee must obtain the computer hardware necessary to implement the Proprietary Software into the Franchised Business and comply with all specifications and standards prescribed by Franchisor regarding the Proprietary Software as provided in the Operations Manual. This Proprietary Software will be Franchisor’s proprietary product and the information collected therefrom will be deemed Franchisor’s confidential information.

7.8.7 *Computer Network.* Franchisee is required to participate in any System-wide computer network, intranet system, or extranet system that Franchisor implements and may be required by Franchisor to use such computer network, intranet system, or extranet system to, among other things: (i) submit Franchisee’s reports due under this Agreement to Franchisor on-line; (ii) view and print portions of the Operations Manual, including any updates or modifications thereto; (iii) download approved marketing materials; (iv) communicate with Franchisor and other System franchisees; and (v) to complete any initial or ongoing training, in the event Franchisor makes such training accessible through this medium. Franchisee agrees to use the facilities of any such computer network, intranet system or extranet system in strict compliance with the standards, protocols, and restrictions that Franchisor included in the Operations Manual, including those related to the encryption of confidential information and prohibitions against the transmission of libelous, derogatory or defamatory statements. Franchisee understands and agrees that it is solely responsible for any licensing and/or maintenance fee(s) associated with any intranet or extranet described in this Section.

7.9 **Personal Conduct.** Franchisee agrees to refrain from committing any act or pursuing any course of conduct that tends to bring Franchisor’s Proprietary Marks into disrepute.

7.10 **Best Efforts.** Franchisee (or Franchisee’s principals) must devote their personal full-time attention, skill and best efforts to the management and operation of the Franchised Business and to promote and increase the demand for the Franchisor’s products and services within the Territory(ies). In consideration of the grant of the Franchised Business, Franchisee (or Franchisee’s principals) agrees that it will not own, maintain, engage in, be employed by, or have any interest in any other business other than the Franchised Business. Franchisee agrees that Franchisee may not, without the prior written consent of Franchisor, engage in any commercial activity that: (i) is not performed for the sole and direct benefit of the Franchised Business; (ii) may benefit or promote any other business; or (iii) may be injurious to the Franchised Business or the goodwill associated with the Proprietary Marks and System. Franchisee acknowledges that Franchisee’s (or Franchisee’s principals’) violation of the terms in this Section will be a material breach of this Agreement, and Franchisor may terminate this Agreement with notice and without an opportunity to cure. The foregoing remedy shall be in addition to any other legal or equitable remedies that the Franchisor may possess.

7.11 **Telephone and Email Access.** Franchisor reserves the right to procure and supply all telephone numbers and email accounts associated with the Franchised Business, or otherwise have access to the same.

7.12 **Payment of Debts.** Franchisee is solely responsible for: selecting, retaining, and paying Franchisee's employees and other personnel; the payment of all invoices for the purchase of goods and services used in connection with operating the Franchised Business; and determining whether, and on what terms, to obtain any financing or credit which Franchisee deems advisable or necessary for the conduct of the Franchised Business. Franchisee agrees to pay all current obligations and liabilities to suppliers, lessors, and creditors on a timely basis. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for debts owed by Franchisee if Franchisor elects to pay any of Franchisee's obligations in order to preserve the relationship between System suppliers and System franchisees. Franchisee agrees to make prompt payment of all federal, state and local taxes, including individual and corporate taxes, sales and use taxes, franchise taxes, gross receipts taxes, employee withholding taxes, FICA taxes, personal property and real estate taxes arising from Franchisee's operation of the Franchised Business. Franchisee agrees to indemnify Franchisor in the event that Franchisor is held responsible for these taxes.

7.13 **Compliance with Applicable Laws.** Franchisee must comply with all applicable federal, state and local laws, ordinances and regulations regarding the operation of the Franchised Business (including, without limitation, all government regulations relating to occupational hazards and health, trademark and copyright infringement, fair marketing laws, consumer protection, trade regulation, workers' compensation, unemployment insurance, withholding and payment of Federal and State income taxes and social security taxes and sales, use and property taxes, and the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the construction, design and operation of the Franchised Business). Franchisee will have sole authority and control over the day-to-day operations of the Franchised Business and Franchisee's employees and/or independent contractors. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local hiring laws and functions of the Franchised Business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, supervision, and discipline of employees, paid or unpaid, full or part-time. At no time will Franchisee or Franchisee's employees be deemed to be employees of Franchisor or Franchisor's affiliates.

7.14 **Trade Secrets and Confidential Information.** Franchisee and all of its employees must maintain the confidentiality of all Confidential Information as set forth in this Agreement.

7.15 **Image.** Franchisee acknowledges that Franchisor has developed the System to offer and sell products and services which will distinguish the Franchised Business from other service businesses that offer similar products and services valued at different prices and with less attention paid to product quality and customer service. Franchisee agrees to offer products and services and to conduct the Franchised Business in such a manner which will serve to emulate and enhance the image Franchisor intended for the System. Franchisee further acknowledges and agrees that each aspect of the System is important not only to Franchisee, but also to Franchisor and to other System franchisees in order to maintain the highest operating standards, achieve System-wide uniformity and increase the demand for the products sold and services rendered by System franchisees. Franchisee agrees to comply with the standards, specifications and requirements Franchisor set forth in order to uniformly convey the distinctive image of a Franchised Business. Franchisee shall, in the operation of the Franchised Business, use only displays, bags, labels, forms, stationery and other

products Franchisor designates that are imprinted with the Proprietary Marks and colors, as prescribed from time to time by Franchisor.

**7.16 Pending Actions.** Franchisee shall notify Franchisor, in writing, within five (5) days of the commencement of any action, suit or proceeding and the issuance of any order, suit or proceeding of any court, agency or other government instrumentality, including the receipt of any notice or citation, which may adversely affect the operation or financial condition of Franchisee or the Franchised Business.

**7.17 Standard Maintenance and System Conformity.** Franchisee agrees to repair, refinish, replace, and/or otherwise refurbish the Franchised Business's Computer System, POS System, Required Software, vehicle(s), trailer(s), equipment, tools and the Approved Location's furnishings, fixtures, decor, and any other tangible part or property of the Franchised Business at Franchisee's sole expense at such times as Franchisor may reasonably direct. Franchisor has the right to direct Franchisee to remodel, re-equip, and otherwise refurbish the Approved Location in the manner necessary to bring it into conformance with other franchises of the type Franchisor's franchisees are opening at the time of such direction. If at any time, in Franchisor's judgment, the general state of repair or the appearance of the premises of the Approved Location or its vehicles or equipment, does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate within fifteen (15) days after receipt of such notice Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Approved Location and affect such maintenance on behalf of Franchisee, and Franchisee shall pay the entire costs thereof on demand.

**7.18 Customer Service.** Franchisee must comply with any standards, specifications or methodologies that Franchisor establishes in the Operations Manual or otherwise in writing regarding customer service requirements, warranties on any Approved Products or Services offered or sold by the Franchised Business, refund policies and other standards and specifications.

## **8 TRAINING**

**8.1 Initial Training Program.** Franchisor will provide Franchisee (or one of Franchisee's principal owners if Franchisee is a business entity) and up to two (2) additional representatives that Franchisee designates (for a total of three (3)) with Franchisor's then-current initial training program (the "Initial Training Program"), subject to the availability and schedule of Franchisor's training personnel. If space is available, Franchisor may allow Franchisee to bring more than three (3) individuals to the Initial Training Program. Upon execution of this Agreement, Franchisee must pay Franchisor the Initial Training Program fee of \$5,000 (the "Initial Training Program Fee"). Each additional trainee after the initial three (3) is \$750 per person. Franchisee must attend and successfully complete the Initial Training Program to Franchisor's satisfaction at Franchisor's corporate headquarters (the "Home Office"), and other locations that Franchisor designates, prior to commencing operations of the Franchised Business. If Franchisee is a business entity, each franchise owner must attend and successfully complete the Initial Training Program. The Initial Training Program lasts approximately three (3) - four (4) days at the Home Office and approximately four (4) - five (5) days at Franchisee's Location. Franchisee will be solely responsible for costs and expenses Franchisee and its representative(s) incur in connection with attending the Initial Training Program, including travel, lodging, meals, or any wages incurred for Franchisee's employees/personnel. In the event Franchisor permits Franchisee to employ a Designated Manager (as defined in this Agreement), such Designated Manager must attend and complete the Initial

Training Program to Franchisor's satisfaction prior to commencing any managerial duties of the Franchised Business.

8.1.1 *Timing for Completion.* Franchisee and its designated trainees must participate in and complete the Initial Training Program to Franchisor's satisfaction at least 14 days prior to opening the Franchised Business and within ninety (90) days from the date this Agreement is fully executed. Upon completion of the Initial Training Program, Franchise shall be deemed "open and operating." In the event Franchisee does not complete the Initial Training Program to Franchisor's satisfaction within this ninety (90) day period, then Franchisor may terminate this Agreement or Franchisor may provide Franchisee with additional time in exchange for a general release.

8.1.2 *Additional Employees.* In the event Franchisee wishes for more than three (3) people to participate in the Initial Training Program (other than Franchisee or Franchisee's partner or principal shareholder), Franchisor may provide the Initial Training Program to such additional persons, subject to the availability of Franchisor's personnel, and charge Franchisee \$750 for each additional person. All training related expenses for Franchisee's additional personnel, including transportation to and from the training site, lodging, meals, and salaries during training, are Franchisee's sole responsibility.

8.1.3 *Replacement Personnel.* In the event Franchisee or Franchisee's employee(s) fails to complete the Initial Training Program to Franchisor's satisfaction, the respective person may repeat the course, or, in the case of an employee, Franchisee may send a replacement (the "Replacement Personnel") to the next available training session. Franchisor may charge its Initial Training Program fee for such Replacement Personnel to attend the Initial Training Program. Failure by Franchisee, an employee, or any Replacement Personnel to complete the initial training program to Franchisor's satisfaction within the time period prescribed in this Agreement shall constitute default of this Agreement and Franchisor may terminate the Agreement.

8.1.4 *Employee/Personnel Training.* Franchisee must ensure that any and all employees/personnel of the Franchised Business that do not attend the Initial Training Program are properly trained to perform their respective duties in connection with the Franchised Business prior to such employee(s) undertaking these duties.

8.1.5 *Training Materials.* Franchisor will provide Franchisee with training materials for Franchisee to use in training Franchisee's personnel. Only Franchisor's provided training materials may be used by Franchisee in training Franchisee's personnel. Updated training materials may be available to Franchisee in the Operations Manual or by other means at Franchisor's sole discretion. All training materials provided to Franchisee by Franchisor shall at all times remain Franchisor's property, and Franchisee agrees not to challenge Franchisor's or Franchisor's affiliates' title or rights in or to the training materials. Franchisee may not make any disclosure, duplication, or other unauthorized use of any portion of the training materials.

8.2 **Additional and Remedial Training.** Franchisor may conduct, and require Franchisee, Franchisee's Designated Manager (if applicable) and other employees to attend additional and/or refresher training courses that Franchisor develops for the benefit of the System, as Franchisor deems advisable in its sole discretion. Franchisor may charge Franchisee \$300 - \$500 per day, plus travel and other expenses (the "Training Fee"), for Franchisee and any other persons that attend such additional or refresher training, and Franchisee will be solely responsible for any and all

expenses associated with such training (including travel, lodging, meals, and employee wages incurred). Additional and/or refresher training may take place at Franchisor's Home Office or any other location that Franchisor designates. Franchisor will provide Franchisee with thirty (30) days' notice of any upcoming additional or refresher training that Franchisee is required to attend.

**8.3 Reasonable Training and Assistance Requests.** Upon Franchisee's written request, Franchisor may provide Franchisee with additional training and/or assistance, as Franchisor deems necessary in its sole discretion, subject to the availability and schedules of Franchisor's personnel. Franchisor may charge Franchisee its Training Fee for any training or assistance that Franchisor provides at Franchisee's request, and Franchisee is solely responsible for any expenses and costs incurred: (i) by Franchisee and its representatives in connection with attending such additional training; and (ii) by Franchisor in connection with providing such training or assistance, whether at the Home Office or on-site at Franchisee's Approved Location or within the Territory(ies). Additional assistance may be provided by Franchisor over the phone, via email or Franchisor's Operations Manual.

## **9 INSURANCE**

**9.1 General.** Franchisee must maintain, at Franchisee's expense, in full force and effect throughout the term of this Agreement, the types of insurance and the minimum policy limits specified in the Operations Manual. In determining and modifying such requirements, Franchisor agrees to use reasonable business judgment and only require such insurance and minimum policy limits that are reasonable. The insurance policy or policies must be in effect at the earlier of (i) 90 days after the Effective Date of this Agreement, or (ii) prior to attending the Initial Training Program. The insurance policy or policies must protect Franchisee, Franchisor, and Franchisor's past, present, and future officers, directors, owners, managers, members, stockholders, affiliates, employees, consultants, attorneys, and agents against any loss, liability, personal injury, death, property damage or expense whatsoever arising out of or occurring upon or in connection with the condition, operation, use, or occupancy of the Franchised Business. Franchisee shall have Bright Brothers Group, LLC as an additional insured under each policy, except for policies required by statute in Franchisee's jurisdiction, including, but not limited to, workers' compensation and employer's liability insurance policies. Franchisor reserves the right to amend, modify, and/or supplement additional types of coverage and/or increase the required minimum amount of coverage upon providing Franchisee reasonable notice through the Operations Manual or otherwise in writing by Franchisor. Franchisee's obligation to obtain coverage is not limited in any way by insurance that Franchisor maintains. Upon Franchisor's request or as specified in the Operations Manual, Franchisee shall provide Franchisor with certificates of insurance evidencing the required coverage and any other documentation in connection therewith.

**9.2 Insurance Rating, Approval, and Certification.** All insurance carriers must be approved by Franchisor in advance and in writing. All insurance policies must be issued by insurance companies with a rating of A-VII or better as reported in the most recent edition of A.M. Best's Insurance Report. Franchisor's acceptance of an insurance carrier does not constitute Franchisor's representation or guarantee that the insurance carrier will be capable of meeting claims during the term of the insurance policy. Franchisee agrees to carry such insurance as may be required by the lease of the Approved Location or by any of Franchisee's lenders or equipment lessors, and such workers' compensation insurance as may be required by applicable law. Franchisee must deliver a certificate of insurance to Franchisor at least twenty (20) days prior to opening the Franchised Business and ten (10) days prior to any renewal of the required policies, as evidence that all insurance

requirements have been met. All insurance policies held by Franchisee will be primary to any policy or policies held by Franchisor or its affiliates.

9.3 **Designees.** All liability policies will list Franchisor as an additional insured except the Employment Practices Liability policy where we will be named as Co-Defendant. The Commercial General Liability policy shall contain a waiver of subrogation in favor of Franchisor and any parties Franchisor designates, and will be primary and non-contributory to any insurance we might carry. Franchisor reserves the right to modify required insurance coverage during the course of Franchisee's agreement based on changes in risk factors for which Franchisee will comply with upon written notice from Franchisor.

9.4 **Claims Cancellation.** Franchisee must provide Franchisor with copies of any insurance claims or insurance cancellations within twenty-four (24) hours of Franchisee's receipt of said claims or cancellations. Franchisee has a twenty-four (24) hour opportunity to cure any lapses in insurance coverage. No insurance policy must be subject to cancellation, termination, non-renewal or material modification, except upon at least thirty (30) calendar days' prior written notice from the insurance carrier to Franchisor. Franchisee must submit a certification of insurance which demonstrates compliance with this Section 9.

9.5 **Failure to Maintain Insurance.** If Franchisee fails to comply with the minimum insurance requirements set forth herein, Franchisor has the right to obtain such insurance and keep same in force and effect and Franchisee shall pay Franchisor, on demand, the premium cost thereof and a reasonable administrative fee for the costs incurred in connection with Franchisor obtaining the insurance.

9.6 **Modification of Requirements.** Franchisor has the right to increase or otherwise modify the minimum insurance requirements upon thirty (30) days' prior written notice to Franchisee, and Franchisee shall comply with any such modification within the time specified in said notice.

## 10 FINANCIAL RECORDS AND REPORTS

10.1 **Reporting.** Franchisee must maintain, for at least ten (10) fiscal years from their preparation, full, complete accurate records of all sales, marketing activities, contracts, estimates, authorizations, receipts, payroll, and accounts payable and any other documents and records used in connection with the Franchised Business, in accordance with the standard accounting system described by the Franchisor in the Operations Manual or otherwise specified in writing. Franchisee must also provide Franchisor with complete financial records for the operation of the Franchised Business as described in this Section in accordance with generally accepted accounting principles.

10.1.1 Franchisee will, at its expense, submit to the Franchisor within sixty (60) days of the end of each calendar year of the Franchised Business during the term of this Agreement, a complete financial statement for the said calendar year, including, without limitation, both an income statement and balance sheet, which may be unaudited, together with such other information in such form as the Franchisor may require.

10.1.2 Each financial statement shall be signed by Franchisee or by an individual authorized by the Franchisee, attesting that the statement is true and correct and prepared in accordance with the Franchisor's requirements.

10.1.3 Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its bookkeeping and other accounting obligations under this Agreement, including QuickBooks and Franchisor's software provider(s).

10.1.4 Franchisee shall provide Franchisor any other data, information and supporting records that Franchisor designates from time to time, including any and all reports set forth in the Operations Manual.

10.2 **Tax Returns.** In addition to the information and materials set forth in Section 10.1, Franchisee agrees to maintain, and furnish to Franchisor within thirty (30) days of filing: (i) complete copies of all federal, state and local tax returns, including those detailing income, sales, value added, use and service taxes, as well as employee withholding, workers' compensation, and similar reports filed by Franchisee reflecting financial activities of the Franchised Business; and (ii) Franchisee's (or Franchisee's principals') personal federal, state and local tax returns.

10.3 **Right to Disclose Information.** Franchisor has the right to disclose data derived from the reports that Franchisee furnishes to Franchisor.

## 11 BOOKS AND RECORDS

11.1 **Records and Audits.** Franchisee must maintain accurate business records, reports, accounts, books and data relating to the operation of the Franchised Business. Franchisor and Franchisor's designees have the right to inspect and/or audit Franchisee's business records at any time during normal business hours, to determine whether Franchisee is current with suppliers and otherwise operating in compliance with the terms of this Agreement and the Operations Manual. Moreover, Franchisee must also provide Franchisor with access to the information generated by any software Franchisor requires Franchisee to use in connection with its bookkeeping and other accounting obligations under this Agreement, including QuickBooks and Franchisor's software provider. If any audit reveals that Franchisee has understated Franchisee's financial information, including but not limited to Royalty or Brand Fund Contribution payments, by more than two percent (2%), or if Franchisee has failed to submit timely reports and/or remittances for any two (2) reporting periods within any twelve (12) month period, Franchisee must pay the reasonable cost of such audit and/or inspection, including the cost of outside auditors and attorneys (to the extent Franchisor incurs such costs), together with amounts due for royalty and other fees as a result of such underreporting and/or failure to submit reports, along with all late fees and interest which may otherwise be due under this Agreement.

11.2 **Corporate or Limited Liability Company Franchisee Records.** If Franchisee becomes a corporation, limited liability company or other business entity either prior to executing this Agreement, or at any time during the term of this Agreement, the following requirements, when applicable, shall apply:

11.2.1 Copies of Franchisee's Articles of Incorporation or Charter, minutes of the annual meeting, by-laws and other governing documents, and any amendments thereto, copies of initial shareholder certificates and Shareholder Agreements, if any, and the Resolutions of the Board of Directors authorizing entry into this Agreement as required by the Franchisor and as set forth in the Operations Manual shall be promptly furnished to Franchisor.

11.2.2 Franchisee shall maintain a current list of all owners or members of record and all beneficial owners of any class of stock of Franchisee and shall furnish such list to Franchisor annually.

11.2.3 All members with or shareholders of Franchisee shall jointly and severally guarantee Franchisee's performance hereunder and shall bind themselves to the terms of a Personal Guaranty in a form approved by the Franchisor (see Exhibit "A" to this Agreement). All members and/or shareholders shall also be individually subject to the non-disclosure and confidentiality provisions as set forth in this Agreement, as well as any and all in-term and post-term restrictive covenants. However, the requirements of this subsection shall not apply to any corporation registered under the Securities Exchange Act of 1934 (hereinafter known as a "Publicly Held Corporation").

11.2.4 The majority equity owner in the entity that becomes the Franchisee must complete the Initial Training Program and all other training required by the Franchisor and work directly in the day-to-day operations of the business and devote his or her personal full-time attention, skill and best efforts to the management and operation of the Franchised Business, unless Franchisor agrees otherwise in writing.

11.2.5 All issued and outstanding stock certificates of such corporation shall bear the following legend:

*EXAMPLE: "Transfers of these shares is subject to certain restrictions contained in a Franchise Agreement between \_\_\_\_\_ and Bright Brothers Group, LLC, dated \_\_\_\_\_."*

## **12 ADVERTISING**

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotion programs to further the goodwill and public image of the System, the parties agree as follows:

12.1 **Generally.** With regard to advertising generally for the Franchised Business, Franchisee will only use or display the advertising materials Franchisor approves in writing. If Franchisee wishes to use any advertising or promotional materials other than those currently approved for use by System franchisees, then Franchisee must submit Franchisee's proposed materials to Franchisor for approval at least thirty (30) days prior to its intended use. Franchisor will use commercially reasonable efforts to notify Franchisee of Franchisor's approval or disapproval of the proposed materials within fifteen (15) days of the date such materials are received. If Franchisee does not receive Franchisor's written approval within fifteen (15) days, proposed materials shall be deemed disapproved. All advertising must prominently display the Proprietary Marks and will comply with any standards for use of the Proprietary Marks that Franchisor establishes, as set forth in the Operations Manual or otherwise in writing. Franchisor may require Franchisee to discontinue the use of any advertising or marketing material, within time frames prescribed by Franchisor, at Franchisee's sole cost and expense.

12.2 **Internet Website.** Franchisee must have and maintain adequate hardware and software in order to access the Internet at the bit speed Franchisor requires from time to time. Franchisee is prohibited, however, from establishing any website or other presence on the Internet,

except as provided herein. Franchisor may unilaterally modify the provisions of this Section from time to time in its sole discretion.

12.2.1 Franchisor may, but is not obligated to, establish an Internet website that provides information about the System and the products and services offered by franchised businesses. In the event Franchisor exercises its right to create such a website, Franchisor shall have sole discretion and control over the website (including timing, design, content, and continuation).

12.2.2 Franchisor may, but is not obligated to, create interior pages on its website(s) that contain information about Franchisee's Franchised Business and other franchised businesses. If Franchisor does create such pages, Franchisor may require Franchisee to prepare all or a portion of the page for Franchisee's Franchised Business, at Franchisee's expense, using a template that Franchisor provides. All such information will be subject to Franchisor's approval prior to posting.

12.2.3 Except as approved in advance in writing by Franchisor, Franchisee must not establish or maintain a separate website, splash page, profile, or other presence on the Internet, or otherwise advertise on the Internet or any other public computer network in connection with the Franchised Business, including any profile on Facebook, Twitter, LinkedIn, TikTok, YouTube, Pinterest, Instagram, Snapchat, or any other social media and/or networking site. If such approval is granted by Franchisor, Franchisee must: (i) establish and operate such site or page in accordance with System standards and any other policies Franchisor designates in the Operations Manual or otherwise in writing from time to time; and (ii) utilize any templates that Franchisor provides to Franchisee to create and/or modify such site(s).

12.2.4 Franchisor may use a portion of the Brand Fund Contribution to pay or reimburse itself for the costs incurred in connection with the development, maintenance, and update of its website.

12.2.5 Franchisee acknowledges that Franchisor and/or Franchisor's affiliates are the lawful, rightful and sole owner of the Internet domain name [www.brightbrothers.com](http://www.brightbrothers.com), as well as any other Internet domain names registered by Franchisor and/or Franchisor's affiliates, and unconditionally disclaims any ownership interest in such Internet domain names and any Internet domain names similar thereto. Franchisee agrees not to register any Internet domain name in any class or category that contains words used in or similar to any brand name owned by Franchisor or Franchisor's affiliates or any abbreviation, acronym, phonetic variation or visual variation of those words.

12.3 **Brand Fund.** Once established, Franchisee will make weekly contributions to the Brand Fund in an amount equal to two percent (2%) of weekly Gross Revenue. Franchisor reserves the right to increase this amount to three percent (3%) of Gross Revenue generated by the Franchised Business for sales made during the immediately preceding calendar week. Franchisee must pay the Brand Fund Contribution directly to the Brand Fund via EFT on a monthly basis on or before the tenth (10<sup>th</sup>) business day of each month based on the Gross Revenue generated during the preceding calendar month. Franchisor reserves the right to modify the frequency, manner, or method of payment upon providing reasonable notice to Franchisee.

12.3.1 Franchisor will use the Brand Fund, in Franchisor's sole discretion, to develop, produce and distribute national, regional and/or local advertising and to create advertising

materials and public relations programs which promote, in Franchisor's sole judgment, the services offered by System franchisees. Franchisor has the sole right to determine contributions and expenditures from the Brand Fund, or any other advertising program, and sole authority to determine, without limitation, the selection of the advertising materials and programs, provided, however, that Franchisor will make a good faith effort to expend the Brand Fund in the general best interests of the System on a national or regional basis. Franchisor may use the Brand Fund to satisfy any and all costs of maintaining, administering, directing, preparing, and producing advertising, including: the cost of preparing and producing internet, television, radio, magazine and newspaper advertising campaigns; the cost of direct mail and outdoor billboard advertising; the cost of soliciting National Accounts; the cost of public relations activities and advertising agencies; the cost of developing and maintaining an Internet website; personnel and other departmental costs for advertising that Franchisor internally administers or prepares; and the costs of building partnerships with national or regional brands. Nevertheless, Franchisee acknowledges that not all System franchisees will benefit directly or on a pro rata basis from such expenditures. The Brand Fund will not be used for the direct solicitation of franchise sales, but Franchisor reserves the right to include a notation in any advertisement indicating "Franchises Available". Franchisor also reserves the right to use the Brand Fund for public relations or recognition of the brand.

12.3.2 Franchisor may periodically assist franchisees to maintain high quality standards through customer surveys, customer interviews, and other similar initiatives ("Surveys"). The cost of such programs will be borne by the Brand Fund. The cost of these programs may be charged directly to Franchisee if Franchisee's results from a Survey fall below System established minimum standards for such Surveys.

12.3.3 Franchisor has the right to reimburse itself from the Brand Fund for such reasonable costs and overhead, if any, as Franchisor may incur in activities reasonably related to the direction and implementation of the Brand Fund.

12.3.4 In Franchisor's sole discretion, units owned and operated by Franchisor or its affiliates may, but are not obligated to, contribute to the Brand Fund. Franchisee acknowledges that the use of the Brand Fund or other advertising funds or accounts and the expenditures made thereby, may benefit Franchisor and its units, even though the units operated by Franchisor or its affiliates may or may not contribute to the Brand Fund or other advertising funds or accounts.

12.3.5 Franchisor will prepare on an annual basis, and will have available for Franchisee within one hundred twenty (120) days of the end of the fiscal year, a statement of contributions and expenditures for the Brand Fund. The statement will be presented to Franchisee upon Franchisee's written request. The Brand Fund is not required to be independently audited.

12.3.6 Franchisor has the right to require that an advertising cooperative and/or franchisee advisory council be formed, changed, dissolved or merged.

12.3.7 Franchisor assumes no obligation or liability to Franchisee with respect to the maintenance, direction or administration of the Brand Fund or any other advertising funds or accounts maintained in connection with this Agreement, except as expressly set forth in this Section. Franchisor also has the right to cause the Brand Fund to be incorporated or operated through a separate entity at such time as Franchisor deems appropriate, and such successor entity will have all of the rights and duties specified herein.

12.3.8 Franchisee acknowledges that the Brand Fund is not a trust or an asset of Franchisor and that Franchisor is not a fiduciary to Franchisee with respect to, or a trustee of, the Brand Fund or the monies therein.

12.3.9 Franchisor may suspend or terminate the Brand Fund at any time, and any surplus funds may only be used for marketing and advertising purposes until fully expended.

**12.4 Regional Advertising and Promotional Cooperative.** Franchisor may, in Franchisor's discretion, designate any geographical area for purposes of establishing a regional advertising and promotional cooperative ("Cooperative"), and to determine whether a Cooperative is applicable to the Franchised Business. If a Cooperative is established applicable to the Franchised Business, Franchisee must participate in the Cooperative. Cooperative contributions will be credited towards the Local Advertising Requirement discussed in Section 12.5 below. The following provisions will apply to each Cooperative:

12.4.1 Each Cooperative will be organized and governed in a form and manner, and will commence operation on a date, approved in advance by Franchisor;

12.4.2 Each Cooperative will be organized for the exclusive purpose of administering regional advertising programs and developing, subject to Franchisor's approval, standardized advertising materials for use by the members in local advertising;

12.4.3 No promotional or advertising plans or materials may be used by a Cooperative or furnished to its members without Franchisor's prior approval. All such plans and materials must be submitted to Franchisor in accordance with the procedure set forth in Section 12.1 hereof;

12.4.4 Each Cooperative will have the right to require its members to make contributions to the Cooperative in such amounts as determined by the Cooperative; however, the Cooperative may, by a two-thirds majority vote of its members, require a Cooperative contribution in excess of the Local Advertising Requirement;

12.4.5 Each member franchisee must submit to the Cooperative its respective contribution together with such other statements or reports as Franchisor may require or as may be required by the Cooperative with Franchisor's approval;

12.4.6 Franchisor may grant to Franchisee, in its sole discretion, an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from Franchisee stating reasons supporting such exemption. Franchisor's decision concerning such request for exemption will be final; and

12.4.7 Franchisor will have the power to require any Cooperative to be formed, changed, dissolved, or merged at any time.

## **12.5 Local Advertising.**

12.5.1 *Grand Opening Marketing.* In connection with the opening of the Franchised Business, Franchisee shall spend a minimum amount of fifteen thousand dollars (\$15,000) in local

advertising, and as otherwise required and directed by Franchisor (“Grand Opening Marketing”). Any marketing must be conducted in accordance with Franchisor’s standards and specification, as described in the Operations Manual or this Agreement. The Grand Opening Marketing must occur during the period of two (2) weeks prior to opening and 60 days after opening the Franchised Business.

**12.5.2 Local Advertising Requirement** In addition to the Brand Fund Contributions described above in Section 12.3, each month, Franchisee will be required to spend at least eight percent (8%) of Gross Revenue on local advertising and promotion in accordance with Franchisor’s standards and specifications (the “Local Advertising Requirement”). Franchisee must spend the Local Advertising Requirement as Franchisor prescribes in the Operations Manual or otherwise in writing, which may include, without limitation, requirements for placing a certain number and/or type(s) of media advertisements or engaging certain public figures to assist the Franchisee in promoting its Franchised Business. The Local Advertising Requirement must be expended within Franchisee’s Territory(ies). Franchisee acknowledges and agrees that Franchisee’s Local Advertising Requirement must be expended regardless of the amount(s) spent by other System franchisees on local advertising. Franchisee may spend any additional sums Franchisee wishes on local advertising. Franchisee must use only such advertising and promotional materials as have been previously approved by Franchisor. Franchisee will submit to Franchisor proof of Franchisee’s expenditures on local advertising. All phone numbers used in local advertising by the Franchised Business of any form must be forwarded to Franchisor’s Call Center.

**12.6 Advisory Council.** Franchisor reserves the right to establish an Advisory Council (“Advisory Council”). Elected franchisee(s) must participate actively in the Advisory Council as Franchisor designates, and participate in all Advisory Council meetings approved by Franchisor. Franchisor reserves the right to prepare and amend the governing documents for the Advisory Council from time to time, in its sole discretion, at any time. Franchisor, in its sole discretion, will determine the topic areas to be considered by the Advisory Council. The purposes of the Advisory Council shall include, but are not limited to, exchanging ideas and problem-solving methods, advising Franchisor on expenditures for System-wide advertising, and coordinating franchisee efforts. Amounts and expenditures may vary from time to time due to variations in Advisory Council participation and costs, as determined by the Advisory Council, and as approved by Franchisor. The Advisory Council shall act in an advisory capacity only. Franchisor will have the right to form, change, or dissolve any Advisory Council at any time in its sole discretion.

## **13 INDEPENDENT CONTRACTOR; INDEMNIFICATION**

**13.1 Independent Contractor Status.** Franchisee is an independent contractor responsible for full control over the internal management and daily operation of the Franchised Business, and neither party to this Agreement is the agent, principal, partner, employee, employer, or joint venture partner of the other party. Franchisee may not act or represent itself, directly or by implication, as Franchisor’s agent, partner, employee or joint venture partner, and Franchisee may not incur any obligation on Franchisor’s behalf or in Franchisor’s name. All stationery, business cards and contractual agreements entered into by Franchisee shall contain Franchisee’s corporate or fictitious name and a conspicuously displayed notice, in the place Franchisor designates, that Franchisee operates the Franchised Business as an independently owned and operated business, and that Franchisee independently owns and operates the Franchised Business as a System franchisee. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty, or representation on Franchisor’s behalf, or to incur any debt or other obligation in Franchisor’s name,

and Franchisor shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action, nor shall Franchisor be liable by reason of any of Franchisee's acts or omissions in the operation of the Franchised Business or for any claim or judgment arising therefrom against Franchisee or Franchisor. Neither this Agreement nor Franchisor's course of conduct is intended, nor may anything in this Agreement (nor Franchisor's course of conduct) be construed to state or imply that Franchisor is the employer of Franchisee's employees and/or independent contractors. It is understood and agreed by the parties hereto that this Agreement does not establish any fiduciary relationship between them.

**13.2 Indemnification.** Franchisee and Franchisee's principals agree to indemnify, defend and hold Franchisor, Franchisor's affiliates and their respective shareholders, directors, officers, employees, agents, successors and assignees ("Indemnitees") harmless against and to reimburse them for all claims, obligations, liabilities and damages ("Claims"), including any and all taxes, directly or indirectly arising out of, in whole or in part: (i) the operation of the Franchised Business, including the use, condition, or construction, equipping, maintenance or operation of the Franchised Business and Franchisee's advertising; (ii) the unauthorized use of the Proprietary Marks and other Proprietary Material; (iii) the transfer of any interest in this Agreement or the Franchised Business in any manner not in accordance with this Agreement; (iv) the infringement, alleged infringement, or any other violation or alleged violation by Franchisee or any of Franchisee's principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties; or (v) libel, slander or any other form of defamation of Franchisor, the System or any franchisee or developer operating under the System, by Franchisee or by any of Franchisee's principals. For purposes of this indemnification, "Claims" shall mean and include all obligations, actual, consequential, punitive and other damages, and costs reasonably incurred in the defense of any action, including attorneys', attorney assistants' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether or not such claims exceed the amount of insurance coverage available through Franchisee to Franchisor. Franchisor shall have the right to defend any such claim against it in such manner as Franchisor deems appropriate or desirable in Franchisor's sole discretion. Such an undertaking by Franchisor shall, in no manner or form, diminish Franchisee's and each of Franchisee's principals' obligations to indemnify the Indemnitees and to hold them harmless. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

## **14 SALE OR TRANSFER**

**14.1 Transfer.** Franchisee's rights under this Agreement are personal, and Franchisee shall not sell, transfer, assign or encumber Franchisee's interest in the Franchise Business without Franchisor's prior written consent. Any sale, transfer, assignment, or encumbrance made without Franchisor's prior written consent shall be voidable at Franchisor's option and shall subject this Agreement to termination as specified herein.

### **14.2 Death or Disability.**

**14.2.1 Representative's Right to Continue as Franchisee.** In the event of Franchisee's death, disability or incapacitation (or the death, disability or incapacitation of Franchisee's partners or personal guarantors), Franchisee's legal representative, or Franchisee's partner's or guarantor's respective legal representative, as applicable, will have the right to continue the operation of the Franchised Business as franchisee under this Agreement if: (i) within one hundred eighty (180) days from the date of death, disability or incapacity (the "180 Day Period"),

such person (a) meets Franchisor then-current standards to become a franchisee, as described in Section 14.3.2.5, and (b) has obtained Franchisor's prior written approval and has executed Franchisor's then-current franchise agreement for the unexpired term of the franchise, or has furnished a personal guaranty of any partnership, corporate or limited liability company franchisee's obligations to Franchisor and Franchisor's affiliates; and (ii) such person successfully completes Franchisor's training program (which Franchisor will provide at Franchisor's then-current tuition rate). Such assignment by operation of law will not be deemed in violation of this Agreement, provided such heirs or legatees accept the conditions imposed by the Franchise Agreement and are acceptable to Franchisor. However, in the case of a transfer by demise or inheritance, if the heirs or beneficiaries of any deceased person are unable to meet the conditions contained in this Agreement, the personal representative of the deceased Franchisee will have a reasonable time, in Franchisor's sole discretion, which shall not exceed one hundred eighty (180) days from the date of transfer by demise or inheritance, to dispose of the deceased's interest in the Franchised Business and such disposition will be subject to all the terms and conditions for transfer contained in this Agreement. If the interest is not disposed of in the manner and time frame provided in the immediately preceding sentence, then Franchisor may terminate this Agreement.

#### 14.2.2 *Franchised Business Operation During and After 180 Day Period.*

Franchisor is under no obligation to operate the Franchised Business or incur any obligation on behalf of any incapacitated franchisee, during or after the 180 Day Period. If necessary, Franchisee (or Franchisee's legal representative, as applicable) shall appoint a previously approved acting interim manager to operate the Franchised Business during the 180 Day Period. In the event of Franchisee's death, disability, absence or otherwise, Franchisor may (but is not required to) operate Franchisee's Franchised Business on Franchisee's behalf and at Franchisee's expense for such period of time (and under such terms and conditions) as Franchisor determines, including paying out the assets and/or revenues of the Franchised Business to cover any or all past, current and/or future obligations of the Franchised Business (including any amounts owed to Franchisor and/or any affiliate) in such priorities as Franchisor determines from time-to-time in Franchisor's sole and absolute discretion. Franchisor may pay itself a reasonable amount to reimburse Franchisor for Franchisor's management services and other costs. Franchisor may obtain approval of a court or arbitrator for any such arrangements, the attorneys' fees and other costs incurred in connection with obtaining such approval to be charged against the assets and/or revenues of the Franchised Business. Franchisee (and/or Franchisee's estate) will indemnify Franchisor against any costs and/or liabilities incurred by it in connection with, or related in any way to, the operation (or otherwise) of the Franchised Business.

**14.3 Ownership Changes.** A sale, transfer or assignment requiring Franchisor's prior written consent shall be deemed to occur: (i) if Franchisee is a corporation, upon any assignment, sale, pledge or transfer of any fractional portion of Franchisee's voting stock or any increase in the number of outstanding shares of Franchisee's voting stock which results in a change of ownership, (ii) if Franchisee is a partnership, upon the assignment, sale, pledge or transfer of any fractional partnership ownership interest; or (iii) if Franchisee is a limited liability company, upon the assignment, sale, pledge or transfer or any interest in the limited liability company. Any new partner, shareholder, or member or manager will be required to personally guarantee Franchisee's obligations under this Agreement. A transfer pursuant to (i) and (iii) above shall not be subject to Franchisor's right of first refusal as set forth in Section 14.3.1.

**14.3.1 Right of First Refusal.** If Franchisee proposes to transfer either this Agreement or all, or substantially all, of the assets used in connection with the Franchised Business or any interest in Franchisee's lease to any third party (other than a corporation or limited liability

company as set forth herein), Franchisee shall first offer to sell such interest to Franchisor on the same terms and conditions as offered by such third party. Franchisee shall obtain from the third party and provide Franchisor a statement in writing, signed by the third party and Franchisee, of the terms of the offer (“Letter of Intent”). If Franchisor elects not to accept the offer within a thirty (30) day period, Franchisee shall have a period not to exceed sixty (60) days to complete the transfer described in the Letter of Intent subject to the conditions for approval set forth herein. Franchisee shall conduct no other sale or transfer as contemplated under the Letter of Intent without first complying with this Section. Any material change in the terms of the offer shall be deemed a new proposal subject to Franchisor’s right of first refusal. So long as Franchisee has obtained Franchisor’s prior written consent, which shall not be unreasonably withheld, a transfer to an existing partner, shareholder, or member, or a transfer as a result of the death, disability or incapacitation of a shareholder or partner, in accordance with the provisions set forth below, is not subject to Franchisor’s first right of refusal. In the event the consideration, terms and/or conditions offered by a third party are such that Franchisor may not reasonably be required to furnish the same consideration, terms and/or conditions, then Franchisor may purchase the interest proposed to be sold for the reasonable equivalent in cash. If the parties cannot agree within thirty (30) days on the reasonable equivalent in cash of the consideration, terms and/or conditions offered by the third party, an independent appraiser shall be designated by Franchisor at Franchisor’s expense, and the appraiser’s determination shall be binding.

14.3.2 *Conditions for Approval.* Franchisee shall notify Franchisor in writing of any proposed transfer of this Agreement, any direct or indirect interest in Franchisee, or in all or substantially all of the assets of the Franchised Business, at least thirty (30) days before such transfer is proposed to take place. Franchisor may condition Franchisor’s approval of any proposed sale or transfer of the Franchise Business or of Franchisee’s interest in this Agreement upon satisfaction of the following occurrences:

14.3.2.1 All of Franchisee’s accrued monetary obligations to Franchisor, Franchisor’s affiliates, and Franchisor’s designated/approved suppliers and vendors, are satisfied;

14.3.2.2 Franchisee must cure all existing defaults under this Agreement, or any other agreement between Franchisee and Franchisor, Franchisor’s affiliates, Franchisor’s designated/approved suppliers and vendors, within the period permitted for cure and have substantially complied with such agreements during their respective terms;

14.3.2.3 Franchisee and Franchisee’s principals (if Franchisee is a partnership, corporation or limited liability company), and the transferee (if it has had any previous relationship with Franchisor or Franchisor’s affiliates), must execute a general release under seal, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor’s affiliates and officers, directors, shareholders and employees, in their corporate and individual capacities; provided, however, the release shall not be inconsistent with any applicable state statute regulating franchising;

14.3.2.4 That the transferor and transferee have executed a mutual general release, relieving all claims against each other, excluding only such claims relating to any provision or covenant of this Agreement which imposes obligations beyond the expiration of this Agreement;

14.3.2.4 Franchisee or transferee shall provide Franchisor a copy of the executed purchase agreement relating to the proposed transfer with all supporting documents and

schedules, including transferee's assumption of and agreement to faithfully perform all of Franchisee's obligations under this Agreement;

14.3.2.5 The transferee shall demonstrate to Franchisor's satisfaction that he or she meets Franchisor's educational, managerial and business standards; possesses a good moral character, business reputation and credit rating; has the aptitude and ability to conduct the business to be transferred; and has adequate financial resources and capital to meet the performance obligations under this Agreement; however, transferee shall not be in the same business as Franchisor either as licensor, franchisor, independent operator or licensee of any other business or chain which is similar in nature or in competition with Franchisor, except that the transferee may be an existing franchisee of ours;

14.3.2.6 That, at Franchisor's option, the transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as Franchisor may request) either: (i) enter into a written assignment, in a form satisfactory to Franchisor, assuming and agreeing to discharge all of Franchisee's obligations under this Agreement; or (ii) execute Franchisor's then-current franchise agreement, and will receive a full then-current initial term for a franchisee, which term will commence on the date the transferee executes the then-current Franchise Agreement;

14.3.2.7 Franchisee shall pay Franchisor a transfer fee equal to Seven Thousand Five Hundred Dollars (\$7,500) plus any applicable broker or third party fees;

14.3.2.8 The transferee shall satisfactorily complete Franchisor's training program at the transferee's expense within the time frame Franchisor sets forth;

14.3.2.9 Franchisee (and Franchisee's principals if Franchisee is a partnership, corporation or limited liability company), and the members of their respective families must comply with the post-termination provisions of this Agreement;

14.3.2.10 The transferee must obtain, within the time limits set by Franchisor, and maintain thereafter, all permits and licenses required for the operation of the Franchised Business;

14.3.2.11 To the extent required by the terms of any leases or other agreements, the lessors or other parties must have consented to the proposed transfer;

14.3.2.12 The transfer must be made in compliance with any laws that apply to the transfer, including state and federal laws governing the offer and sale of franchises;

14.3.2.13 Franchisee must insure that all projects in progress at the time of the transfer will be continued without interruption, and the transferee must promptly notify all current customers of the change in ownership;

14.3.2.14 The purchase price and terms of the proposed transfer are not so burdensome to the prospective transferee as to impair or materially threaten its future operation of the Franchised Business and performance under its franchise agreement;

14.3.2.15 Franchisee must request that Franchisor provide the prospective transferee with Franchisor's current form of disclosure document and Franchisor shall not be liable for any representations not included in the disclosure document;

14.3.2.16 Franchisor's approval of the transfer shall not constitute a waiver of any claims Franchisor may have against the transferring party;

14.3.2.17 Franchisor shall have the right to disclose to any prospective transferee such revenue reports and other financial information concerning Franchisee and Franchisee's Franchised Business as Franchisee has supplied Franchisor hereunder; and

14.3.2.18 In any event, Franchisor may withhold or condition Franchisor's consent to any transfer as Franchisor deems appropriate based on the circumstances of the transfer or otherwise.

**14.4 Transfer to a Corporation or Limited Liability Company.** If Franchisee is an individual and desires to assign its rights under this Agreement to a corporation or limited liability company, and if all of the following conditions are met, Franchisor will consent to the transfer without assessing the transfer fees set forth above, and such assignment will not be subject to Franchisor's right of first refusal in Section 14.3.1:

14.4.1 The corporation or limited liability company is newly organized and its activities are confined to operating the Franchised Business;

14.4.2 Franchisee is, and at all times remains, the owner of at least fifty-one percent (51%) of the outstanding shares of the corporation or a controlling interest in the limited liability company;

14.4.3 The corporation or limited liability company agrees in writing to assume all of Franchisee's obligations hereunder;

14.4.4 All stockholders of the corporation, or members and managers of the limited liability company, as applicable, must execute Franchisor's prescribed form of personal guaranty; and

14.4.5 At Franchisor's request, Franchisee will furnish true and correct copies of all documents and contracts governing the rights, obligations, and powers of Franchisee's owners and agents (such as articles of incorporation or organization and partnership, operating or shareholder agreements and similar documents).

**14.5 Franchisor's Right to Transfer.** Franchisor has the right to sell, transfer, assign and/or encumber all or any part of Franchisor's assets and Franchisor's interest in, and rights and obligations under, this Agreement at Franchisor's sole discretion.

## **15 BREACH AND TERMINATION**

**15.1 Automatic Termination.** This Agreement shall automatically terminate without notice or an opportunity to cure upon the occurrence of any of the following:

15.1.1 *Voluntary Bankruptcy.* If Franchisee makes an assignment for the benefit of creditors, files a voluntary petition in bankruptcy, is adjudicated bankrupt or insolvent, files or acquiesces in the filing of a petition seeking reorganization or arrangement under any federal or state bankruptcy or insolvency law, or consents to or acquiesces in the appointment of a trustee or receiver for Franchisee or the Franchised Business.

15.1.2 *Involuntary Bankruptcy.* If proceedings are commenced to have Franchisee adjudicated bankrupt or to seek Franchisee's reorganization under any state or federal bankruptcy or insolvency law, and such proceedings are not dismissed within sixty (60) days, or a trustee or receiver is appointed for Franchisee or the Franchised Business without Franchisee's consent, and the appointment is not vacated within 60 days.

15.1.4 *Loss of Premises.* If Franchisee loses the right to occupy the premises or operate the Franchised Business from the Approved Location.

15.2 **With Notice and Without Opportunity to Cure.** Franchisor has the right to terminate this Agreement upon notice without providing Franchisee an opportunity to cure for any of the following breaches or defaults:

15.2.1 *Criminal Acts.* If Franchisee or Franchisee's principals are convicted of or plead guilty or no contest to a felony or other offense related to the operation of the Franchised Business or that Franchisor believes, in its sole discretion, is likely to have an adverse effect on the Proprietary Marks or the goodwill associated therewith.

15.2.2 *Fraud.* If Franchisee or Franchisee's principals commit any fraud or misrepresentation in the operation of the Franchised Business, including but not limited to, any misrepresentation made in Franchisee's franchise application.

15.2.3 *Other Actions.* If Franchisee or Franchisee's principals, including any shareholder, member, guarantors or agents, engage in activity or conduct which materially impairs that goodwill associated with the System or the Proprietary Marks and fails to cease and correct such activities or conduct within twenty-four (24) hours of Franchisee's receipt of written notice of a breach under this Section.

15.2.4 *Misrepresentation.* If Franchisee or Franchisee's principals make any misrepresentation or omission in connection with Franchisee's franchise application, including but not limited to any financial misrepresentation.

15.2.5 *Failure to Complete Training.* If Franchisee (and/or Franchisee's Designated Manager, if applicable) fails to complete the Initial Training Program as provided in Section 8.

15.2.6 *Repeated Breaches.* If Franchisor sends Franchisee two (2) or more written notices to cure pursuant to Sections 15.3 or 15.4 hereof in any 12-month period, regardless of whether the defaults set forth in the notices were subsequently cured.

15.2.7 *Breach of Other Agreements.* If Franchisee or Franchisee's principals materially breach any other agreement with Franchisor or any of Franchisor's affiliates, or threaten

any material breach of any such agreement, or any lease for the Approved Location, and fails to cure such breach within any permitted period for cure.

15.2.8 *Misuse of the Proprietary Marks or Confidential Information.* If Franchisee or Franchisee's principals violate any provision hereof pertaining to Proprietary Marks or Confidential Information or misuse the Proprietary Marks or Confidential Information.

15.2.9 *Discloses Confidential Information or Trade Secrets.* If Franchisee or Franchisee's principals disclose or divulge the contents of the Operations Manual, or any other Confidential Information or Trade Secret provided to Franchisee by the Franchisor or any of its affiliates to any third party;

15.2.10 *Violation of Law.* If Franchisee violates any law, ordinance or regulation or operates the Franchised Business in a manner that presents a health or safety hazard to customers, or the general public.

15.2.11 *Violation of In-term Restrictive Covenant.* If Franchisee violates the in-term restrictive covenant contained in Section 17.1, or any of the other restrictive covenants set forth in this Agreement.

15.2.12 *Liens.* If a levy of writ of attachment or execution or any other lien is placed against Franchisee or any of Franchisee's principals or any of their assets which is not released or bonded against within thirty (30) days.

15.2.13 *Insolvency.* If Franchisee or any of Franchisee's principals become insolvent.

15.2.14 *Abandonment.* If Franchisee voluntarily or otherwise abandons the Franchised Business. The term "abandon" includes any conduct which indicates a desire or intent to discontinue the franchisee business in accordance with the terms of this Agreement for seven (7) days or more without Franchisor's prior written consent.

15.2.15 *Unauthorized Transfer.* If Franchisee purports to sell, transfer or otherwise dispose of any interest in the Franchised Business in violation of Section 14 hereof;

15.2.16 *Unauthorized Products or Services.* If Franchisee offers any unauthorized and unapproved products or services at or from the Franchised Business.

15.2.17 *Unapproved Purchases.* If Franchisee orders or purchases supplies, signs, furnishings, fixtures, equipment or inventory from an unapproved supplier or which Franchisor has not approved.

15.2.18 *Proprietary Software.* If Franchisee misuses or makes unauthorized use of any Proprietary Software Franchisor may develop for use in connection with the System.

15.2.19 *Insurance.* If Franchisee fails to maintain insurance or to repay Franchisor for insurance paid for by it, or otherwise fail to adhere to the requirements of Section 9.

15.2.20 *Government Regulations.* If Franchisee fails, within fifteen (15) calendar days after notification of non-compliance by federal, state or local government authorities to comply with any law or regulation applicable to the Franchised Business.

15.2.21 *Government Actions.* If any government action is taken against Franchisee that results in any obligation upon Franchisor which in Franchisor's sole judgment is uneconomical, not in the best interests of Franchisor, or would result in Franchisor having an unintended relationship or obligation.

15.2.22 *Anti-Terrorist Activities.* If Franchisee fails to comply with the provisions of Section 22.8.

15.2.23 *Personal Use of Franchised Business Property.* If Franchisee takes for Franchisee's own personal use any assets or property of the Franchised Business, including employee taxes, FICA, insurance or benefits.

15.2.24 *Insufficient Funds.* If there are insufficient funds in Franchisee's bank account to cover a check or EFT payment to Franchisor two (2) or more times within any twelve (12) month period.

15.2.25 *Failure to Open.* If Franchisee fails to commence operations of the Franchised Business within the time prescribed in this Agreement.

15.2.26 *Operating Outside of Territory(ies).* If Franchisee operates the Franchised Business outside of the Territory(ies) without Franchisor's prior written consent.

15.2.27 *Violation of Best Efforts.* If Franchisee or Franchisee's principals violate any of the provisions in Section 7.10 of this Agreement.

15.2.28 *Failure to Attend Conference.* If Franchisee fails to attend any conference without Franchisor's prior written approval.

15.3. **Upon 15 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if any of the following defaults remains uncured after Franchisor provides Franchisee with notice of such default(s) and fifteen (15) days to cure:

15.3.1 *Nonpayment.* If Franchisee fails to pay Franchisor as and when due any sums owed to Franchisor, any of Franchisor's affiliates, or any of Franchisor's system suppliers or vendors.

15.3.2 *Endorsement of Checks.* If Franchisee fails to immediately endorse and deliver to Franchisor any payments due to Franchisor from any third party that is erroneously made to Franchisee.

15.3.3 *Failure to Maintain Sufficient Marketing Materials and Supplies.* If Franchisee fails to maintain sufficient levels marketing materials and other supplies necessary to adequately develop the Territory(ies) and meet consumer demand.

15.3.4 *Interruption of Service.* If Franchisee fails to maintain the prescribed months, days, or hours of operation at the Franchised Business.

15.3.5 *Failure to Personally Supervise Franchised Business Operations or Employ Adequate Personnel.* If Franchisee or the Designated Manager fails, in Franchisor's sole discretion, to personally supervise day-to-day operation of the Franchised Business or fails to employ a sufficient number of qualified, competent personnel, as Franchisor requires from time to time.

15.3.6 *Quality Control.* If Franchisee fails to maintain the strict quality controls reasonably required by this Agreement and/or the Operations Manual.

15.3.7 *Licenses and Permits.* If Franchisee fails to procure or maintain any licenses, certifications, or permits necessary for the operation of the Franchised Business.

15.4 **Upon 30 Days' Notice to Cure.** Franchisor has the right to terminate this Agreement if Franchisee fails to perform or comply with any other term or condition of this Agreement, or any ancillary agreements between Franchisee and Franchisor or Franchisor's affiliates, and Franchisee fails to cure such default(s) within thirty (30) days after being provided with notice thereof.

15.5 **Step In Rights.** In addition to Franchisor's right to terminate this Agreement, and not in lieu of such right, or any other rights, Franchisor may have against Franchisee, upon a failure to cure any default within the applicable time period (if any), Franchisor has the right, but not the obligation, to enter upon the Franchised Business premises and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines, in Franchisor's sole discretion that the default has been cured, and Franchisee is otherwise in compliance with this Agreement. In the event Franchisor exercises the rights described in this Section, Franchisee must reimburse Franchisor for all reasonable costs and overhead, if any, incurred in connection with its operation of the Franchised Business including, without limitations, costs of personnel for supervising and staffing the Franchised Business and their travel and lodging accommodations. If Franchisor undertakes to operate the Franchised Business pursuant to this Section, Franchisee agrees to indemnify and hold Franchisor (and Franchisor's representative(s) and employees) harmless from and against any fines, claims, suits or proceedings which may arise out of Franchisor's operation of the Franchised Business. Franchisor reserves the right to charge Franchisee up to five percent (5%) of Franchisee's Gross Revenue generated during the period of time that Franchisor provides temporary management of the Franchised Business.

15.6 **Nonwaiver.** Franchisor's delay in exercising or failing to exercise any right or remedy under this Agreement or Franchisor's acceptance of any late or partial payment due hereunder shall not constitute a waiver of any of Franchisor's rights or remedies against Franchisee.

15.7 **Franchisor's Rights.** If Franchisee is in default of this Agreement and fails to cure such default within the applicable time periods provided herein and by applicable law, Franchisor may elect, at its discretion, to either (i) terminate this Agreement, or (ii) terminate Franchisee's right to operate in one or more Territories under this Agreement.

## 16 RIGHTS AND DUTIES UPON TERMINATION OR EXPIRATION

16.1 **Franchisee's Obligations.** Upon termination of this Agreement, regardless of the cause, and upon expiration and nonrenewal or transfer of this Agreement, Franchisee must, at Franchisee's cost and expense:

16.1.1 Immediately cease all operations under this Agreement;

16.1.2 Immediately pay Franchisor all unpaid fees, and pay Franchisor, Franchisor's affiliates, Franchisor's major suppliers and vendors, all other monies owed;

16.1.3 Discontinue immediately the use of the Proprietary Marks;

16.1.4 Immediately cease using the Technology System and the Operations Manual, and return all Proprietary Materials and Confidential Information, including, without limitation, all customer lists and data, within ten (10) calendar days and immediately and permanently cease use of such information and materials;

16.1.5 Immediately cease using all telephone and facsimile numbers and listings, as well as any permitted domain names and/or Social Media Pages used in connection with the operation of the Franchised Business (collectively, the "Assigned Property"), and direct the telephone company and/or domain name registrar to transfer all such Assigned Property to Franchisor or Franchisor's designee pursuant to the Conditional Assignment of Telephone Numbers and Domain Name attached hereto as Exhibit B, and transfer all usernames and passwords for all Social Media Pages to Franchisor;

16.1.6 Immediately vacate the Franchised Business premises, and if Franchisor exercised Franchisor's rights pursuant to Franchisor's prescribed form of Collateral Assignment of Lease, arrange for transfer of the lease to Franchisor within fifteen (15) calendar days of termination or expiration of this Agreement;

16.1.7 Immediately surrender all stationery, printed matter, signs, advertising materials, supplies and other items containing the Proprietary Marks as Franchisor directs and all items which are a part of the trade dress of the System-immediately, no later than ten (10) calendar days after the termination or expiration of this Agreement;

16.1.8 Immediately cease holding itself out as Franchisor's Franchisee;

16.1.9 Immediately cease to communicate with all customers of the Franchised Business;

16.1.10 Take such action as shall be necessary to amend or cancel any assumed name, business name or equivalent registration, which contains any trade name or other Proprietary Mark Franchisor licensed to Franchisee, and furnish Franchisor evidence satisfactory to Franchisor of compliance with this obligation within fifteen (15) calendar days after the termination, expiration or transfer of this Agreement;

16.1.11 Permit Franchisor to make final inspection of Franchisee's financial records, books, and other accounting records within one (1) month of the effective date of termination, expiration, or transfer;

16.1.12 Comply with the post-termination covenants set forth in Section 17 hereof, all of which shall survive the transfer, termination, or expiration of this Agreement;

16.1.13 Cease to use in advertising or in any other manner, any methods, procedures, or techniques associated with Franchisor or the System; and

16.1.14 Immediately remove Franchisor's Proprietary Marks from vehicles used in connection with the Franchised Business, and otherwise de-identify the vehicles from being associated with Franchisor or the System;

16.1.15 Execute from time to time any necessary papers, documents, and assurances to effectuate the intent of this Section 16; and

16.1.16 Reimburse Franchisor in connection with any costs Franchisor incurs in connection with enforcing Franchisee's obligations under this Section 16.

**16.2 Option to Purchase Personal Property.** Upon the termination or expiration of this Agreement, Franchisor, or Franchisor's designee shall have the option, but not the obligation, to purchase any personal property used in connection with operation of the Franchised Business by providing Franchisee written notice of Franchisor's election within sixty (60) calendar days after such termination or expiration and paying Franchisee the book value for such personal property within sixty (60) calendar days of such notice. For purposes of this paragraph, "book value" means the amount Franchisee actually paid for the personal property less depreciation (calculated by using the straight-line depreciation method on a ten (10) year depreciation schedule irrespective of the depreciation method or schedule Franchisee uses for accounting purposes). Notwithstanding the foregoing, to the extent that Franchisor exercises Franchisor's right to purchase any personal property that is subject to a lease or finance agreement, the purchase price of such personal property shall equal the amount of Franchisee's remaining obligations under the lease or finance agreement, as applicable. Franchisor shall be entitled to offset the purchase price by the amount of money owed by Franchisee to Franchisor for any payments necessary to acquire clear title to property or for any other debt. If Franchisor exercises Franchisor's option to purchase, pending the closing of such purchase, Franchisor has the right to appoint a manager to maintain operation of the Franchised Business, or Franchisor may require that Franchisee close the Franchised Business during such period without removing any assets. Franchisee is required to maintain in force all insurance policies required under this Agreement until the date of such closing. Franchisor has the unrestricted right to assign this option to purchase the Franchised Business. Franchisor will be entitled to all customary warranties and representations in connection with Franchisor's purchase of Franchisee's property, including, without limitation, representations and warranties as to ownership and condition of and title to the property; liens and encumbrances on the property; validity of contracts and agreements; and liabilities affecting the property, contingent or otherwise.

**16.3 Exclusions.** Franchisor may exclude from the personal property purchased under Section 16.2 cash or its equivalent and any equipment, signs, inventory, materials and supplies that are not reasonably necessary (in function or quality) to the Franchised Business's operation or that Franchisor has not approved as meeting standards for the Franchised Business.

**16.4 Damages, Costs, and Expenses.** In the event of termination for any default by Franchisee, Franchisee shall promptly pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of Franchisee's personal property, furnishings, equipment, signs, fixtures and inventory related to the operation of the Franchised Business.

## 17 COVENANTS

Franchisee acknowledges that as a participant in Franchisor's System, Franchisee will receive proprietary and Confidential Information and materials, trade secrets, and the unique methods, procedures,

and techniques which Franchisor has developed. Therefore, to protect Franchisor and Franchisor's other franchisees, Franchisee agrees as follows:

**17.1 During the Term of This Agreement.** During the term of this Agreement, neither Franchisee, Franchisee's owners, officers, directors, principals, nor any member of the immediate family of Franchisee or Franchisee's owners, officers, directors, principals will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership, or corporation:

17.1.1 Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers pressure washing, soft washing, gutter cleaning and protection, or commercial power washing services as well as residential holiday, event or other landscape illumination installation, repair, and/or remove services or related products or services, or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Territory(ies) or the territory(ies) of any other System franchisee, provided that this Section 17.1.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services;

17.1.2 Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

17.1.3 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

**17.2 After the Term of This Agreement.** For a period of two (2) years after the expiration, transfer or termination of this Agreement, regardless of the cause, neither Franchisee, Franchisee's owners, officers, directors, principals nor any member of the immediate family of Franchisee or Franchisee's owners, principals, officers, directors will, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person, partnership or corporation:

17.2.1 Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (a) within the Territory(ies), (b) within a twenty-five (25) mile radius of the Territory(ies) of any other Franchised Business, or (c) within a twenty-five (25) mile radius of any System business operated by Franchisor or its affiliate, provided that this Section 17.2.1 does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar to a Competitive Business;

17.2.2 Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or

17.2.3 Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.

**17.3 Intent and Enforcement.** It is the parties' intent that the provisions of this Section 17 be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Section 17 by Franchisee, any of Franchisee's principals, or any member of the immediate family of Franchisee or Franchisee's principals, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. Franchisee acknowledges that the covenants contained herein are necessary to protect the goodwill of the Franchised Business, other System franchisees, and the System. Franchisee further acknowledges that covenants contained in this Section 17 are necessary to protect Franchisor's procedures and know-how transmitted during the term of this Agreement. Franchisee agrees that in the event of the actual or threatened breach of this Section 17, Franchisor's harm will be irreparable, and that Franchisor has no adequate remedy at law to prevent such harm. Franchisee acknowledges and agrees on Franchisee's own behalf and on behalf of the persons who are liable under this Section 17 that each has previously worked or been gainfully employed in other careers and that the provisions of this Section 17 in no way prevent any such person from earning a living. Franchisee further acknowledges and agrees that the time limitations of this Section 17 shall be tolled during any default under this Section.

**17.4 Employees.** Franchisee shall ensure that Franchisee's principals, managers, employees, and anyone else who will have access to Franchisor's Confidential Information, execute a Confidentiality and Restrictive Covenant Agreement, in the form attached as Exhibit C to the Franchise Agreement, or as Franchisor, in Franchisor's sole discretion, otherwise prescribes. Franchisee must furnish Franchisor a copy of each executed agreement.

**17.5 No Defense.** Franchisee hereby agrees that the existence of any claim Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to Franchisor's enforcement of the covenants contained in this Section 17. Franchisee agrees to pay all costs and expenses (including reasonable attorneys' fees) that Franchisor incurs in connection with the enforcement of this Section 17.

## **18 DISPUTE RESOLUTION**

**18.1 Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut, without reference to its conflict of laws principals.

**18.2 Internal Dispute Resolution.** Franchisee must first bring any claim or dispute between Franchisee and Franchisor to Franchisor's management, after providing notice as set forth in Section 18.6 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

**18.3 Mediation.** At Franchisor’s option, all claims or disputes between Franchisee and Franchisor or its affiliates arising out of, or in any way relating to, this Agreement or any other agreement by and between Franchisee and Franchisor or its affiliates, or any of the parties’ respective rights and obligations arising from such agreement, which are not first resolved through the internal dispute resolution procedure set forth in Section 18.2 above, must be submitted first to mediation, in New Haven County, Connecticut, under the auspices of the American Arbitration Association (“AAA”), in accordance with AAA’s Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, Franchisee must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify Franchisee as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. Franchisee may not commence any action against Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor’s rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and Franchisor and Franchisee shall share mediation costs equally. This agreement to mediate shall survive any termination or expiration of this Agreement.

18.3.1 The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 18.3 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

18.3.1.1 Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;

18.3.1.2 Any claims pertaining to or arising out of any warranty issue;

18.3.1.3 Any of the restrictive covenants contained in this Agreement.

18.3.1.4 Any of Franchisee’s payment obligations that are more than forty-five (45) days past due; or

18.3.1.5 Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee’s insolvency.

**18.4 Selection of Venue.** Nothing contained in this Agreement shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor’s interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in New Haven County, Connecticut and the jurisdiction and venue of the United States District Court for the District of Connecticut. Franchisee acknowledges that this Agreement has been entered into in the State of Connecticut, and that Franchisee is to receive valuable and continuing services emanating from Franchisor’s headquarters in Seymour, Connecticut, including but not limited to training, assistance, support, and the development of the System. In recognition

of such services and their origin, Franchisee hereby irrevocably consents to the personal jurisdiction of the state and federal courts of Connecticut as set forth in this Section.

**18.5 Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, members, agents and/or employees are express third party beneficiaries of the provisions of this Agreement, including the mediation provision set forth in this Section 18, each having authority to specifically enforce the right to mediate claims asserted against such person(s) by Franchisee.

**18.6 Prior Notice of Claims.** As a condition precedent to commencing an action for damages or for violation or breach of this Agreement, Franchisee must notify Franchisor within thirty (30) days after the occurrence of the violation or breach, and failure to timely give such notice shall preclude any claim for damages.

**18.7 No Right to Offset.** Franchisee shall not withhold all or any part of any payment to Franchisor or any of its affiliates on the grounds of Franchisor's alleged nonperformance or as an offset against any amount Franchisor or any of Franchisor's affiliates allegedly may owe Franchisee under this Agreement or any related agreements.

**18.8 Injunctive Relief.** Nothing in this Agreement shall prevent Franchisor from seeking to obtain injunctive relief, without posting a bond, against threatened conduct that will cause Franchisor loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary and permanent injunctions. If injunctive relief is granted, Franchisee's only remedy will be the court's dissolution of the injunctive relief. If the injunctive relief was wrongfully issued, Franchisee expressly waives all claims for damages Franchisee incurred as a result of the wrongful issuance.

**18.9 Limitation of Action.** Franchisee further agrees that no cause of action arising out of or under this Agreement may be maintained by Franchisee against Franchisor unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after the Franchisee becomes aware of facts or circumstances reasonably indicating that Franchisee may have a claim against Franchisor hereunder, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense, or set-off.

**18.9.1** Franchisee hereby waives the right to obtain any remedy based on alleged fraud, misrepresentation, or deceit by Franchisor, including, without limitation, rescission of this Agreement, in any mediation, judicial, or other adjudicatory proceeding arising hereunder, except upon a ground expressly provided in this Agreement, or pursuant to any right expressly granted by any applicable statute expressly regulating the sale of franchises, or any regulation or rules promulgated thereunder.

**18.9.2** Notwithstanding anything to the contrary contained herein, all actions shall be conducted on an individual, not a class-wide basis, and any proceeding between Franchisee, Franchisee's guarantors, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.

**18.10 Waiver of Punitive Damages.** Franchisee hereby waives to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) against Franchisor arising out of

any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agrees that in the event of a dispute, that Franchisee's recovery is limited to actual damages. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages. Nothing in this Section shall be construed to prevent Franchisor from claiming and obtaining punitive or consequential damages, including lost future royalties for the balance of the term of this Agreement.

**18.11 THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR FRANCHISEE'S PURCHASE FROM FRANCHISOR OF THE FRANCHISE AND/OR ANY GOODS OR SERVICES.**

## **19 REPRESENTATIONS**

19.1 **Call Center.** The Call Center is provided on an "AS IS" and "AS AVAILABLE" basis. Franchisor does not covenant any level, quality, continuity or standard of operation for the Call Center, or covenant that the Call Center will be free from defaults, viruses or other harmful components, operate on a continuous or uninterrupted basis, or provide secure access to the Call Center or services provided thereby.

FRANCHISOR MAKES NO REPRESENTATION OR WARRANTY OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE OR NON-INFRINGEMENT, OR WARRANTIES REGARDING THE QUALITY, ACCURACY, TIMELINESS, AVAILABILITY, SUITABILITY, RELIABILITY OF ANY SERVICE, OR SECURITY, USEFULNESS, LACK OF VIRUSES OR OTHER HARMFUL COMPONENTS, OR WARRANTIES REGARDING COMPLETENESS OF THE CONTENT OF THE CALL CENTER, OR WARRANTIES WITH RESPECT TO THE USE OR AVAILABILITY OF ANY INFORMATION, DATA, ITEM, APPARATUS, METHOD OR PROCESS INCLUDED IN THE CALL CENTER, OR THAT SUCH WILL MEET THE FRANCHISEE'S REQUIREMENTS, OR BE ERROR FREE OR NOT INFRINGE ON THE RIGHTS OF OTHERS, OR THAT DEFECTS WILL BE CORRECTED.

19.2 **No Authority.** NO SALESPERSON, REPRESENTATIVE OR OTHER PERSON HAS THE AUTHORITY TO BIND OR OBLIGATE FRANCHISOR EXCEPT FRANCHISOR'S AUTHORIZED OFFICER BY A WRITTEN DOCUMENT. FRANCHISEE ACKNOWLEDGES THAT NO REPRESENTATIONS, PROMISES, INDUCEMENTS, GUARANTEES OR WARRANTIES OF ANY KIND WERE MADE BY FRANCHISOR OR ON FRANCHISOR'S BEHALF WHICH HAVE LED FRANCHISEE TO ENTER INTO THIS AGREEMENT. FRANCHISEE UNDERSTANDS THAT WHETHER FRANCHISEE SUCCEEDS AS A FRANCHISEE IS DEPENDENT UPON FRANCHISEE'S EFFORTS, BUSINESS JUDGMENTS, THE PERFORMANCE OF FRANCHISEE'S EMPLOYEES, MARKET CONDITIONS AND VARIABLE FACTORS BEYOND FRANCHISOR'S CONTROL OR INFLUENCE. FRANCHISEE FURTHER UNDERSTANDS THAT SOME FRANCHISEES ARE MORE OR LESS SUCCESSFUL THAN OTHER FRANCHISEES AND THAT FRANCHISOR HAS MADE

NO REPRESENTATION THAT FRANCHISEE WILL DO AS WELL AS ANY OTHER FRANCHISEE.

**19.3 Receipt.** THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF THIS AGREEMENT, WITH ALL BLANKS COMPLETED AND WITH ANY AMENDMENTS AND SCHEDULES, AT LEAST SEVEN (7) CALENDAR DAYS PRIOR TO EXECUTION OF THIS AGREEMENT. IN ADDITION, THE UNDERSIGNED ACKNOWLEDGES RECEIPT OF FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT OR FRANCHISEE'S PAYMENT OF ANY MONIES TO FRANCHISOR, REFUNDABLE OR OTHERWISE.

**19.4 Opportunity for Review by Franchisee's Advisors.** FRANCHISEE ACKNOWLEDGES THAT FRANCHISOR HAS RECOMMENDED, AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO OBTAIN, REVIEW OF THIS AGREEMENT AND FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT BY FRANCHISEE'S LAWYER, ACCOUNTANT OR OTHER BUSINESS ADVISOR PRIOR TO EXECUTION HEREOF.

**19.5 Execution of Agreement.** EACH OF THE UNDERSIGNED PARTIES WARRANTS THAT IT HAS THE FULL AUTHORITY TO SIGN AND EXECUTE THIS AGREEMENT. IF FRANCHISEE IS A PARTNERSHIP OR CORPORATION, THE PERSON EXECUTING THIS AGREEMENT ON BEHALF OF SUCH PARTNERSHIP OR CORPORATION WARRANTS TO FRANCHISOR, BOTH INDIVIDUALLY AND IN HIS CAPACITY AS PARTNER OR OFFICER, THAT ALL OF THE PARTNERS OF THE PARTNERSHIP OR ALL OF THE SHAREHOLDERS OF THE CORPORATION, AS APPLICABLE, HAVE READ AND APPROVED THIS AGREEMENT, INCLUDING ANY RESTRICTIONS WHICH THIS AGREEMENT PLACES UPON RIGHTS TO TRANSFER THEIR INTEREST IN THE PARTNERSHIP OR CORPORATION.

## **20 GUARANTEE OF PRINCIPALS AND THEIR SPOUSES**

Franchisee's spouse and all partners in a limited partnership, shareholders in a corporate franchisee, or members of a limited liability company, as well as all general partners and managing members, and their spouses hereby personally and unconditionally guarantee without notice, demand or presentment, the payment of all of Franchisee's monetary obligations under this Agreement and any other agreement between Franchisee and Franchisor and/or Franchisor's affiliates, as if each were an original party to this or any other agreement in his or her individual capacity. All such personal guarantors further agree to be bound by the restrictions upon Franchisee's activities upon transfer, termination or expiration and nonrenewal of this Agreement as if each were an original party to this Agreement in his or her individual capacity. All such personal guarantors and their spouses must execute a continuing personal guaranty in the form attached hereto as Exhibit A.

**21 NOTICES**

All notices and requests to be given under this Agreement are to be in writing, and delivered by either hand delivery or overnight mail by a recognized carrier offering a delivery receipt, to the following addresses (which may be changed by written notice):

Franchisee Name/Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Franchisor                      Bright Brothers Group, LLC  
60 Silvermine Road  
Seymour, Connecticut 06483

With a copy to:                Attn: Lane Fisher, Esq.  
Fisher Zucker, LLC  
21 S. 21<sup>st</sup> Street  
Philadelphia, PA 19103

Mailing any notice hereunder sent by U.S. certified mail, postage prepaid or when sent via Federal Express or a similar overnight courier shall be presumptive evidence of delivery of the notice or request.

**22 MISCELLANEOUS**

22.1 **Entire Agreement.** This Agreement contains the entire Agreement of the parties. There are no representations either oral or written, except those contained in this Agreement. This written Agreement includes all representations between the parties. This Agreement may not be modified except by a written document signed by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor made in the franchise disclosure document furnished to Franchisee.

22.2 **Construction of Language.** The language of this Agreement shall be construed according to its fair meaning, and not strictly for or against either party. All words in this Agreement refer to whatever number or gender the context requires. If more than one party or person is referred to as Franchisee, their obligations and liabilities shall be joint and several. Headings are for reference purposes and do not control interpretation. Reference to Franchisee’s “immediate family” means Franchisee’s spouse, parents, children and siblings and Franchisee’s spouse's parents, children and siblings. Reference to Franchisee’s “principals” means Franchisee’s partners, officers, directors, shareholders, members and managers, as applicable. References to “Franchisor” and “Franchisee” include the party’s successors, assigns or transferees. The parties have had a reasonable opportunity to review this Agreement. In the event of an ambiguity or if a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by all of the parties, and no presumptions or burdens of proof shall arise in favor of any party by virtue of the authorship of any of the provisions of this Agreement.

22.3 **Severability.** If any provision of this Agreement is deemed invalid or inoperative for any reason, that provision shall be deemed modified to the extent necessary to make it valid and operative or, if it cannot be so modified, it shall then be severed, and the remainder of that provision shall continue in full force and effect as if this Agreement had been signed with the invalid portion so modified or eliminated; provided, however, that if any part of this Agreement relating to payments to Franchisor or any of its affiliates or protection of the Proprietary Marks or the Confidential Information, including the Operations Manual and Franchisor's other trade secrets, is declared invalid or unenforceable, then Franchisor at Franchisor's option may terminate this Agreement immediately upon written notice to Franchisee.

22.4 **State Law Applies.** If any provision of this Agreement, including but not limited to its provisions for transfer, renewal, termination, notice of termination, or cure rights, is inconsistent with any valid law or regulation of the state in which the Franchised Business is located, then the valid law or regulation of that state applicable to the Franchised Business shall supersede any provision of this Agreement that is less favorable to Franchisee.

22.5 **Additional Documentation.** Franchisee must from time to time, subsequent to the date first set forth above, at Franchisor's request and without further consideration, execute and deliver such other documentation or agreements and take such other actions as Franchisor reasonably may require in order to effectuate the transactions contemplated herein. In the event that Franchisee fails to comply with the provisions of this Section, Franchisee hereby appoints Franchisor as Franchisee's attorney-in-fact to execute any and all documents on Franchisee's behalf, reasonably necessary to effectuate the transactions contemplated herein.

22.6 **Force Majeure.** Neither Franchisee, Franchisor, or Franchisor's affiliates will be liable for loss or damage or deemed to be in breach of this Agreement or any related agreement if its failure to perform its obligations is not the fault nor within the reasonable control of the person due to perform but results from, without limitation, fire, flood, natural disasters, acts of God, governmental acts or orders, or civil disorders. Any delay resulting from any such cause will extend the time of performance for the period of such delay or for such other reasonable period of time as the parties agree in writing or will excuse performance, in whole or in part, as Franchisor deems reasonable.

22.7 **Anti-Terrorist Activities.** Franchisee certifies that neither Franchisee, nor Franchisee's owners, principals, employees or anyone associated with Franchisee is listed in the Annex to Executive Order 13224. Franchisee agrees not to hire or have any dealings with a person listed in the Annex. Franchisee certifies that Franchisee has no knowledge or information that, if generally known, would result in Franchisee, Franchisee's owners, principals, employees, or anyone associated with Franchisee being listed in the Annex to Executive Order 13224. Franchisee agrees to comply with and/or assist Franchisor to the fullest extent possible in Franchisor's efforts to comply with the Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee certifies, represents, and warrants that none of Franchisee's property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's owners or principals are not otherwise in violation of any of the Anti-Terrorism Laws. Franchisee is solely responsible for ascertaining what actions must be taken by Franchisee to comply with all such Anti-Terrorism Laws, and Franchisee specifically acknowledges and agrees that Franchisee's indemnification responsibilities as provided in Section 13.2 of this Agreement pertain to Franchisee's obligations under this Section 22.7. Any misrepresentation by Franchisee under this Section or any violation of the Anti-Terrorism Laws by Franchisee, Franchisee's owners, principals or employees

shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee has entered into with Franchisor or one of Franchisor’s affiliates in accordance with the terms of Section 15.2.1 of this Agreement. As used herein, “Anti-Terrorism Laws” means Executive Order 13224 issued by the President of the United States, the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), 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 (including without limitation, the United States Department of Treasury Office of Foreign Assets Control) addressing or in any way relating to terrorist acts and acts of war.

**22.8 Attorneys’ Fees.** If Franchisee is in breach or default of any monetary or non-monetary material obligation under this Agreement or any related agreement between Franchisee and Franchisor and/or Franchisor’s affiliates, and Franchisor engages an attorney to enforce Franchisor’s rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys’ fees, court costs and litigation expenses Franchisor incurs. If Franchisee institutes any legal action to interpret or enforce the terms of this Agreement, and Franchisee’s claim in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor’s reasonable attorneys’ fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**FRANCHISOR:**

**BRIGHT BROTHERS GROUP, LLC**

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

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

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

**FRANCHISEE:**

\_\_\_\_\_  
(Individual, Partnership or Corporation Name)

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

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

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

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

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

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

**EXHIBIT A**  
**to**  
**BRIGHT BROTHERS GROUP, LLC**  
**FRANCHISE AGREEMENT**

**PERSONAL GUARANTY**

NOTE: IF FRANCHISEE IS A CORPORATION, EACH OF FRANCHISEE'S SHAREHOLDERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A PARTNERSHIP, EACH OF FRANCHISEE'S GENERAL PARTNERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING. IF FRANCHISEE IS A LIMITED LIABILITY COMPANY, EACH OF FRANCHISEE'S MEMBERS AND MANAGERS AND THEIR SPOUSES MUST EXECUTE THE FOLLOWING UNDERTAKING.

**ARTICLE I**  
**PERSONAL GUARANTY**

The undersigned persons (individually and collectively "you") hereby represent to Bright Brothers Group, LLC ("Franchisor") that you are all of the shareholders of the franchisee, or all of the general partners of the franchisee, or all of the members and managers, or the spouse of any such shareholder, general partner, or member or manager of \_\_\_\_\_ ("Franchisee"), as the case may be. In consideration of the grant by Franchisor to Franchisee as provided in the foregoing franchise agreement (the "Franchise Agreement"), each you hereby agree, in consideration of benefits received and to be received by each of you, jointly and severally, and for yourselves, your heirs, legal representatives and assigns, to be firmly bound by all of the terms, provisions and conditions of the foregoing Franchise Agreement, and any other agreement between Franchisee and Franchisor and/or its affiliates, and do hereby unconditionally guarantee the full and timely performance by Franchisee of each and every obligation of Franchisee under the aforesaid Franchise Agreement or other agreement between Franchisor and Franchisee, including, without limitation, any indebtedness of Franchisee arising under or by virtue of the aforesaid Franchise Agreement and that you (jointly and individually) will not permit or cause any change in the percentage of Franchisee owned, directly or indirectly, by any person, without first obtaining the written consent of Franchisor prior to said proposed transfer, which consent must not be unreasonably withheld, and without first paying or causing to be paid to Franchisor the transfer fee provided for in said Franchise Agreement, if applicable, and without otherwise complying with the transfer provisions of the foregoing Franchise Agreement. You further agree to be bound by the in-term and post-term non-competition and non-solicitation covenants set forth in Section 17 of the Franchise Agreement, as well as all other covenants set forth in the Franchise Agreement, including but not limited to those concerning confidentiality (Section 5 of the Franchise Agreement) and indemnification (Section 13.2 of the Franchise Agreement). You agree that this personal guaranty (the "Guaranty") will be governed by the dispute resolution procedures set forth in Section 18 of the Franchise Agreement.

**ARTICLE II**  
**CONFIDENTIALITY**

During the term of this Agreement, you will receive information which Franchisor considers a trade secret and confidential information ("Confidential Information"). You shall not, during the term of this Agreement or thereafter, communicate, divulge, or use for the benefit of any other person,

partnership, association, corporation, or limited liability company any Confidential Information including, without limitation, Franchisor's Operations Manual and its contents; price lists and standards and specifications for the Approved Products and Services; standards and specifications related to Franchisor's integrated bookkeeping system, and other methods, techniques, and know-how concerning the operation of a Franchised Business of which you may be appraised by virtue of your role as a Guarantor of Franchisee.

### **ARTICLE III NON-COMPETITION**

- 1) **During the Term of the Franchise Agreement.** During the term of the Franchise Agreement, neither you, nor your owners, principals, officers, directors, nor any members of your family or the family of your owners, officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:
  - a) Own, maintain, engage in, be employed as an officer, director, principal or of, lend money to, extend credit to or have any interest in any other business that, directly or indirectly, by itself or through licensees or franchisees, offers pressure washing, soft washing, gutter cleaning and protection, or commercial power washing services as well as residential holiday, event or other landscape illumination installation, repair, and/or remove services or related products or services or any other products and/or services authorized or offered for sale by System franchisees (a "Competitive Business") within the Territory(ies) or the territory(ies) of any other System franchisee, provided that this Article III(1) does not apply to: (i) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (ii) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing such services;
  - b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
  - c) Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.
  
- 2) **After the Term of the Franchise Agreement.** For a period of two (2) years after the expiration and nonrenewal, transfer or termination of the Franchise Agreement, regardless of the cause, neither you, nor your owners, principals, officers, directors, nor any members of your family or the family of your owners, officers, directors, or principals may, directly or indirectly, for themselves or through, on behalf of, or in conjunction with any other person or entity:
  - a) Own, maintain, engage in, be employed as an officer, director, principal, or of, lend money to, extend credit to or have any interest in any Competitive Business (i) within the Territory(ies), (ii) within a twenty-five (25) mile radius of the territory(ies) of any other Franchised Business, or (iii) within a twenty-five (25) mile radius of any System business operated by Franchisor or its affiliate, provided that this Article III(2) does not apply to: (A) such person's ownership of a Franchised Business under a Franchise Agreement with Franchisor; or (B) such person's ownership of a less than five percent (5%) legal or beneficial interest in any publicly traded company providing services the same as or similar

to a Competitive Business;

- b) Employ or seek to employ any person who is at that time employed by Franchisor, Franchisor's affiliates or any other System franchisee, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat; or
  - c) Solicit any current, former, or prospective customer solicited by Franchisee's Franchised Business or any other customer of whom Franchisee has become aware as a result of access to Franchisor's System or other franchisees for any competitive purpose.
- 3) **Intent and Enforcement.** It is the parties' intent that the provisions of this Article III be judicially enforced to the fullest extent permissible under applicable law. Accordingly, the parties agree that any reduction in scope or modification of any part of the noncompetition provisions contained herein shall not render any other part unenforceable. In the event of the actual or threatened breach of this Article III by you, any of your principals, or any members of their immediate family, Franchisor shall be entitled to an injunction restraining such person from any such actual or threatened breach. You agree that in the event of the actual or threatened breach of this Article III, Franchisor's harm will be irreparable and that Franchisor has no adequate remedy at law to prevent such harm. You acknowledge and agree that each of you has previously worked or been gainfully employed in other careers and that the provisions of this Article III in no way prevent you from earning a living. You further acknowledge and agree that the time limitation of this Article III shall be tolled during any default under this Guaranty.

#### **ARTICLE IV DISPUTE RESOLUTION**

- 1) **Acknowledgment.** You acknowledge that this Guaranty is not a franchise agreement and does not confer upon you any rights to use the Franchisor's proprietary marks or its system.
- 2) **Governing Law.** This Guaranty shall be deemed to have been made in and governed by the laws of the State of Connecticut, without any reference to Connecticut conflict of laws principles.
- 3) **Internal Dispute Resolution.** You must first bring any claim or dispute arising out of or relating to the Franchise Agreement or this Guaranty to Franchisor's management. You agree to exhaust this internal dispute resolution procedure before bringing any dispute before a third party. This agreement to engage in internal dispute resolution first shall survive the termination or expiration of this Agreement.
- 4) **Mediation.** At Franchisor's option, all claims or disputes between you and Franchisor arising out of, or in any way relating to, this Guaranty or the Franchise Agreement or any other agreement by and between you and the Franchisor, or any of the parties' respective rights and obligations arising from such agreements, must be submitted first to mediation, in New Haven County, Connecticut, under the auspices of the American Arbitration Association ("AAA"), in accordance with AAA's Commercial Mediation Rules then in effect. Before commencing any legal action against Franchisor or its affiliates with respect to any such claim or dispute, you must submit a notice to Franchisor, which specifies, in detail, the precise nature and grounds of such claim or dispute. Franchisor will have a period of thirty (30) days following receipt of such notice within which to notify you as to whether Franchisor or its affiliates elects to exercise its option to submit such claim or dispute to mediation. You may not commence any action against

Franchisor or its affiliates with respect to any such claim or dispute in any court unless Franchisor fails to exercise its option to submit such claim or dispute to mediation, or such mediation proceedings have been terminated either: (i) as the result of a written declaration of the mediator(s) that further mediation efforts are not worthwhile; or (ii) as a result of a written declaration by Franchisor. Franchisor's rights to mediation, as set forth herein, may be specifically enforced by Franchisor. Each party shall bear its own cost of mediation and the parties shall share the cost of mediator. This agreement to mediate at Franchisor's option shall survive the termination or expiration of the Franchise Agreement.

The parties shall not be required to first attempt to mediate a controversy, dispute, or claim through mediation as set forth in this Section 4 if such controversy, dispute, or claim concerns an allegation that a party has violated (or threatens to violate, or poses an imminent risk of violating):

- i. Any federally protected intellectual property rights in the Proprietary Marks, the System, or in any Confidential Information;
  - ii. Any claims arising out of or pertaining to any warranty issued;
  - iii. Any of the restrictive covenants contained in this agreement;
  - iv. Any of Franchisee's payment obligations that are more than forty-five (45) days past due; or
  - v. Any claims arising out of or related to fraud or misrepresentation by Franchisee, or Franchisee's insolvency.
- 5) **Third Party Beneficiaries.** Franchisor's officers, directors, shareholders, agents and/or employees are express third party beneficiaries of the Franchise Agreement and this Guaranty, and the mediation provisions contained herein, each having authority to specifically enforce the right to mediate and arbitrate claims asserted against such person(s) by you.
- 6) **Injunctive Relief.** Nothing contained in this Guaranty shall prevent Franchisor from applying to or obtaining from any court having jurisdiction, without bond, a writ of attachment, temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interest prior to the filing of any mediation proceeding or pending the trial or handing down of a decision or award pursuant to any mediation or judicial proceeding conducted hereunder.
- 7) **Jurisdiction and Venue.** Nothing contained in this Guaranty shall prevent Franchisor from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other emergency relief available to safeguard and protect Franchisor's interests. The parties expressly agree to the jurisdiction and venue of any court of general jurisdiction in New Haven County, Connecticut and the jurisdiction and venue of the United States District Court for the District of Connecticut. The parties acknowledge and agree that this Agreement has been entered into in the State of Connecticut, and that Franchisee is to receive valuable and continuing services emanating from Franchisor's headquarters in Seymour, Connecticut, including but not limited to training, assistance, support and the development of the System. In recognition of such services and their origin, you hereby

irrevocably consent to the personal jurisdiction of the state and federal courts of Connecticut as set forth herein.

- 8) **Jury Trial Waiver.** **THE PARTIES HEREBY AGREE TO WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR EQUITY, REGARDLESS OF WHICH PARTY BRINGS SUIT. THIS WAIVER SHALL APPLY TO ANY MATTER WHATSOEVER BETWEEN THE PARTIES HERETO WHICH ARISES OUT OF OR IS RELATED IN ANY WAY TO THIS PERSONAL GUARANTY OR THE FRANCHISE AGREEMENT, THE PERFORMANCE OF EITHER PARTY, AND/OR YOUR PURCHASE FROM FRANCHISOR OF THE FRANCHISE, OPTION AND/OR ANY GOODS OR SERVICES.**
- 9) **Waiver of Punitive Damages.** You waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special or consequential damages (including, without limitation, lost profits) which you may have against Franchisor arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, your recovery shall be limited to actual damages. If any other term of this Guaranty is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions shall continue in full force and effect, including, without limitation, the waiver of any right to claim any consequential damages.
- 10) **Limitation on Action.** You agree that no cause of action arising out of or under this Guaranty or the Franchise Agreement may be maintained by you unless brought before the expiration of one (1) year after the act, transaction or occurrence upon which such action is based or the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim against the Franchisor, whichever occurs sooner, and that any action not brought within this period shall be barred as a claim, counterclaim, defense or set-off. Notwithstanding anything to the contrary contained herein, all actions will be conducted on an individual, not a class-wide basis, and any proceeding between you, Franchisee, and Franchisor or its affiliates or employees may not be consolidated with any other proceeding between Franchisor and any other person or entity.
- 11) **Attorneys' Fees.** If the undersigned is in breach or default of any monetary or non-monetary material obligation under the Franchise Agreement or this Guaranty, or any related agreement between Franchisee and Franchisor and/or Franchisor's affiliates, and Franchisor engages an attorney to enforce Franchisor's rights (whether or not formal judicial proceedings are initiated), Franchisee must pay all reasonable attorneys' fees, court costs and litigation expenses Franchisor incurs. If the undersigned or Franchisee institutes any legal action to interpret or enforce the terms of this Guaranty or the Franchise Agreement, and the claim(s) in such action is denied or the action is dismissed, Franchisor is entitled to recover Franchisor's reasonable attorneys' fees, and all other reasonable costs and expenses incurred in defending against same, and to have such an amount awarded as part of the judgment in the proceeding.
- 12) **Nonwaiver.** Franchisor's failure to insist upon strict compliance with any provision of this Guaranty and the Franchise Agreement shall not be a waiver of Franchisor's right to do so, any law, custom, usage or rule to the contrary notwithstanding. Delay or omission by Franchisor respecting any breach or default shall not affect Franchisor's rights respecting any subsequent breaches or defaults. All rights and remedies granted in this Guaranty shall be cumulative. Franchisor's election to exercise any remedy available by law or contract shall not be deemed a

waiver or preclude exercise of any other remedy.

- 13) **Severability.** The parties agree that if any provisions of this Guaranty may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other which would render it valid and enforceable, such provision shall have the meaning that renders it valid and enforceable. The language of all provisions of this Guaranty shall be construed according to fair meaning and not strictly construed for or against either party. The provisions of this Guaranty are severable, and this Guaranty shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained herein, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable. If any material provision of this Guaranty shall be stricken or declared invalid, the parties agree to negotiate mutually acceptable substitute provisions. In the event that the parties are unable to agree upon such provisions, Franchisor reserves the right to terminate this Guaranty.
- 14) **Construction of Language.** Any term defined in the Franchise Agreement that is not defined in this Guaranty will be ascribed the meaning given to it in the Franchise Agreement. The language of this Guaranty will be construed according to its fair meaning, and not strictly for or against either party. All words in this Guaranty refer to whatever number or gender the context requires. If more than one party or person is referred to as you, their obligations and liabilities must be joint and several. Headings are for reference purposes and do not control interpretation.
- 15) **Successors.** References to “Franchisor” or “the undersigned, or “you” include the respective parties' successors, assigns or transferees.
- 16) **No Personal Liability.** You agree that fulfillment of any and all of Franchisor’s obligations written in this Guaranty or in the Franchise Agreement or based on any oral communications which may be ruled to be binding in a Court of Law shall be Franchisor’s sole responsibility and none of Franchisor’s agents, representatives, nor any individuals associated with Franchisor’s franchise company shall be personally liable to Franchisee or you for any reason.

***THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK.  
SIGNATURES APPEAR ON FOLLOWING PAGE***

**IN WITNESS WHEREOF, AND INTENDING TO BE LEGALLY BOUND HEREBY, THE PARTIES HERETO HAVE CAUSED THIS AGREEMENT TO BE EXECUTED EFFECTIVE THE DATE FIRST SET FORTH ABOVE.**

**PERSONAL GUARANTORS**

**SPOUSES**

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

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

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

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

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Telephone: \_\_\_\_\_

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

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

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

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

Address: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Telephone: \_\_\_\_\_

Telephone: \_\_\_\_\_

**EXHIBIT B**  
**to**  
**BRIGHT BROTHERS GROUP, LLC**  
**FRANCHISE AGREEMENT**

**CONDITIONAL ASSIGNMENT OF FRANCHISEE'S TELEPHONE NUMBERS,  
FACSIMILE NUMBERS AND DOMAIN NAMES**

1. \_\_\_\_\_, doing business as a Bright Brothers Group, LLC franchisee, (“Assignor”), in exchange for valuable consideration provided by Bright Brothers Group, LLC (“Assignee”), receipt of which is hereby acknowledged hereby conditionally assigns to Assignee all telephone numbers, facsimile numbers, domain names, as well as any listings associated therewith, utilized by Assignor in the operation of its Franchised Business at Assignor's above-referenced address (the “Assigned Property”). The Assigned Property includes the following:

Telephone Number(s): \_\_\_\_\_

Facsimile Number(s): \_\_\_\_\_

Domain Name(s) (as permitted by Franchisor under the Franchise Agreement):  
\_\_\_\_\_

2. The conditional agreement will become effective automatically upon termination, expiration of Assignor's franchise. Upon the occurrence of that condition, Assignor must do all things required by the telephone company and/or domain name registrar to assure the effectiveness of the assignment of Assigned Property as if the Assignee had been originally issued such Assigned Property and the usage thereof.

3. Assignor agrees to pay the telephone company and/or domain name registrar, on or before the effective date of assignment, all amounts owed for the use of the Assigned Property up to the date this Assignment becomes effective. Assignor further agrees to indemnify Assignee for any sums Assignee must pay the telephone company to effectuate this Assignment, and agrees to fully cooperate with the telephone company and/or domain name registrar, as well as Assignee, in effectuating this Assignment.

**ASSIGNOR:**

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

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

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

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

**ASSIGNEE:**

**BRIGHT BROTHERS GROUP, LLC**

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

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

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

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

**EXHIBIT C**  
**to**  
**BRIGHT BROTHERS GROUP, LLC**  
**FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND RESTRICTIVE COVENANT AGREEMENT**  
*(for trained employees, shareholders, officers, directors,  
general partners, members and managers of Franchisee)*

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_ (the “Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that Franchisee, has acquired the right and franchise from Bright Brothers Group, LLC (the “Company”) to establish and operate a franchised business (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company's trade names, trademarks and service marks (the “Proprietary Marks”) and the Company's unique and distinctive format and system relating to the establishment and operation of Franchised Businesses (the “System”), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the “Franchised Business Premises”).

1. The Company possesses certain proprietary and confidential information and trade secrets relating to the operation of the System and the Franchised Business, including the Company’s Manuals; price lists and standards and specifications for the Approved Products and Services; standards and specifications related to the Company’s integrated bookkeeping system, and other methods, techniques and know-how concerning the of operation of the Franchised Business which may be communicated to Franchisee or of which I may be appraised by virtue of my employment with Franchisee (“Confidential Information”).

2. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

3. In my position with the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me the training program and subsequent ongoing training, the Company’s Operations Manual (the “Operations Manual”) and other general assistance during the term of this Agreement.

4. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term hereof, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

5. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties with the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

6. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, corporation or limited liability company, own, maintain, engage in, be employed by, or have any interest in any other business which operates or licenses any other competing businesses, except for a Franchised Business operating under the System and Proprietary Marks.

7. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

8. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

9. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

10. This Agreement shall be construed under the laws of the State of Connecticut. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

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

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

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

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

**ACKNOWLEDGED BY FRANCHISEE**

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

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

**EXHIBIT D**  
**to**  
**BRIGHT BROTHERS GROUP, LLC**  
**FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS WITHDRAWAL AUTHORIZATION**

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

ABA# : \_\_\_\_\_

Acct. No.: \_\_\_\_\_

Acct. Name: \_\_\_\_\_

1. Effective as of the date of the signature below, \_\_\_\_\_ (“Franchisee”) hereby authorizes Bright Brothers Group, LLC (“Company”) or its designee to withdraw funds from the above-referenced bank account, electronically or otherwise, and to make the following payments to Company under the Franchise Agreement for the Franchised Business located at: \_\_\_\_\_: (1) all Royalty fees; (2) all Brand Fund Contributions, Call Center Fees or other recurring fees; and (iii) and other fees due and owing under the Franchise Agreement. Franchisee acknowledges that Royalty and all other fees may be collected by Franchisor in the manner provided for in the Franchise Agreement. Such withdrawals shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. Company is also authorized to deposit the Gross Revenues of Franchisee’s Franchised Business, less all amounts due under the Franchise Agreement, into the above-referenced account, electronically or otherwise. Such deposits shall occur on a monthly basis, or on such other schedule as Company shall specify in writing. This authorization shall remain in full force and effect until terminated in writing by Company. Franchisee shall provide Company, in conjunction with this authorization, a voided check from the above-referenced account.

**AGREED:**

**FRANCHISOR**

**FRANCHISEE**

**BRIGHT BROTHERS GROUP, LLC**

\_\_\_\_\_

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

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

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

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

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

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

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

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

**EXHIBIT E**  
**to**  
**BRIGHT BROTHERS GROUP, LLC**  
**FRANCHISE AGREEMENT**

**SITE SELECTION ADDENDUM**

Bright Brothers Group, LLC, a Delaware limited liability company with a principal business address at 60 Silvermine Road, Seymour, Connecticut 06483 (“Franchisor”) and \_\_\_\_\_ (“Franchisee”), have on \_\_\_\_\_ (the “Effective Date”), entered into the foregoing Franchise Agreement for the operation of a franchised business using Franchisor’s Proprietary Marks and System (the “Franchised Business”) and desire to supplement its terms, as set forth below. The parties therefore agree as follows:

1. Within 90 days after Franchisee receives notice of approval of the Franchise Agreement, Franchisee must obtain a site, at Franchisee’s expense, for the Franchised Business, which Franchisor will approve as hereinafter provided. The site must be within the following non-exclusive site selection Territory(ies):

\_\_\_\_\_

2. Franchisee’s failure to obtain a site for the Franchised Business within the time required in Paragraph 1 will constitute a default under the Franchise Agreement and this Site Selection Addendum. Time is of the essence.

3. Prior to Franchisee’s acquisition by lease or purchase of a site for the Franchised Business, Franchisee must submit to Franchisor, in the form Franchisor specifies, a completed site review form, such other information or materials as Franchisor may reasonably require, and a letter of intent or other evidence satisfactory to Franchisor that confirms Franchisee’s favorable prospects for obtaining the proposed site. Recognizing that time is of the essence, Franchisee must submit a proposed site, together with the information and materials required by this Paragraph 3, to Franchisor for Franchisor’s approval within 90 days after execution of this Site Selection Addendum. Franchisor will have thirty (30) days after receipt of such information and materials from Franchisee to approve or disapprove, in Franchisor’s sole discretion, the site as a location for the Franchised Business. No proposed site will be deemed approved unless Franchisor has expressly approved it in writing.

4. Franchisor will furnish to Franchisee such site selection guidelines, consultation and on-site evaluation as Franchisor deems advisable as part of Franchisor’s evaluation of Franchisee’s request for site approval. Franchisor will not, however, provide on-site evaluation for any proposed site prior to Franchisor’s receipt of the information and materials required by Paragraph 3 hereof. If Franchisor deems on-site evaluation necessary and appropriate, Franchisor will conduct up to one (1) on-site evaluation at Franchisor’s cost. For each additional on-site evaluation (if any), Franchisee will reimburse Franchisor for Franchisor’s reasonable expenses including, without limitation, the costs of travel, lodging, and meals.

5. If Franchisee will be occupying the Franchised Business premises under a lease, Franchisee shall, upon Franchisor’s request, prior to the execution of the lease, submit the lease to Franchisor for Franchisor’s approval. Franchisor’s approval of the lease may be conditioned upon Franchisee’s execution of a Collateral Assignment of Lease in the form Franchisor prescribes, as well as the inclusion or exclusion of certain required provisions. Franchisee must furnish Franchisor with a copy of any executed lease within ten (10) days after execution thereof.

6. After Franchisor has approved a site for the Franchised Business in writing and Franchisee has

acquired the site, the site will constitute the Approved Location referred to in Section 1.3 of the Franchise Agreement.

7. Franchisee hereby acknowledges and agrees that Franchisor's approval of a site does not constitute an assurance, representation or warranty or any kind, express or implied, as to the suitability of the site for the Franchised Business or for any other purpose. Franchisor's approval of the site indicates only that Franchisor believes the site complies with acceptable minimum criteria established by Franchisor solely for Franchisor's purposes as of the time of the evaluation. Both parties to this Agreement acknowledge the application of criteria that have been effective with respect to other sites and premises may not be predictive of potential for all sites and that, subsequent to Franchisor's approval of a site, demographic and/or economic factors, such as competition from other similar businesses, included in or excluded from Franchisor's criteria could change thereby altering the potential of a site. Such factors are unpredictable and are beyond Franchisor's control. Franchisor will not be responsible for the failure of a site approved by Franchisor to meet Franchisee's expectations as to revenue or operational criteria. Franchisee further acknowledges and agrees that Franchisee's acceptance of a franchise for the operation of the Franchised Business at the site is based on Franchisee's own independent investigation of the suitability of the site.

8. This Site Selection Addendum constitutes an integral part of the Franchise Agreement between the parties hereto, and terms of this Site Selection Addendum will be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Site Selection Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum on the day and year first above written.

**FRANCHISEE**

\_\_\_\_\_  
(Individual, Partnership or Corporation Name)

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

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

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

**FRANCHISOR**

**BRIGHT BROTHERS GROUP, LLC**

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

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

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

**EXHIBIT F**  
**to**  
**BRIGHT BROTHERS GROUP, LLC**  
**FRANCHISE AGREEMENT**

**FRANCHISEE QUESTIONNAIRE**

**DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE A MARYLAND RESIDENT OR PLAN TO OPEN THE BUSINESS IN MARYLAND.**

**NOTICE FOR PROSPECTIVE FRANCHISEES WHO RESIDE IN, OR WHO INTEND TO OPERATE THE FRANCHISED BUSINESS IN, ANY OF THE FOLLOWING STATES: CA, HI, IL, IN, MD, MI, MN, NY, ND, RI, SD, VA, WA, WI (EACH A REGULATED STATE):**

FOR PROSPECTIVE FRANCHISEES THAT RESIDE IN OR ARE SEEKING TO OPERATE THE FRANCHISED BUSINESS IN ANY REGULATED STATE, SUCH PROSPECTIVE FRANCHISEE SHOULD NOT COMPLETE THIS QUESTIONNAIRE OR RESPOND TO ANY OF THE QUESTIONS CONTAINED IN THIS QUESTIONNAIRE.

As you know, Bright Brothers Group, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of a franchised business (a “Franchised Business”). The purposes of this Questionnaire are to determine whether any statements or promises were made to you that we have not authorized or that may be untrue, inaccurate, or misleading, to be certain that you have been properly represented in this transaction, and to be certain that you understand the limitations on claims you may make by reason of the purchase and operation of your franchise. **You cannot sign or date this Questionnaire the same day as the Receipt for the Franchise Disclosure Document but you must sign and date it the same day you sign the Franchise Agreement and pay your franchise fee.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer on the back of this sheet.

- Yes \_\_\_ No \_\_\_ 1. Have you received and personally reviewed the Franchise Agreement, as well as each exhibit or schedule attached to this agreement, you intend to enter into with us?
- Yes \_\_\_ No \_\_\_ 2. Have you received and personally reviewed the Franchise Disclosure Document we provided?
- Yes \_\_\_ No \_\_\_ 3. Did you sign a receipt for the Disclosure Document indicating the date you received it?
- Yes \_\_\_ No \_\_\_ 4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement you intend to enter into with us?
- Yes \_\_\_ No \_\_\_ 5. Have you reviewed the Disclosure Document and Franchise Agreement with a lawyer, accountant or other professional advisor and discussed the benefits and risks of operating a Franchised Business with these professional advisor(s)?
- Yes \_\_\_ No \_\_\_ 6. Do you understand the success or failure of your Franchised Business will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

- Yes\_\_\_ No \_\_\_ 7. Do you understand that you must devote your personal full-time attention and best efforts to the management and operation of your Franchised Business, and will not own, maintain, engage in, be employed by or have any interest in any other business other than the Franchised Business?
- Yes\_\_\_ No \_\_\_ 8. Do you understand we have only granted you certain territorial rights under the Franchise Agreement and that we have reserved certain rights under the Franchise Agreement?
- Yes\_\_\_ No \_\_\_ 9. Do you understand we and our affiliates retain the exclusive unrestricted right to engage, directly or through others, in the providing of services under the Proprietary Marks or other mark, at any location outside your Territory(ies), without regard to the proximity of these activities to the premises of your Franchised Business?
- Yes\_\_\_ No \_\_\_ 10. Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be mediated, at our option, in New Haven County, Connecticut?
- Yes\_\_\_ No \_\_\_ 11. Do you understand the Franchise Agreement provides you can only collect compensatory damages on any claim under or relating to the Franchise Agreement and you are not entitled to any punitive, consequential or other special damages?
- Yes\_\_\_ No \_\_\_ 12. Do you understand the sole entity or person against whom you may bring a claim under the Franchise Agreement is Bright Brothers Group, LLC?
- Yes\_\_\_ No \_\_\_ 13. Do you understand all persons whose names appear on the Franchise Agreement must successfully complete the appropriate initial training program(s) before we will allow the Franchised Business to open or consent to a transfer of that Franchised Business?
- Yes\_\_\_ No \_\_\_ 14. Do you understand that we require you to successfully complete certain initial training program(s) and if you do not successfully complete the applicable training program(s) to our satisfaction, we may terminate your Franchise Agreement?
- Yes\_\_\_ No \_\_\_ 15. Do you understand we do not have to sell you a franchise or additional franchises or consent to your purchase of existing franchises?
- Yes\_\_\_ No \_\_\_ 16. Do you understand that we will send written notices, as required by your Franchise Agreement, to either your Franchised Business or home address until you designate a different address by sending written notice to us?
- Yes\_\_\_ No \_\_\_ 17. Do you understand that we will not approve your purchase of a Franchised Business, or we may immediately terminate your Franchise Agreement, if we are prohibited from doing business with you under any anti-terrorism law enacted by the United States Government?
- Yes\_\_\_ No \_\_\_ 18. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating a Franchised Business that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes\_\_\_ No \_\_\_ 19. Is it true that no broker, employee or other person speaking on our behalf made any

statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Franchised Business will generate, that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

- Yes \_\_\_ No \_\_\_ 20. Is it true that no broker, employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?
- Yes \_\_\_ No \_\_\_ 21. Is it true that no broker, employee or other person providing services to you on our behalf has solicited or accepted any loan, gratuity, bribe, gift or any other payment in money, property or services from you in connection with a Franchised Business purchase with exception of those payments or loans provided in the Disclosure Document?
- Yes \_\_\_ No \_\_\_ 22. Did you receive the Franchise Disclosure Document at least fourteen (14) days before you completed and signed this Questionnaire?
- Yes \_\_\_ No \_\_\_ 23. Did you receive the Franchise Agreement at least seven (7) days before you completed and signed this Questionnaire?

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

**YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.**

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Signature of Franchise Applicant

\_\_\_\_\_  
Name (please print)

\_\_\_\_\_  
Name (please print)

Dated: \_\_\_\_\_, 20\_\_\_\_

Dated: \_\_\_\_\_, 20\_\_\_\_

**Exhibit C**  
**to**  
**Bright Brothers Group, LLC's**  
**Franchise Disclosure Document**

**State Specific Addenda**

## **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.

Seller Name: Bright Brothers Group, LLC

Issuance Date: April 29, 2024

## **DISCLOSURES REQUIRED BY CONNECTICUT LAW**

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

## **DISCLOSURES REQUIRED BY GEORGIA LAW**

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

**ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

Illinois law governs the Franchise Agreement.

Item 5 is hereby amended by the addition of the following language:

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

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 the State of Illinois is void. However, a franchise agreement or development agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-renewal are set forth in section 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 acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

“NATIONAL ACCOUNTS” EXIST IN THIS FRANCHISE SYSTEM. FRANCHISOR RESERVES THE RIGHT TO ESTABLISH, IDENTIFY AND SERVICE “NATIONAL ACCOUNTS” WITHIN YOUR TERRITORY. FRANCHISOR MAY OFFER YOU THE OPPORTUNITY TO SERVICE A NATIONAL ACCOUNT LOCATED WITHIN YOUR TERRITORY UNDER TERMS IT NEGOTIATES. IF YOU DECLINE TO DO SO, FRANCHISOR OR ITS AFFILIATE(S) MAY PROVIDE PRODUCTS & SERVICES TO A “NATIONAL ACCOUNT” WITH NO COMPENSATION PAID TO YOU.

**IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum on the day and year first above written.**

**FRANCHISOR**

**FRANCHISEE**

**BRIGHT BROTHERS GROUP, LLC**

\_\_\_\_\_

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

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

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

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

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

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

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

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

**ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT**

Illinois law governs the Franchise Agreement.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor’s financial condition.

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 the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-renewal are set forth in section 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 acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The Franchise Agreement is hereby amended by the inclusion of the following:

“NATIONAL ACCOUNTS” EXIST IN THIS FRANCHISE SYSTEM. FRANCHISOR RESERVES THE RIGHT TO ESTABLISH, IDENTIFY AND SERVICE “NATIONAL ACCOUNTS” WITHIN YOUR TERRITORY. FRANCHISOR MAY OFFER YOU THE OPPORTUNITY TO SERVICE A NATIONAL ACCOUNT LOCATED WITHIN YOUR TERRITORY UNDER TERMS IT NEGOTIATES. IF YOU DECLINE TO DO SO, FRANCHISOR OR ITS AFFILIATE(S) MAY PROVIDE PRODUCTS & SERVICES TO A “NATIONAL ACCOUNT” WITH NO COMPENSATION PAID TO YOU.

**IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Addendum on the day and year first above written.**

**FRANCHISOR**

**FRANCHISEE**

**BRIGHT BROTHERS GROUP, LLC**

\_\_\_\_\_

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

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

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

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

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

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

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

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

## MARYLAND ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

For franchises and franchisees subject to the Maryland Franchise Registration and Disclosure Law, the following information replaces or supplements, as the case may be, the corresponding disclosures in the main body of the text of the Bright Brothers Group, LLC Franchise Disclosure Document:

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

### Item 5.

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

### Item 17.

The provision in the Franchise Agreement which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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

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

**MARYLAND ADDENDUM TO THE FRANCHISE AGREEMENT**

**THE FRANCHISE AGREEMENT TO WHICH THIS ADDENDUM IS ATTACHED AND INCORPORATED IS HEREBY AMENDED AS FOLLOWS:**

1. Despite anything to the contrary contained in the Franchise Agreement, the general release required as a condition of the resale of an existing franchise by a franchisee shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.
2. The acknowledgements and representations contained in the Franchise Agreement are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred by Bright Brothers Group, LLC under the Maryland Franchise Registration and Disclosure Law.
3. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.
4. 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.
5. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
6. The following section is hereby removed from the Franchise Agreement: Sections 19.
7. Exhibit F (Franchisee Questionnaire) is hereby removed from the Franchise Agreement.
8. Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

**The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.**

**FRANCHISOR**

**FRANCHISEE**

**BRIGHT BROTHERS GROUP, LLC**

\_\_\_\_\_

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

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

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

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

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

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

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

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

## NEW YORK ADDENDUM

1. The following information is added to the cover page of the Franchise Disclosure Document:

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

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

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

A. No such party has an administrative, criminal, or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

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

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

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

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

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 *et seq.*), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

## **DISCLOSURES REQUIRED BY NORTH CAROLINA LAW**

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

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

## **DISCLOSURES REQUIRED BY SOUTH CAROLINA LAW**

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

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

**VIRGINIA ADDENDUM  
TO THE FRANCHISE DISCLOSURE DOCUMENT**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Bright Brothers Group, LLC for use in the Commonwealth of Virginia shall be amended as follows:

The following disclosure is added to Item 5:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

**Additional Disclosures.** The following statements are added to Item 17.H.

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

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be enforceable.

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

**VIRGINIA ADDENDUM TO THE  
FRANCHISE AGREEMENT**

The Franchise Agreement is hereby amended by the addition of the following language:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

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

**Exhibit D**  
**to**  
**Bright Brothers Group, LLC's**  
**Franchise Disclosure Document**

**Financial Statements**

**BRIGHT BROTHERS GROUP, LLC**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2023**

# **BRIGHT BROTHERS GROUP, LLC**

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203.447.0550

2 CORPORATE DRIVE STE 154  
SHELTON, CT 06484

## **Independent Auditors' Report**

To the Members  
Bright Brothers Group, LLC  
Seymour, Connecticut

### **Opinion**

We have audited the accompanying financial statements of Bright Brothers Group, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of income and members' deficit and cash flows for the period June 20, 2023 (from inception) to December 31, 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 Bright Brothers Group, LLC as of December 31, 2023, and the results of its operations and its cash flows for the period June 20, 2023 to December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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

### **Emphasis of Matter**

As discussed in Note 5 to the financial statements, the Company is a start-up with limited revenue from operations. The Company has arrangements with a member and a related party to fund ongoing operations as needed. Our opinion is not modified with respect to that matter.

### **Management's Responsibility 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 Bright Brothers Group, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' Responsibility**

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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial 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 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 Bright Brothers Group, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bright Brothers Group, LLC'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.

*Walsh & Dickinson*

Shelton, Connecticut  
April 25, 2024

# BRIGHT BROTHERS GROUP, LLC

## BALANCE SHEET DECEMBER 31, 2023

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### ASSETS

#### Current Assets

Cash	\$	5,649
Accounts receivable		26,648
Inventories		5,867
Due from affiliate		4,675
Total current assets		<u>42,839</u>

#### Property and Equipment

Vehicles		50,670
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#### Other Assets

Intangibles, net		<u>5,156</u>
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<b>Total Assets</b>	<b>\$</b>	<b><u><u>98,665</u></u></b>
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### LIABILITIES AND MEMBERS' DEFICIT

#### Current Liabilities

Accounts payable	\$	17,761
Accrued expenses		17,360
Due to affiliate		204,075
Total current liabilities		<u>239,196</u>

Members' deficit		<u>(140,531)</u>
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<b>Total Liabilities and Members' Deficit</b>	<b>\$</b>	<b><u><u>98,665</u></u></b>
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The accompanying notes are an integral part of the financial statements

# BRIGHT BROTHERS GROUP, LLC

## STATEMENT OF OPERATIONS AND MEMBERS' DEFICIT FOR THE PERIOD JUNE 20, 2023 (FROM INCEPTION) TO DECEMBER 31, 2023

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<b>Revenues</b>	
Franchise Fees	\$ -
Sale of Product	<u>26,648</u>
<b>Cost of Goods Sold</b>	<u>19,088</u>
<b>Gross Income</b>	7,560
<b>General and Administrative Expenses</b>	<u>148,091</u>
<b>Net Loss</b>	(140,531)
<b>Members' Deficit - Beginning of Year</b>	-
<b>Members' Deficit - End of Year</b>	<u><u>\$ (140,531)</u></u>

The accompanying notes are an integral part of the financial statements

# BRIGHT BROTHERS GROUP, LLC

## STATEMENT OF CASH FLOWS

FOR THE PERIOD JUNE 20, 2023 (FROM INCEPTION) TO DECEMBER 31, 2023

---

### Cash Flows from Operating Activities

Net loss	\$ (140,531)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:	
Amortization	469
Increase in operating assets:	
Accounts receivable	(26,648)
Inventories	(5,867)
Increase in operating liabilities:	
Accounts payable and accrued expenses	35,121
Net cash used in operating activities	<u>(137,456)</u>

### Cash Flows from Investing Activities

Capital expenditures	(50,670)
Purchase of intangibles	(5,625)
Advances to affiliate	(4,675)
Net cash used in investing activities	<u>(60,970)</u>

### Cash Flows from Financing Activities

Advances from affiliate	204,075
Net cash provided by financing activities	<u>204,075</u>

**Net Increase in Cash** 5,649

**Cash - Beginning of Year** -

**Cash - End of Year** \$ 5,649

The accompanying notes are an integral part of the financial statements

# BRIGHT BROTHERS GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - ORGANIZATON

Bright Brothers Group, LLC (the Company) was incorporated in the State of Delaware on June 20, 2023. The Company is the franchising company for Bright Brothers Exterior Washing and Holiday Lights.

### NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Cash and Cash Equivalents

The Company considers all short-term, highly liquid investments with an original maturity date of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

#### Accounts Receivable

Accounts receivable are presented net of an allowance for credit losses. The allowance for credit losses reflects management’s estimate of probable losses inherent in the Company’s outstanding receivables determined on the basis of historical experience, specific allowances for known troubled accounts, and other currently available evidence. Uncollectible account balances are written off when management determines the probability of collection is remote. Management of the Company did not deem an allowance for doubtful accounts necessary as of December 31, 2023.

#### Inventories

Inventories are stated at the lower of cost (computed on a first-in, first-out (FIFO) basis) and market being based on lower of replacement cost or estimated net realizable value. Inventories consist primarily of finished goods.

#### Property and Equipment

Property and equipment are stated at cost. Depreciation expense is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Vehicles 5 years

Depreciation expense was \$-0- for the period June 20, 2023 to December 31, 2023.

#### Intangible Assets

Intangible assets consist of software and are recorded at cost. Software is being amortized on a straight-line basis over its remaining estimated useful life of 5 years. All intangible assets are evaluated on an annual basis to assess recoverability. Impairments are recognized in operating results to the extent that carrying value exceeds fair value.

# **BRIGHT BROTHERS GROUP, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

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### **Revenue Recognition**

The Company generates most of its revenue from contracts with customers. The Company's franchise agreements offer the following benefits to the franchisee: common use and promotion of trademarks; promotional materials; access to technology; operational & sales support; training and start up supplies and other materials.

#### *Initial Franchise Fee*

The Company determined that upon signing the franchise agreement, the franchisee has completed its performance obligations and therefore, the Company has earned the franchise fee income at this point in time.

#### *Royalty Fees*

Royalty fees are variable contractual fees paid weekly by franchise owners in independent territories. Royalty fees are recognized in the period for which the fee is billed and are a usage-based royalty as they are dependent on the franchisee's gross revenue.

#### *Training Fee*

Training fees are a flat fee charged to a franchisee and are recognized as revenue, at a point in time, upon the franchisee's completion of the performance obligation.

#### *Sale of Product*

The Company also generates revenue from the sale of products to third party and related party customers. The Company's performance obligations relate primarily to the delivery of these products to customers, with each order representing a separate performance obligation. Revenue is recognized at a point in time when the performance obligation has been satisfied. Products are sold with a fixed price.

Revenue from the sale of products is recognized at the point the customer obtains control of the product. Control is transferred when the title has passed to the purchaser, the product is physically delivered to the customer or the customer has taken possession at the shipping point as designated by the customer, the customer controls the risks and rewards of ownership and the Company has a present right to payment for the product.

Various economic factors affect revenues and cash flows. The Company sells product to various customers primarily in the United States with payment terms of net 30 days.

Costs incurred by the Company for shipping and handling are included in cost of goods sold.

### **Advertising**

The Company's policy is to expense advertising costs as incurred. Advertising expense was \$4,083 for the period June 20, 2023 to December 31, 2023.

### **Income Taxes**

The Company is a limited liability company and federal taxable income and certain other pass-through items will be reported by its members on their individual income tax returns. Consequently, no provision for federal income taxes has been made at the entity level. The State of Connecticut

# BRIGHT BROTHERS GROUP, LLC

## NOTES TO FINANCIAL STATEMENTS

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implemented a pass-through entity tax based on partnership earnings which is levied at the entity level. State taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through April 25, 2024, which represents the date the financial statements were available to be issued.

### NOTE 3 - INTANGIBLE ASSETS

Intangible assets consist of the following at December 31, 2023:

	<u>2023</u>
Software	\$ 5,625
Less: accumulated amortization	<u>469</u>
Intangible Assets, Net	<u>\$ 5,156</u>

Amortization expense was \$469 for the period June 20, 2023 to December 31, 2023.

At December 31, 2023, future estimated annual amortization expense is as follows:

<u>Year Ending December 31</u>	
2024	\$ 1,125
2025	1,125
2026	1,125
2027	1,125
2028	<u>656</u>
Total	<u>\$ 5,156</u>

### NOTE 4 - RELATED PARTY TRANSACTIONS

Due from affiliates represents advances to a related entity. Due to affiliates represents advances from a related entity. A member of the Company is also a member of these affiliates. There are no set repayment terms and the advances are non-interest bearing.

Included in accounts receivable at December 31, 2023 is \$26,648 due from a related party.

During the year ended December 31, 2023, the Company had \$26,648 of sales to a related party.

# **BRIGHT BROTHERS GROUP, LLC**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 5 - GOING CONCERN**

The Company is in its initial phase as a start-up and is primarily funded through related party advances. A member of the Company and an affiliated entity have committed to fund operations while the Company executes its business plan to develop a base of franchisees sufficient to support the operations of the Company.

**THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESS HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.**

**Bright Brothers Group LLC**  
**Balance Sheet**  
As of May 31, 2024

	May 31, 24
<b>ASSETS</b>	
<b>Current Assets</b>	
<b>Checking/Savings</b>	
10000 · Ion Bank - Operating	45,466.09
11102 · Ion Bank - National Advertising	50.00
<b>Total Checking/Savings</b>	45,516.09
<b>Accounts Receivable</b>	
<b>Accounts Receivables</b>	
11000 · Accounts Receivable	1,430.87
Accounts Receivables - Other	9,966.34
<b>Total Accounts Receivables</b>	11,397.21
<b>Total Accounts Receivable</b>	11,397.21
<b>Other Current Assets</b>	
<b>Prepaid Purchases &amp; Exp</b>	
11575 · Purchased Inventory	83,805.35
<b>Total Prepaid Purchases &amp; Exp</b>	83,805.35
12101 · Inventory Asset	4,670.79
<b>Total Other Current Assets</b>	88,476.14
<b>Total Current Assets</b>	145,389.44
<b>Fixed Assets</b>	
<b>Fixed Asset</b>	
12125 · Software	5,625.00
12200 · Vehicles	48,233.95
17200 · Accum. Depreciation	-1,250.00
<b>Total Fixed Asset</b>	52,608.95
<b>Total Fixed Assets</b>	52,608.95
<b>Other Assets</b>	
19700 · Due to BSI	-504,895.00
19710 · Due to/from Silvermine	3,090.24
<b>Total Other Assets</b>	-501,804.76
<b>TOTAL ASSETS</b>	<b>-303,806.37</b>
<b>LIABILITIES &amp; EQUITY</b>	
<b>Liabilities</b>	
<b>Current Liabilities</b>	
<b>Accounts Payable</b>	
21000 · Accounts Payable Trade	19,827.01
<b>Total Accounts Payable</b>	19,827.01
<b>Other Current Liabilities</b>	
<b>Other Current Liability</b>	
21107 · Accounts Payable Other	851.39
25500 · Sales Tax Payable	2,072.17
<b>Total Other Current Liability</b>	2,923.56
<b>Total Other Current Liabilities</b>	2,923.56
<b>Total Current Liabilities</b>	22,750.57
<b>Total Liabilities</b>	22,750.57

**Bright Brothers Group LLC**  
**Balance Sheet**  
As of May 31, 2024

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	<u>May 31, 24</u>
Equity	
Equity	
30000 · Opening Balance Equity	<u>2,998.51</u>
Total Equity	2,998.51
32000 · Members Equity	-139,219.94
Net Income	<u>-190,335.51</u>
Total Equity	<u>-326,556.94</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u><u>-303,806.37</u></u></b>

**Bright Brothers Group LLC**  
**Profit & Loss**  
 January through May 2024

	Jan - May 24
<b>Ordinary Income/Expense</b>	
<b>Income</b>	
<b>Franchise Revenue</b>	
41000 · Product Sales	6,412.73
42160 · Royalty Fees	4,845.00
<b>Total Franchise Revenue</b>	11,257.73
<b>Sales/Job Revenue</b>	
45100 · Job Income	5,000.00
<b>Total Sales/Job Revenue</b>	5,000.00
<b>Total Income</b>	16,257.73
<b>Cost of Goods Sold</b>	
<b>Materials</b>	
51000 · Material	1,644.71
52960 · Freight Out	699.65
<b>Total Materials</b>	2,344.36
50000 · Cost of Goods Sold	3,408.93
<b>Total COGS</b>	5,753.29
<b>Gross Profit</b>	10,504.44
<b>Expense</b>	
<b>Payroll Expense</b>	
66000 · Payroll Expenses	
67000 · Payroll Taxes	6,005.90
67100 · Payroll Processing Fees	3,825.77
66000 · Payroll Expenses - Other	80,592.61
<b>Total 66000 · Payroll Expenses</b>	90,424.28
67300 · Employee Incentive / 401k Match	192.28
<b>Total Payroll Expense</b>	90,616.56
<b>Professional Fees</b>	
61453 · Legal Fees	13,106.75
61457 · Other Professional Fees	4,050.08
Professional Fees - Other	25,000.00
<b>Total Professional Fees</b>	42,156.83
<b>Travel &amp; Entertainment</b>	
64000 · Air, Car & Lodging	24,804.54
64010 · Travel / Meals	1,860.42
64040 · Meetings / Meals	664.54
<b>Total Travel &amp; Entertainment</b>	27,329.50
61000 · Advertising & Promotion	2,185.00
61100 · Dues/Fees/Registration	23,605.62
62400 · Office Supplies & Expenses	558.58
63000 · Insurance - Liability/Vehicle	4,394.61
63810 · Tradeshow	7,995.00
67943 · Website/system expense	1,217.00
<b>Total Expense</b>	200,058.70
<b>Net Ordinary Income</b>	-189,554.26

**Bright Brothers Group LLC**  
**Profit & Loss**  
January through May 2024

---

	<u>Jan - May 24</u>
Other Income/Expense	
Other Expense	
Other Expense	
70000 · Depreciation Expense	781.25
Total Other Expense	<u>781.25</u>
Total Other Expense	<u>781.25</u>
Net Other Income	<u>-781.25</u>
Net Income	<u><u>-190,335.51</u></u>

Bright Brothers Group LLC  
Balance Sheet  
As of November 30, 2023

	<u>Nov 30, 23</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
10000 · Ion Bank - Operating	38,650.89
11102 · Ion Bank - National Advertising	50.00
Total Checking/Savings	<u>38,700.89</u>
Other Current Assets	
Prepaid Purchases & Exp	
11575 · Purchased Inventory	10,176.69
Total Prepaid Purchases & Exp	<u>10,176.69</u>
Total Other Current Assets	<u>10,176.69</u>
Total Current Assets	<u>48,877.58</u>
Fixed Assets	
Fixed Asset	
12125 · Software	5,625.00
12200 · Vehicles	50,820.00
Total Fixed Asset	<u>56,445.00</u>
Total Fixed Assets	<u>56,445.00</u>
Other Assets	
19700 · Due to BSI	-202,690.67
Total Other Assets	<u>-202,690.67</u>
<b>TOTAL ASSETS</b>	<u><u>-97,368.09</u></u>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Current Liabilities	
Accounts Payable	
21000 · Accounts Payable Trade	-1,170.19
Total Accounts Payable	<u>-1,170.19</u>
Total Current Liabilities	<u>-1,170.19</u>
Total Liabilities	<u>-1,170.19</u>
Equity	
Net Income	-96,197.90
Total Equity	<u>-96,197.90</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>-97,368.09</u></u>

**Exhibit E**  
**to**  
**Bright Brothers Group, LLC's**  
**Franchise Disclosure Document**

**Sample Termination and Release Agreement**

**SAMPLE TERMINATION OF FRANCHISE AGREEMENT AND RELEASE  
UPON TRANSFER TO AN AUTHORIZED FRANCHISEE**

This Termination of Franchise Agreement and Release (the “Agreement”) is made and entered into on \_\_\_\_\_ (the “Effective Date”), by and between Bright Brothers Group, LLC, a Delaware limited liability company with a business address at 60 Silvermine Road, Seymour, CT 06483 (“Franchisor”) and \_\_\_\_\_, a \_\_\_\_\_ with its principal place of business at \_\_\_\_\_ (“Transferor”).

**BACKGROUND**

A. On \_\_\_\_\_, Transferor entered into a franchise agreement (the “Franchise Agreement”) with Franchisor for the right to operate a franchised business under Franchisor’s then-current proprietary marks (“Franchised Business”) under Franchisor’s proprietary marks and system (the “System”).

B. Transferor has satisfied all conditions of transfer as specified in the Franchise Agreement and now desires to sell the business to \_\_\_\_\_, who has been approved by Franchisor as an authorized transferee.

C. In order to complete Transferor’s sale of the business, Transferor now desires to terminate the Franchise Agreement and all rights and obligations between the parties relating to the Franchise Agreement, and Franchisor desires to accept such termination, pursuant to the terms of this Agreement.

**AGREEMENT**

In consideration of the mutual promises and covenants contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, and intending to be legally bound, the parties agree as follows:

1. Subject to the terms and conditions contained in this Agreement, the Franchise Agreement and all rights and obligations between Franchisor and Transferor arising from or related to the Franchise Agreement are terminated, effective as of the date of this Agreement.

2. Notwithstanding anything in this Agreement to the contrary, the parties agree that Transferor shall remain bound by all of the post-term covenants and obligations contained in the Franchise Agreement including, without limitation, those relating to Confidential Information and Non-competition.

3. Transferor represents and warrants that all of Transferor’s monetary obligations to Franchisor and its subsidiaries and affiliates have been satisfied in full as of the date of this Agreement.

4. Transferor, for itself and all persons and entities claiming by, through or under it, release, acquit and forever discharge Franchisor and its present and former officers, employees, shareholders, directors, agents, servants, representatives, affiliates, successors and assigns (the “Franchisor Releasees”) from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney’s fees, actions or causes of action whatsoever, whether known or unknown, which Transferor, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Franchisor Releasees arising out of or related to the offer, sale and operation of the business, and the parties’ rights or obligations under the Franchise Agreement.

5. Excluding the indemnification obligations in the Franchise Agreement, and Transferor's obligations in Section 2 of this Agreement, Franchisor, for itself and all persons and entities claiming by, through or under it, releases, acquits and forever discharges Transferor and Transferor's employees, agents, servants, representatives, affiliates, successors and assigns (the "Transferor Releasees") from all obligations, claims, debts, demands, covenants, contracts, promises, agreements, liabilities, costs, attorney's fees, actions or causes of action whatsoever, whether known or unknown, which it, by itself, on behalf of, or in conjunction with any other person, persons, partnership or corporation, have, had or claim to have against the Transferor Releasees arising out of or related to the offer, sale and operation of the business, and the parties' rights or obligations under the Franchise Agreement. Specifically excepted from this release are any claims asserted against Franchisor or any of its present and former officers, employees, members, directors, agents, servants, representatives, affiliates, successors or assigns (the "Indemnified Parties") by any third party, which claims arise out of or relate to the Franchise Agreement prior to the Effective Date of this Agreement. Transferor agrees to indemnify and hold the Indemnified Parties harmless from any and all losses, damages, liabilities, claims, costs, expenses, or judgments, including reasonable attorneys' fees incurred in connection with such claims (in the manner prescribed in the Franchise Agreement).

6. This Agreement constitutes the entire integrated agreement of the parties with respect to the subject matter contained in this Agreement, and may not be subject to any modification without the written consent of the parties.

7. This Agreement shall be construed under the laws of the State of North Connecticut, which laws shall control in the event of any conflict of law.

8. This Agreement shall be for the benefit of and binding upon the parties and their respective representatives, successors and assigns.

9. Each party acknowledges that the terms of this Agreement have been completely read and are fully understood and voluntarily accepted by each party, after having a reasonable opportunity to retain and confer with counsel. This Agreement is entered into after a full investigation by the parties, and the parties are not relying upon any statements or representations not embodied in this Agreement.

10. In the event that Franchisor retains the services of legal counsel to enforce the terms of this Agreement, it shall be entitled to recover all costs and expenses, including reasonable attorney's fees, incurred in enforcing the terms of this Agreement.

11. Transferor agrees that Transferor has and had a relationship with Franchisor at its offices in the State of Connecticut and that, with the exception of Franchisor's right to seek injunctive relief in any appropriate jurisdiction, any action by or against Franchisor arising out of or relating to this Agreement shall be commenced and concluded in the State of Connecticut pursuant to the mediation, venue and jurisdiction provisions of the Franchise Agreement.

12. This Agreement may be executed in multiple counterparts by the various parties and the failure to have the signatures of all parties on a single Agreement shall not affect the validity or enforceability of any part of this Agreement against any party who executes any counterpart of the Agreement. Executed facsimile copies of this Agreement shall be deemed to be effective as original signatures.

**I HAVE READ THE ABOVE AGREEMENT AND UNDERSTAND ITS TERMS. I WOULD NOT SIGN THIS AGREEMENT IF I DID NOT UNDERSTAND AND AGREE TO BE BOUND BY ITS TERMS.**

**FRANCHISOR**

**BRIGHT BROTHERS GROUP, LLC**

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

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

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

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

**TRANSFEROR**

**[NAME]**

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

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

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

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

**Exhibit F**  
**to**  
**Bright Brothers Group, LLC's**  
**Franchise Disclosure Document**

**Operations Manual Table of Contents**

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**Operations Manual – Table of Contents**

Introduction: Bright Brothers Operations Manual	1
Confidentiality of the Operations Manual	2
Nondisclosure Agreement	3

**SECTION 1: INTRODUCTION** **4-15**

1.1 Welcome Letter
1.2 Bright Brothers History
1.3 Bright Brothers Culture, Mission, and Vision
1.4 Franchisor and Franchisee Relationship
1.5 Training
1.5.1 Scheduling Initial Training
1.5.2 Training Outline
1.6 Pre-Opening Checklist

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2.1 Business Overview
2.1.1 Business Structure
2.1.2 Overview of Entity Choices
2.1.3 Naming Your Entity
2.1.4 Employer Identification Number
2.1.5 Setting Up Banking Relationships
2.2 Site Selection Process
2.2.1 Site Selection Criteria
2.2.2 Seeking Approval for Proposed Site(s)
2.3 Licenses, Permits and Taxes
2.3.1 Introduction
2.3.2 Business Licenses and Permits
2.3.3 Tax Registrations and Payments
2.3.4 State Information Web Sites
2.4 Setting Up Your Office
2.4.1 Building Out the Office
2.4.2 Construction Specifications
2.4.3 Required Furnishings, Fixtures and Equipment
2.4.4 Utilities/Services
2.4.5 Approved Vehicles
2.5 Initial Inventory and Supplies
2.5.1 Required Items
2.5.2 List of Approved Suppliers
2.6 Insurance Coverage

- 
- 2.6.1 General Insurance Requirements
  - 2.6.2 Minimum Coverage Amounts

**SECTION 3: PERSONNEL** **37-54**

- 3.1 Introduction
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  - 3.2.1 Employee Rights/Employer Responsibilities
  - 3.2.2 Federal Regulations on Employment Relationships
  - 3.2.3 State Employment Laws
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- 3.3 Job Descriptions
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- 3.4 Recruiting Employees
  - 3.4.1 Sources of Employee Candidates
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- 3.5 Job Applications
  - 3.5.1 Application Form
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- 3.6 Interviewing Job Applicants
  - 3.6.1 Preparing for Interviews
  - 3.6.2 Conducting Successful Interviews
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- 3.9 New Employee Training
- 3.10 Personnel Policies
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- 3.12 Performance Evaluations
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- 4.1 Promoting the Business in Your Area
  - 4.1.1 Your General Obligations
  - 4.1.2 Educating the Public
  - 4.1.3 Guidelines for Using Logos and Marks
  - 4.1.4 Marketing Standards
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  - 4.2.2 Brand Standards
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- 4.3 Obtaining Marketing Approval
- 4.4 Required Marketing Expenditures
  - 4.4.1 System Marketing
  - 4.4.2 Local Marketing Requirements
- 4.5 Local Marketing
  - 4.5.1 Planning and Budgeting
  - 4.5.2 Internet Advertising
  - 4.5.3 Networking
  - 4.5.4 Social Media
  - 4.5.5 Guerilla Marketing
  - 4.5.6 Print and Flyers
  - 4.5.7 E-mail, Text & Newsletters
  - 4.5.8 Direct Mail
- 4.6 Public Relations and Community Involvement
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  - 4.6.3 Business Associations and Memberships
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- 5.1 Introduction
- 5.2 Minimum Hours of Operation
- 5.3 Approved Offerings
- 5.4 Sales Procedures
  - 5.4.1 Working with the Call Center
  - 5.4.2 Sales Appointments
  - 5.4.3 Quotes
  - 5.4.4 Closing and Contracts
- 5.5 Scheduling and Dispatch
- 5.6 Service SOPs
  - 5.6.1 Daily Morning Procedures
  - 5.6.2 Performing Services
  - 5.6.3 Daily End of Day Procedures
- 5.7 The Importance of Customer Satisfaction
  - 5.7.1 The Customer Experience
  - 5.7.2 Handling Customer Complaints
- 5.8 CRM
  - 5.8.1 Introduction
  - 5.8.2 Setting Up Accounts
  - 5.8.3 Billing and Accepting Payment
- 5.9 Accounting and Financial Management

- 5.9.1 Office Responsibilities
- 5.9.2 Filing
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- 5.9.5 Accounting and Bookkeeping
- 5.10 Cleaning and Maintenance Guidelines
  - 5.10.1 Office
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  - 5.12.1 Royalty Fee
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  - 5.12.3 Other Fees
  - 5.12.4 Required Reports
  - 5.12.5 Financial Statements
  - 5.12.6 Sample Chart of Accounts

**EXHIBITS**

**121-140**

**Exhibit G**  
**to**  
**Bright Brothers Group, LLC's**  
**Franchise Disclosure Document**

**List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year**

**LIST OF CURRENT FRANCHISEES AS OF DECEMBER 31, 2023:**

None

**LIST OF FRANCHISEES WHO HAVE SIGNED FRANCHISE AGREEMENTS BUT ARE NOT YET OPEN AS OF DECEMBER 31, 2023:**

None

**LIST OF FORMER FRANCHISEES WHO LEFT THE SYSTEM IN OUR PAST FISCAL YEAR:**

None

**Exhibit H**  
**to**  
**Bright Brothers Group, LLC**  
**Franchise Disclosure Document**

**State Effective Dates**

## STATE EFFECTIVE DATES

The following states require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This Franchise Disclosure Document is registered, on file or exempt from registration in the following states having franchise registration and disclosure laws if an effective date is noted below for the state:

<b>State</b>	<b>Effective Date</b>
California	Not Registered
Hawaii	Not Registered
Illinois	Pending Registration
Indiana	Not Registered
Maryland	Pending Registration
Michigan	January 11, 2024
Minnesota	Not Registered
New York	Pending Registration
North Dakota	Not Registered
Rhode Island	Not Registered
South Dakota	Not Registered
Virginia	Pending Registration
Washington	Not Registered
Wisconsin	Pending Registration

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

**Exhibit I**  
**to**  
**Bright Brothers Group, LLC**  
**Franchise Disclosure Document**

**Receipts**

## RECEIPTS (OUR COPY)

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

If Bright Brothers Group, LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

**New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.**

If Bright Brothers Group, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state administrator identified in Exhibit A of this Franchise Disclosure Document. A list of franchisor's agents registered to receive service of process is listed as Exhibit A to this Franchise Disclosure Document.

Issuance date of April 29, 2024, as amended August 16, 2024.

I have received a Franchise Disclosure Document with an issuance date of April 29, 2024, as amended August 16, 2024, which included the following Exhibits:

- |  |   |
|--|---|
| A – List of State Administrators and Agents for Service of Process | F – Operations Manual Table of Contents   |
| B – Franchise Agreement  | G – List of Franchisees and Franchisees That Have Left the System in the Past Fiscal Year |
| C – State Specific Addenda   | H – State Effective Dates   |
| D – Financial Statements   | I – Receipt   |
| E – Sample Termination and Release Agreement                       |   |

The franchise seller(s) for this offering is/are as follows:

Lawrence M Janesky, Stephanie Pelizzari, Austin Passini, and Pat Clark, Bright Brothers group LLC, 60 Silvermine Road, Seymour, Connecticut 06483 (408) 785-7691; Dave Schaefer, Jeff Yosha, Brandon Neilson, and Jason Barclay, BrandONE Franchise Development, LLC, 7472 Kimberly Court, North Maple Grove, MN 55311 (704) 641 7328

If an Individual:

If a Business Entity:

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

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

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

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

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

Name of Entity: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Address: \_\_\_\_\_

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

## RECEIPTS (YOUR COPY)

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

If Bright Brothers Group, LLC offers you a franchise it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

**New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or payment of any consideration that relates the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.**

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If an Individual:

If a Business Entity:

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

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

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

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

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

Name of Entity: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Address: \_\_\_\_\_

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