

FRANCHISE DISCLOSURE DOCUMENT



Buildingstars International, Inc.
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St. Louis, MO 63043
A Missouri Corporation
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As a Subfranchisor you will operate a business under the Marks and System that will (i) market and sell franchises to Subfranchisees which will provide quality cleaning services to the general public on commercial premises within the Development Area; (ii) train and assist Subfranchisees to open and operate Subfranchise Businesses in the Development Area; (iii) obtain Customer Accounts for your Subfranchisees; (iv) provide billing and collection services to your Subfranchisees; and (v) operate a Cleaning Business within a Development Area.

The total investment necessary to begin operation of your Master Franchise Business is \$113,700 to \$287,500. This includes between \$50,000 and \$150,000 that must be paid to the franchisor or its affiliates.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Rob Liddy at Buildingstars International, Inc., 33 Worthington Access Drive, St. Louis, MO 63043, (314) 991-3356.

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

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

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

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How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Buildingstars business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Buildingstars franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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, arbitration and/or litigation only in Missouri. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Missouri than in your own state.
2. **Governing Law.** The Franchise Agreement and Development Agreement state that [State Law] law governs the agreements, and this law may not provide the same protections and benefits as local law. You may want to compare these laws. State franchise registration and relationship laws often provide that choice of law provisions are void or superseded to the extent that choice of a different state's law would deny a franchisee or developer the protections it would be entitled to under local law. You should investigate whether your purchase of the franchise falls under the jurisdiction of a state franchise registration or relationship law (see Item 17 and the governing law provisions of the Franchise Agreement and Development Agreement).
3. **Other Risks.** There may be other risks concerning this franchise.

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.

BUILDINGSTARS INTERNATIONAL, INC.
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BUILDINGSTARS INTERNATIONAL, INC.

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

To simplify the language in this franchise disclosure document, “we,” “us” or “our” means Buildingstars International, Inc., the franchisor. “You” and “your” mean the person who buys the franchise. If the franchise will be owned by a corporation, partnership or limited liability company, “you” and “your” also mean the owners of the corporation, partners of the partnership or members or manager of the limited liability company and their spouses. We do not have any predecessors.

We incorporated on December 22, 2008, under the laws of the State of Missouri. Our principal place of business is 33 Worthington Access Drive, St. Louis, MO 63043. We do business under our corporate name. You will do business under the fictitious or assumed name of “Buildingstars” or any other name that we decide to use in the future. We began offering subfranchises in December 2009, and then temporarily ceased offering master franchisees in 2019, but have resumed offering and selling them as of Spring 2024.

In early 2012, we and our affiliates participated in a corporate reorganization that began with the formation of Facility Brand, Inc. on December 28, 2011 under the laws of the State of Missouri. Facility Brands, Inc. has become the holding company and parent for us and our affiliates Buildingstars, Inc. and Green Sky Franchise Group, Inc. Its principal place of business is at 33 Worthington Access Drive, St. Louis, MO 63043.

Buildingstars, Inc. was incorporated under the name of Advantage Building Services, Inc., a Missouri corporation on September 30, 1994. On March 28, 2000, the name was changed to Buildingstars, Inc. Its principal place of business is at 33 Worthington Access Drive, St. Louis, MO 63043. It is the owner of the Marks as defined below and licenses to us the right to use and sublicense the Marks to you. From 1994 until 1999, Buildingstars, Inc. operated a business similar to the Master Franchise Business you will operate and granted franchises and independent contractors’ rights to individuals and entities that provided similar services as your Master Franchise Business. Buildingstars, Inc. then transferred all of its franchises and all of its independent contractors to our Affiliate, Buildingstars Management, Inc. Buildingstars, Inc. has not offered or sold any franchises in any other line of business as of the date of this franchise disclosure document, and except as explained above, does not have nor does it offer or sell any franchises similar to your franchise.

Our subsidiary, Buildingstars Management, Inc., does business under its corporate name and “Buildingstars.” It has its principal office at 33 Worthington Access Drive, St. Louis, MO 63043. It operates a business similar to the one you will operate and has done so since 1999. Buildingstars Management, Inc. began offering franchises (similar to the Subfranchise Businesses your Subfranchisees will operate) in January 2000. As of December 31, 2023, it had 1,060 franchises.

Green Sky Franchise Group, Inc. is a Missouri corporation formed on June 24, 2009. It was created to sell “Green Sky Cleaning Supply” franchises and began doing so in September 2009, but it is no longer offering and selling them. Its principal place of business is 31 Worthington Access Drive, St. Louis, MO 63043.

Green Sky Southwest, Inc. was incorporated under the laws of the State of Missouri. Green Sky Southwest, Inc., does business under the name Green Sky Cleaning Supply and sells cleaning supplies

and equipment to some franchisees. Its principal place of business is 31 Worthington Access Drive, St. Louis, MO 63043.

Buildingstars Operations, Inc. contracts with customers on behalf of Buildingstars Management, Inc. and its franchisees. It also bills and collects the amounts due under the customer contracts and distributes the funds to the appropriate parties and provides various other administrative functions, including possibly providing some forms of insurance for Buildingstars Management, Inc. and its franchisees. Its principal office is located at 33 Worthington Access Drive, St. Louis, MO 63043. Buildingstars Operations, Inc. is a subsidiary of Buildingstars International, Inc.

Except as described in this Item 1, neither we nor our Affiliates, have offered or sold any franchises in any other line of business as of the date of this franchise disclosure document.

Our agents for service of process are disclosed in Exhibit G.

As a Subfranchisor, you will be granted the right to open and operate a Master Franchise Business under the Marks and System within the Development Area in accordance with the terms of the Subfranchisor Master Agreement attached as Exhibit A (the “Subfranchisor Master Agreement”). The operation of your Master Franchise Business includes the right and obligation to (i) market and sell Subfranchise Businesses to Subfranchisees; (ii) to train and assist Subfranchisees to open and operate Subfranchise Businesses; (iii) obtain Customer Accounts for your Subfranchisees; (iv) provide billing and collection services to your Subfranchisees; and (v) operate a Cleaning Business (“Master Franchise Business”). The services you provide may be changed, improved, modified and further developed by us or our affiliates from time to time. “Marks” means such service marks, trademarks, trade dress, trade names and any marks which may be considered confusingly similar thereto, as may presently exist, or which may be modified, changed, or acquired by or licensed to us or our affiliates for use in connection with the operation of the Master Franchise Business and the Subfranchise Businesses as contemplated by the Subfranchisor Master Agreement. Currently, the Marks include “Buildingstars.” “System” means the method of operating a quality cleaning service business pursuant to the Subfranchisor Master Agreement. This includes confidential operating procedures; cleaning and operational methods, methods and techniques for financial controls, accounting and reporting, personnel management, sales marketing and advertising, trade secrets and the proprietary know-how developed by us or our affiliates to integrate the services necessary to operate Cleaning Businesses and Master Franchise Businesses any of which may be changed, improved, modified and further developed by us or our affiliates from time to time.

“Subfranchisee” means the franchisees you will procure, assist and train to open and operate Subfranchise Businesses within the Development Area (as defined below). “Subfranchise Business” means the Cleaning Businesses that you will sell to Subfranchisees to open and operate pursuant to the System, under the Marks, and in accordance with the Subfranchise Agreement. “Cleaning Business” means a cleaning business operated under the Marks and in accordance with the System. You will enter into franchise agreements with your Subfranchisees which will grant them the right to operate a Cleaning Business (“Subfranchise Agreements”). You will assist the Subfranchisees with periodic and regular calls and visits, training and updates and you will ensure that your Subfranchisees comply with our System and provide any additional support we specify.

You will sell three separate types of Subfranchise Businesses that provide quality cleaning services to the general public on commercial premises in accordance with the Marks and Systems as defined under the Subfranchise Agreement. The types of cleaning services these Subfranchise Businesses will offer include janitorial services, restroom sanitation, vacuuming, sweeping, dusting, waxing, buffing, trash removal, carpet cleaning and related services for commercial offices and other types of buildings. You will use your best efforts to obtain commercial Customer Accounts in your Development Area in

order to sell to your Subfranchisees. You will negotiate the terms of the contract with each customer and offer the Subfranchisees the right to provide cleaning and janitorial services under such contracts (“Customer Accounts”). Your Subfranchisees may also request additional accounts from you. You will also have to operate a Cleaning Business yourself when your Subfranchisees cannot adequately service your Customer Accounts.

The three types of Subfranchise Business programs you must offer are: the Technician Program (a template of the Subfranchise Agreement is attached as Exhibit II of the Subfranchisor Master Agreement), the On-Site Manager Program (a template of the Subfranchise Agreement is attached as Exhibit III of the Subfranchisor Master Agreement) and the Corporate Program (a template of the Subfranchise Agreement is attached as Exhibit IV of the Subfranchisor Master Agreement). Generally, a Subfranchisee will begin with the Technician Program and as its Subfranchise Business grows, the Subfranchisee may want to advance to the On-Site Manager Program and finally, the Corporate Program. You are required to charge, to the extent permitted by applicable law, the minimum fees which we have set forth in italics in these Subfranchise Agreement templates. These three programs have different fee structures and are operated in the following manner:

The **Technician Program** is for individuals who want to get into the cleaning business with relatively low overhead and want to provide the cleaning services in smaller buildings themselves. With this type of franchise program, a Subfranchisee cannot hire any additional employees, but instead the Subfranchisee or its owner is required to do all of the cleaning himself or herself. Each person who performs services must sign as the “Subfranchisee.” No more than 2 persons may be named as the “Subfranchisee”. Since the individual owners provide the cleaning personally, the size of Customer Accounts they can service is relatively small. Since this program allows people to “try” this type of business, the attrition rate for franchisees leaving the System is higher than normal.

The **On-Site Manager Program** is designed for the Subfranchisee who is still involved in cleaning some of the Customer Accounts but is able to hire additional employees (usually a team of 3 to 7 employees) in order to expand into cleaning larger buildings. Usually, Subfranchisees who purchase a Technician Program franchise and are successful, will want to start hiring employees and convert their Technician Program franchise to an On-Site Manager Program franchise.

The **Corporate Program** franchise is designed for the Subfranchisee who is interested in managing his/her business full time and has hired additional employees in order to expand into even larger buildings. The Customer Accounts the Subfranchisee will handle will be even larger and the scope of services may also be greater. Typically, a Subfranchisee which has an On-Site Manager Program franchise and wishes to add more employees and obtain more Customer Accounts will convert its On-Site Manager Program franchise to a Corporate Program franchise (“Conversion Franchise”).

In connection with your solicitation of Subfranchisees in the Development Area, and the execution and performance of all Subfranchise Agreements, you must comply with, and conduct all franchise promotion, advertising and other activities in accordance with the Federal Trade Commission Rule on Franchising and Business Opportunity Ventures (the “FTC Rule”) and any and all state franchise and business opportunity laws and regulations. You may be required under certain state franchise registration laws to obtain your own franchise registration before you can offer to sell unit franchises in those states. We are not aware of any laws or regulations specific to the cleaning industry, however, in working with cleaning solvents, certain cleaning solvents may violate environmental laws including but not limited to the Toxic Substance Control Act. There may be state laws which may consider the relationship between you and your subfranchisees as an employer/employee relationship. It is your responsibility to make sure you comply with all laws. You must check all applicable governmental laws, regulations, and ordinances. You are responsible for knowing and complying with all laws and licensing

requirements related to the operation of your Master Franchise Business and should consult an attorney regarding the laws and regulations that may be applicable to your Master Franchise Business.

The general market for your Master Franchise Business is well developed. You will have to compete with brokers, franchisors, national chains and independently owned companies offering janitorial commercial office cleaning services.

ITEM 2. BUSINESS EXPERIENCE

President, Chief Executive Officer and Secretary Christopher J. Blase

Since the inception of these entities on the dates indicated, Christopher J. Blase has been these companies' President, Secretary and Chief Executive Officer: Buildingstars Management, Inc. (June 1, 1999), Buildingstars Operations, Inc. (October 12, 2001), Buildingstars, Inc. (September 30, 1994), Buildingstars International, Inc. (December 2008), Green Sky Southwest, Inc. (January 16, 2007), Facility Brands, Inc. (December 29, 2011) and Green Sky Franchise Group, Inc. (June 24, 2009).

Vice President Christopher M. Hogg

Since April 2011, Mr. Hogg has been our Vice President and Vice President of our affiliates and subsidiaries. From 2002 until 2008, Mr. Hogg was the Regional Director for St. Louis and in December 2008 to April 2011, Mr. Hogg was our Division Manager.

Vice President of Finance Robert J. Liddy

Since May 2021, Mr. Liddy has been our Vice President of Finance and Vice President of Finance of our affiliates and subsidiaries.

From February 2018 until May 2021, Mr. Liddy was the Controller of AB Mauri North America in St. Louis, MO.

Area Vice President Zachary Smilack

Since June 2019 Mr. Smilack has been our Area Vice President and the Area Vice President of our affiliates and subsidiaries.

From October 2016 until June 2019, Mr. Smilack was the National Director of Leadership for OpenWorks in Phoenix, AZ.

Area Vice President Ryan Lemmon

Since June 2019, Mr. Lemmon has been our Area Vice President and the Area Vice President of our affiliates and subsidiaries.

From August 2016 until June 2019, Ryan Lemmon was the Regional Director of Buildingstars Management, Inc. in charge of our office located in the St. Louis, MO metropolitan area.

From December 2010 until August 2016, Mr. Lemmon advanced thru the Buildingstars organization, from Operations Manager to Key Account Manager to Director of Operations.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item

ITEM 4. BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

You must pay an initial master franchise fee ranging from \$50,000 to \$150,000 based on the population and number and types of commercial establishments in your Development Area (“Initial Master Franchise Fee”). The Initial Master Franchise Fee is typically \$5,000 per 100,000 in population based on the most recent Metropolitan Statistical Areas (MSA) as estimated by the United States Census Bureau. However, it may be more or less depending on the quality and quantity of commercial establishments in your Development Area and other demographic considerations. The amount of the Initial Master Franchise Fee will be listed in Exhibit I of the Subfranchisor Master Agreement and must be paid in lump sum when you sign the Subfranchisor Master Agreement.

If you are required to register with a state agency in order to sell franchises within the Development Area, and if the state registration is not obtained within 90 days after the date you sign the Subfranchisor Master Agreement, we have the right, in our sole discretion, to terminate the term of the Subfranchisor Master Agreement, retain \$10,000 of the Initial Master Franchise Fee and return the balance to you. Otherwise, the Initial Master Franchise Fee is fully earned when paid and non-refundable.

ITEM 6. OTHER FEES*

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Royalty Fee (Note 1)	1-5% of Royalty Items	On or before the 20 th of each month	We may require you to pay by Electronic Funds Transfer (“EFT”) or any other method
Franchise Sales Fee (Note 2)	10% of Franchise Fees	On or before the 20 th of each month	We may require you to pay by EFT or any other method.
Advertising Fee	1% of the Monthly Contract Revenue	On or before the 20 th of each month	Only if we establish an Advertising Fund.
Additional Training or Assistance (Note 3)	Reasonable Fee	As incurred	This is for additional training or assistance we may provide from time to time or that you request.
Renewal Fee	25% of the Initial Master Franchise Fee	Payable on renewal	Payable when you renew the Subfranchisor Master Agreement.
Transfer Fee	25% of the then current Initial Master Franchise Fee	Payable on transfer	Payable when you sell your franchise, an interest in you or the assets of your Master Franchise Business.
Audit Fee (Note 4)	Cost of audit	30 days after billing	If we determine that you have been deficient by more than 2% on payment of fees owed to us.
Interest on Late Payments (Note 4)	Lesser of 1 ½% per month or maximum legal rate	Payable on demand	This is in addition to any other rights we have under the Subfranchisor Master Agreement.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Late Report Fee (Note 4)	\$100 plus \$100 for each month the report is late	Payable on demand	When you fail to send in your reports when due. This is in addition to any other rights we may have under the Subfranchisor Master Agreement.
Optional Purchases of equipment, supplies or marketing materials	Prices are listed on a price list	Pay by check with each order	An Affiliate may sell cleaning equipment and supplies. Payment may include cost of goods, taxes shipping and handling. We may sell marketing materials.
Indemnification	Will vary under circumstances	As incurred	You must reimburse us if we are held liable for claims from your Master Franchise Business operation.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Due when you do not comply with the Subfranchisor Master Agreement and we have to seek assistance to enforce the Agreement.
Taxes (Note 5)	Actual Costs	On demand	Payable if certain taxes are levied or assessed on the fees you pay to us or our affiliates.
Dispute Resolution Fees	\$50,000 plus attorneys' fees and expenses	Upon invoice	If you do not comply with our dispute resolution requirements in the Subfranchisor Master Agreement

* All fees are imposed by and are payable to us or our affiliates. All fees are non-refundable. All of the fees were uniformly imposed.

NOTE 1: Royalty Fee. You must pay us monthly by the twentieth (20th) day of the month, a Royalty Fee based on the percentages set forth in the following chart of the Royalty Items from the prior month.

Year of Operations	Percentage of Royalty Items
1	1%
2	2%
3	3%
4	4%
5 and each subsequent year	5%

“Royalty Items” means all of the following items:

- (i) Contract Revenues billed by you and/or your Subfranchisees;
- (ii) The amount of billings to Customer Accounts for Specialty Work you or your Subfranchisees perform; and
- (iii) Revenue from the sale or lease of supplies and equipment.

“Contract Revenue” means the total amount due from a Customer Account derived from the sale of goods or the performance of any cleaning services or cleaning related activity regardless of whether the cleaning is performed by you or your Subfranchisees, less any applicable taxes imposed on the sale of goods or services.

However, any time after the fourth (4th) year of the Franchise Agreement, you may pay us, in lump sum, the amount of the Initial Master Franchise Fee set forth in Exhibit I in order to reduce the percentage in the chart above from five percent (5%) to four percent (4%). If you are signing the Franchise Agreement in connection with a renewal or transfer, then your Royalty Fee will still be based upon how long the Master Franchise Business has been in operations, and it will not reset as if it was a new business.

NOTE 2: **Franchise Sales Fee.** The Franchise Sales Fee is 10% of the franchise fees for the sale, renewal, upgrade (amount to change to a higher franchise program), or transfer of a Subfranchise Business.

NOTE 3: **Training and Assistance Fees.** We reserve the right to charge you a reasonable amount for any training we provide to you or your managers or employees after you begin operation of your Master Franchise Business. You will also be responsible for any salaries, travel, meal, incidental, and lodging expenses incurred by persons conducting the training programs and attending the training program. We will make available continuing advisory assistance in a manner as we deem appropriate, and we can charge a reasonable fee for it.

NOTE 4: **Interest, Audit Fees and Late Report Fees.** If you under-report your Royalty Fees, Franchise Sales Fees or Advertising Fees, in addition to paying us for the amount of unpaid Royalty Fees, Franchise Sales Fees and Advertising Fees, you must pay interest on any unpaid amounts at the rate of the lesser of one and one-half percent (1 ½%) per month or the maximum legal rate in the jurisdiction where your Development Area is located. In addition, if the amount of Royalty Fees, Franchise Sales Fees or Advertising Fees you report for any calendar year is less than 98% of what the actual Royalty Fees, Franchise Sales Fees or Advertising Fees were for that period, you must reimburse us for all costs of the investigation or audit that uncovered the under-reported sales, including salaries, professional fees, travel, meals, and lodging. If you fail to send us your reports by the date required, we can charge you, to the extent permitted by law, a late report fee of \$100 plus \$100 for each month each report is late.

NOTE 5: **Taxes.** You agree to indemnify and/or reimburse us and our affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Master Franchise Business or the license of any of our or our affiliates' intangible property to you (whether required to be paid by us or our affiliates, withheld by you or otherwise). Your obligation to indemnify or reimburse us or our affiliates for these taxes does not extend to income-type taxes which a state or local government imposes on us or our affiliates' income.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	AMOUNT (Low-High Range)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Master Franchise Fee (Note 1)	\$50,000–\$150,000	Lump sum	When you sign the Subfranchisor Master Agreement	Us
Security Deposit and Rent (Note 2)	\$3,000–\$5,000	Lump sum	When you sign the lease	Landlord
Travel and living expenses during training	\$1,000–\$3,000	Lump sum	Before Opening	Airlines, hotels, restaurants

TYPE OF EXPENDITURE	AMOUNT (Low-High Range)	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Computer Equipment and Software (Note 3)	\$3,000 – \$5,000	Lump sum	Before Opening	Suppliers, us or our affiliates
Office Equipment, Furniture and Supplies (Note 4)	\$2,000 – \$5,000	Lump sum	Before Opening	Vendors
Cleaning Equipment and Supplies	\$3,000 – \$5,000	Lump sum	Before Opening	Vendors
Utilities, Licenses and Permits	\$200 – \$1,000	Lump sum	Before Opening	Utilities and government agencies
Insurance (Note 5)	\$1,500 – \$3,500	Lump sum	Before Opening and then monthly	Insurance company and/or us
Legal, accounting and professional fees (Note 6)	\$10,000 – \$20,000	Lump sum	Before Opening	Attorneys, accountants, etc.
Advertising (3 months)	\$20,000 – \$30,000	As incurred	Before Opening and within 3 months after opening	Suppliers, printers, etc.
Additional Funds – 3 months (Note 7)	\$20,000 – \$60,000	As incurred	As incurred	Employees, Suppliers, Utilities
TOTAL (Note 8)	\$113,700 – \$287,500			

These expenses are merely estimates. You should make your own independent investigation and analysis of the potential expenses which may be incurred in order to open your Master Franchise Business and obtain professional advice. None of these fees are refundable.

Note 1. Initial Master Franchise Fee. The range of the Initial Master Franchise Fee is based on the Development Area in terms of its population and quality and quantity of commercial establishments. We more fully describe the Initial Franchise Fee in Item 5.

Note 2. Security Deposit and Rent. You must find office space to lease that is within your Development Area. The size of the office should be approximately 500–1,000 square feet. Usually, the landlord will require you to pay the equivalent of one month's rent for a security deposit. The range in the table above represents one month's rent and a security deposit of one month's rent. Rental rates or deposits on an unknown location cannot be predicted in advance. These costs will vary greatly depending on the metropolitan area where the Master Franchise Business will be located. These estimates are based on locations in and around the St. Louis Metropolitan area.

Note 3. Computer Hardware and Software. This range includes the cost of the hardware and software you need to start the Master Franchise Business. The type of computer equipment and software and the costs are described in further detail in Item 11.

Note 4. Office Equipment, Furniture & Supplies. These figures include basic office furniture, dedicated business telephone line, cellular telephones, each with unlimited direct connect, unlimited data and its own public IP address, after hours phone answering service, fax machine and basic business supplies including letterhead, business cards and marketing materials.

Note 5. Insurance. You must obtain, at a minimum, the insurance coverage that we require and to meet the other insurance-related obligations, all of which are described in detail in Section VI.K in the Subfranchisor Master Agreement. The range represents the monthly cost of insurance.

Note 6. Professional Fees. You will need to hire an attorney and an accountant to advise you on this offer to sell you a master franchise and to set up your Master Franchise Business. In addition, you will need to have an attorney review and possibly revise our Franchise Disclosure Document and the Subfranchise Agreement templates which you will use to sell Subfranchise Businesses for the Technician, On-Site Manager and Corporate franchise programs you will offer. Lastly, if your Development Area is in a state with a franchise registration law or a business opportunity law, your attorney may need to have the franchise registered with the appropriate state agency and you may need audited financial statements to do so.

Note 7. Additional Funds. This item estimates your initial startup expenses during the initial period of 3 months of the operation of your Master Franchise Business. These expenses include rent, payroll costs, benefits, utilities, additional supplies, etc., but do not include Royalty Fees, Franchise Sales Fees and Advertising Fees or any other expenses which are already listed in the above charts and do not include an owner's salary or draw. These figures are estimates, and you may have additional expenses in order to start the business. Your costs will depend on factors including how closely you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for your services; the prevailing wage rates; competition; and sales level reached during the initial period. We require that you have at least \$60,000 in liquid working capital available at all times.

Note 8. Total. These figures were based on the experience of our affiliate, Buildingstars Management, Inc. which has operated in the St. Louis area since 2000. The expenses may differ in other parts of the country. Except as described above, none of the fees listed in this Item are refundable. Your financial condition and arrangements negotiated by you and the business decisions made by you will also affect these costs. There can therefore be no assurance that the experience of a particular Subfranchisor will correspond with the information presented above. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We do not offer, either directly or indirectly, financing to you for any items. (See Item 10 of this document.) The availability of financing will depend upon various factors like the availability of financing generally, your credit worthiness, other security that you may have, and the requirements of lending institutions concerning the type of business to be operated by you.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

At this time, you do not have to purchase or lease any goods, services, supplies, fixtures or equipment relating to the establishment or operation of your Master Franchise Business from us or any of our affiliates. However, you may want to purchase some janitorial supplies and equipment from our affiliates including Green Sky Southwest, Inc. or Green Sky Franchise Group, Inc.'s franchisees. In any event, you are obligated to purchase all products, services, supplies, computer hardware and software, equipment and materials required for the operation of your Master Franchise Business that meet our standards.

To protect and maintain the goodwill and public acceptance and recognition of the Marks and System, you must apply our specifications to your purchases of signs, stationery, business cards and office supplies with Marks imprinted on them. You may only use the business forms approved by us. Any forms we provide to you may be duplicated and used by you during the term of the Subfranchisor

Master Agreement. The specifications and standards for all products may be included in the Confidential Operations Manual which may be changed by us from time to time. You may purchase products, subject only to our approval, based upon the uniform quality standards and specifications previously adopted by us. Although we do not have any approved suppliers, if we did decide to approve a supplier you request, we will provide you with a decision within 60 days after receiving all necessary information.

You must purchase and continuously maintain during the term of the Subfranchisor Master Agreement, at a minimum, the insurance coverages that we require and must furnish to us evidence of such insurance as we reasonably request, together with information concerning claims and losses under such insurance. See Section VII.K of the Subfranchisor Master Agreement for greater details on the types of insurance coverage you must obtain. You are required to name us and our designated affiliates as additional insureds (without obligation to pay the premium or any deductible amounts, all of which will be paid by you). Such insurance must be carried with such responsible insurance companies and be in such form as is reasonably satisfactory to us. We have the right to require you to increase the types and amounts of insurance coverage we may, in our sole discretion, reasonably request.

The purchase of products from approved sources will represent approximately 1% of your overall purchases in opening the Master Franchise Business and 3% of your overall purchases in operating the Master Franchise Business. Our affiliate, Green Sky Southwest, Inc., sells cleaning supplies and equipment to franchisees. During the fiscal year 2023, Green Sky Southwest, Inc. had gross revenues of \$346,230 from product sales to franchisees.

Except for Green Sky Southwest, Inc., which is owned by an officer of ours, none of the other suppliers are owned by any of our officers. We and our affiliates may derive revenue from your purchases or leases. Neither we nor our affiliates have received any revenue based on purchases from franchisees or rebates based on purchases from franchisees. Except as provided above, neither we nor our affiliates are the approved supplier of any goods, products or services. We or our affiliates may decide to become a supplier of other goods, products and services in the future. If so, we or our affiliates would expect to derive income and profit from such sales.

There are no purchasing or distribution cooperatives. We do not provide material benefits (i.e., renewal or granting additional subfranchises) to a Subfranchisor based on a Subfranchisor's purchase of particular products or services or use of a particular supplier. We do not negotiate purchase arrangements with suppliers for the benefit of Subfranchisor, however we reserve the right to do so in the future. We do not provide any material benefit to any Subfranchisor based on the Subfranchisor's use of designated or approved suppliers.

ITEM 9. FRANCHISEE' OBLIGATIONS

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

Obligation	Section in Agreements	Disclosure Document Item
a. Site selection and acquisition/lease	Not applicable	Items 7 and 11
b. Pre-opening purchases/leases	Section VII.B	Items 5,7, 8 and 11
c. Site development and other pre-opening requirements	Sections III and VII.A	Items 7, 8, 11
d. Initial and ongoing training	Sections II.A, VI.A, VI.B, and VI.C	Items 6, 7, and 11
e. Opening	Section VII.A	Item 11

Obligation	Section in Agreements	Disclosure Document Item
f. Fees	Section IV	Items 5, 6 and 7
g. Compliance with standards and policies/Operating Manual	Sections VI.D and VII.B	Item 11
h. Trademarks and proprietary information	Section VIII	Items 13 and 14
i. Restrictions on products/services offered	Sections VII.B and VII.H	Items 8, 11, 12 and 16
j. Warranty and customer service requirements	Section VII.B	Item 11
(k) Territorial development and sales quotas	Section III.A	Item 12
(l) Ongoing product/service purchases	Section VII.B	Items 6 and 8
(m) Maintenance, appearance and remodeling requirements	Sections V, VI.D and VII.B	Items 8 and 11
(n) Insurance	Section VII.K	Items 6, 7 and 8
(o) Advertising	Section VII.O	Items 6 and 11
(p) Indemnification	Section XIII.B	Item 6
(q) Owner's participation/management/Staffing	Sections VII.B and XV.R	Items 11 and 15
(r) Records/Reports	Section VII.I	Not applicable
(s) Inspections/audits	Sections VI.G and VI.H	Items 6 and 11
(t) Transfer	Section XII	Items 6 and 17
(u) Renewal	Section V	Items 6 and 17
(v) Post-termination obligations	Section XI.C	Item 17
(w) Non-competition covenants	Section X	Items 15 and 17
(x) Dispute Resolution	Section XIV	Item 17

ITEM 10. FINANCING

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

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

Except as listed below, Buildingstars International, Inc. is not required to provide you with any assistance.

Before you open your Master Franchise Business, we will:

1. Designate your Development Area (Subfranchisor Master Agreement - Section II.A and Exhibit I). Your Development Area will be mutually agreed upon between you and us before you sign the Subfranchisor Master Agreement.
2. Approve the location of your office. You may select the location of your office anywhere in your Development Area. Typically, you will lease the space for your office. You are solely responsible for locating, securing and evaluating the suitability of your office and for the review and negotiations of your lease. You may locate or relocate your office anywhere within the Development Area so long as you obtain our prior written consent. In approving sites, we may consider among other

things, factors such as general location, lease term and size. We will either approve or disapprove your location within 30 days of receipt of all information regarding the location. Our approval of the location means only that the location meets our minimum standards and is not a warranty as to the appropriateness of the location (Subfranchisor Master Agreement – Section VII.A);

3. Provide approved suppliers or minimum standards and specification for the products and services you need to equip and operate your Master Franchise Business (Subfranchisor Master Agreement – Section VII.B.2);

Our affiliate, Green Sky Southwest, Inc. is an approved supplier of cleaning equipment, however, you are not required to purchase any or all the cleaning equipment from them. Other than as described above, at this present time, neither we nor our affiliates provide any products or services directly, but we will only provide you with the lists of the equipment and products you need to operate the Master Franchise Business. We do not deliver or install any of these items.

4. Provide you with the template of the Franchise Disclosure Document and Subfranchise Agreements and review your requested modifications (Subfranchisor Master Agreement – Section VI.E, Exhibits II-IV)

5. Loan you one copy of BUILDINGSTARS’ Confidential Operations Manual (“Manual”) (Subfranchisor Master Agreement – Section VI.D); and

6. Provide Initial Training in the operation of your Master Franchise Business. This training is described in detail later in this Item (Subfranchisor Master Agreement - paragraph VI.A).

Length of Time Before Opening:

You are required to work diligently to open for business in a timely manner. We estimate that the length of time between execution of the Subfranchisor Master Agreement and the opening of your Master Franchise Business to be approximately 3 months. If you fail to do so, we can, at our option, either terminate the Subfranchisor Master Agreement or grant you an extension for your opening. The factors that may affect the time period are: (i) your ability to attend and satisfactorily complete training; (ii) the time to obtain the necessary equipment and supplies; (iii) the time to obtain the required insurance or bonds; and (iv) the time to obtain all required licenses or permits. If you do not begin operation of your Master Franchise Business within 5 months after you sign the Subfranchisor Master Agreement, we have the right to terminate the Subfranchisor Master Agreement (Franchise Agreement – Sections VII.A and XI.A.2).

During the Operation of your Business, we will:

1. Provide you updates and revisions to the Franchise Disclosure Documents and Subfranchise Agreements (Subfranchisor Master Agreement – Section VI.E)

2. Furnish you, as we deem necessary, additional guidance, training and assistance. We can charge a reasonable fee for this service and our expenses (Subfranchisor Master Agreement- Section VI);

3. May make available sales and marketing materials for you to purchase at a reasonable fee (Subfranchisor Master Agreement – Section VI.F); and

4. Loan you one copy of the Manual (Subfranchisor Master Agreement - paragraph XII).

Confidential Operations Manual

This Manual is confidential and remains our property. You must operate your business in strict compliance with the mandatory operational systems, procedures, policies, methods and requirements described in the Manual and in any supplemental bulletins and notices, revisions, modifications, or amendments to it, all of which are a part of the Manual. You will use the part of the Manual we designate to provide to your Subfranchisees. You may make changes only to this part of the Manual after you have received prior written consent from us. These changes may only be related to adding the information regarding you as the Subfranchisor and complying with state or local laws or requirements.

You must treat the Manual, any other manuals or written materials provided by us or our Affiliates for use in the operation of your Master Franchise Business, and the information contained in them, as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place within your Master Franchise Business. It must be returned to us upon termination or expiration of your Subfranchisor Master Agreement.

We have the right to make additions to, deletions from or revisions to the Manual which you must comply with at your own cost. You must ensure that the Manual is kept current at all times. If there is any dispute as to the contents of the Manual, the terms of the master copy maintained by us, at our principal office, will be controlling. The table of contents of the Manual, including page numbers showing allocation of pages to each subject, is included as Exhibit B to this disclosure document. The Manual is 100 pages in length.

Advertising

We may develop an Advertising Fund to which you may be required to contribute up to 1% of your monthly Contract Revenue on a monthly basis. When and if developed, we will direct all advertising programs with sole discretion over the creative concepts, materials and media used in these programs and their placement and allocation. The media used may include print, television, radio, Internet or other media and may be local, regional or national in scope. We will, however, undertake no obligation in administering the Advertising Fund to make expenditures for you that are equivalent or proportionate to your contribution, or to ensure that any particular Subfranchisor's benefits directly or pro rata from the placement of advertising. We are not required to spend any amount on advertising in your area. The contributions may be used to meet any costs of maintaining, administering, directing, producing and preparing promotions, media placement and advertising (including the cost of conducting public relations activities, conducting advertising, for website design and maintenance, and producing promotional brochures and other marketing materials to make available to you and other franchisees). We intend to initially conduct all advertising in-house, but may use a national or regional advertising agency in the future.

An accounting of the operation of the Advertising Fund will be prepared annually and made available to you upon request. We reserve the right, at our option, to require that this annual accounting be audited by a certified public accountant which we select and at the expense of the Advertising Fund. It is anticipated that all contributions to the Advertising Fund will be expended for advertising and promotional purposes during the year in which the contributions are made. Advertising contributions not spent in any fiscal year will be carried over for future use. The Advertising Fund may be terminated at any time once all contributions have been expended for advertising and promotional purposes.

We will not use any advertising funds for any activity whose sole purpose is to solicit new franchisees or Subfranchisors. Any master franchise businesses owned by us or our affiliates will contribute to the Advertising Fund on the same basis as our Subfranchisors. Although we currently do not, we may in the future receive an administrative fee to cover related sales promotions, marketing and administrative expenses we incur.

The Advertising Fund will not be our asset, nor will it be a trust. We will have a contractual obligation to hold all Advertising Fund contributions for the benefit of the contributors and to use the contributions only for their permitted purposes as described above. We have no fiduciary obligation to us for administering the Advertising Fund.

We do not have a franchisee advertising council that advises us on advertising policies. Our franchisees are not required to participate in a local or regional advertising cooperative.

Computer Equipment

You are not required to purchase any particular type of computer hardware. You can begin operation of your Master Franchise Business with a basic desktop computer. Your computer will have to have high speed Internet connection. Currently you will be required to utilize Google Workspace (Gmail, Sheets, Docs, Slides, Meet, Calendar, Chat), and utilize NetSuite for customer data management and for accounting and reporting. We estimate the cost to purchase the computer equipment you will need to start the Master Franchise Business to be between \$3,000 to \$5,000. The ongoing annual cost to utilize NetSuite software and Google Workspace will be between \$3,000 and \$7,000.

Buildingstars will have access to the data housed in NetSuite. At this time, we necessarily may not have independent access to all information generated by the computer system. However, we reserve the right to do so in the future. We have no contractual obligation to upgrade or update any hardware or software. We are not obligated to provide or assist you in obtaining the above items or services.

We may revise our specifications for hardware and software as we determine necessary to meet the needs of the System and you will have to comply at your sole cost and expense. There is no contractual limitation on our ability to require the hardware or software be improved or upgraded. We reserve the right to require different or additional software programs and hardware at any time in the future and you will be responsible for the cost of any new, modified or updated programs and hardware.

The types of business information which may be collected by the computer system will be, among other items, sales reports by category, department, products, inventory, customer lists, etc.

Training Programs

We provide an initial training program for the principal owner, and one employee to attend. Any additional employees will be trained for a reasonable fee. All of the designated training for you (or your principal owner) and your employee is mandatory. You (or your principal owner) and your employee must attend the Initial Training Program promptly after the execution of the Franchise Agreement and you must complete it to our satisfaction before you open your Master Franchise Business.

The Initial Training Program will take place at our principal office in St. Louis County, Missouri. The Initial Training Program will be for a period of approximately 1 week at our offices. Although we do not charge for two people (the principal owner and one employee) to take the Initial Training Program, you are responsible for wages, travel and living expenses for you and your employees.

TRAINING PROGRAM

SUBJECT	HOURS IN CLASSROOM	HOURS OF ON-THE-JOB TRAINING	LOCATION
-Start-up Process -Planning -Franchise Sales -Account Sales -Operations -Administration -Policies and Procedures	40	0	St. Louis, MO
-Hiring Personnel -Franchise Sales -Account Sales -Franchise Training -Account Start-up -Management of Region	20	20	St. Louis, MO

Note that some of the subjects may be intermingled. Some time periods and some aspects of the training program are subject to change. Also, the instructors listed below are subject to change. Our training programs are managed and conducted by the following individuals who have experience working for us and/or our affiliates. We do not have a formal training staff. The instructors and their experience are described below:

Christopher Hogg

Chris Hogg joined Buildingstars in March of 2002 as the Regional Director for St. Louis. In this position he was charged with increasing the number of customers and franchise owners as well as improving the overall level of customer satisfaction. In 2005, Chris was promoted to Divisional Manager with responsibilities for both St. Louis and Chicago. As the Divisional Manager, Chris was accountable for continuing the growth of the St. Louis region as well as helping the Regional Directors of Chicago and Phoenix open their offices and rapidly ramp up their business units. In 2011, Chris was promoted to Vice President and is charged with helping all corporately run subfranchises hit their growth and profit goals. Prior to joining Buildingstars, Chris worked in the enterprise software space selling for Kronos. Prior to Kronos he was employed by ADP where he held several positions ranging from Sales to Sales Manager.

Ryan Lemmon

Ryan joined Buildingstars in December 2010 as an account manager. In February 2014 he was promoted to Director of Operations. He is responsible for the orientation and training of new franchisees, as well as the development and specialty services training for Onsite Manager and Corporate level franchisees. He is familiar with all aspects of the Operational Systems at Buildingstars, and collaborates with Subfranchisors with regard to their Operational systems and training franchisees. In August 2016, Ryan became the Regional Director of the St. Louis, MO territory. In May 2021, Ryan was promoted to Area Vice President where he oversees daily operations of several Company-owned regions.

We, although not obligated to do so, may from time to time require that previously trained and experienced Subfranchisors or their employees attend and successfully complete Refresher Training Programs or seminars to be conducted at our principal office or such other locations that we shall designate. We reserve the right to charge a reasonable fee for the Refresher Training Programs or any

such additional training. You must pay the travel and living expenses and wages for yourself and your employees.

ITEM 12. TERRITORY

You will conduct and operate your Master Franchise Business from an office located within your Development Area. You and we will agree upon a development area before you sign your Subfranchisor Master Agreement, which will be listed in Exhibit I of the Subfranchisor Master Agreement (“Development Area”). Generally, development areas are designated by specific counties, cities or metropolitan areas sufficient to encompass a specific population. The Initial Master Franchise Fee is typically \$5,000 per 100,000 in population based on the most recent Metropolitan Statistical Areas (MSAs) as estimated by the United States Census Bureau. However, it may be more or less depending on the quality and quantity of commercial establishments in your Development Area and other demographic considerations. Your Development Area will neither be reduced nor increased due to any change in population or for any other reason. The determination of your Development Area is no assurance that the Master Franchise Business will be successful, and we do not assume any responsibility for determining your Development Area. You are responsible for independently evaluating any Development Area in which you are interested and satisfying yourself as to its appropriateness. You may not solicit or accept Subfranchisees or Customer Accounts from outside of your Development Area. You may relocate your office so long as it is within your Development Area without our consent.

So long as the Subfranchisor Master Agreement is in force and effect and you are not in default, neither we nor our affiliates will operate or grant others the right to operate a Cleaning Business, a Subfranchise Business or a master franchise business within the Development Area. We and our affiliates reserve all other rights including the following: (i) the right to operate or allow others to operate a Cleaning Business, a Subfranchise Business or a master franchise business anywhere outside of the Development Area; (ii) the right to operate or allow others to operate a cleaning business or any other type of business under different marks anywhere including within the Development Area, however, so long as you are not in default under the Subfranchisor Master Agreement, we will not operate or allow others to operate a cleaning business or any other type of business that competes directly with you or your subfranchisees under different marks anywhere within the Development Area; and (iii) the right to sell some or all of the products and services authorized for sale by you in any channel of distribution, including the wholesale sale of products and/or to provide management and/or consulting services using the System and/or the Marks or using a different system or marks anywhere. We and our affiliates do not have to pay you a fee for exercising these rights in your Development Area.

You agree and affirm that we and our affiliates may sell ourselves, our assets, our proprietary marks and/or the System to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of the Mark (or any variation thereof) and System and/or the loss of association with or identification of “Buildingstars” as a Subfranchisor under the Subfranchisor Master Agreement. If we assign our rights in the Subfranchisor Master Agreement, nothing will be deemed to require us to remain in the cleaning business or to offer or sell any products or services to you.

You cannot interfere with, service or solicit customers of ours, any of our affiliates or their franchisees, licensees or independent contractors.

You have no options, rights of first refusal, or similar rights to acquire additional master franchises. Although we and our Affiliates have the right to do so, we and our affiliates have not operated or franchised and have no plans to operate or franchise other businesses selling or leasing similar products or services under different trademarks.

During the term of the Subfranchisor Master Agreement, you must (i) procure, screen, qualify, train and assist Subfranchisees to open and operate Subfranchise Businesses within the Development Area in compliance with the below table, and (ii) collect a minimum amount of annual Contract Revenues each year in accordance with the below table (collectively, “the Minimum Development Obligation”).

Minimum Number of Subfranchisees Operating by the End of Each Year:

Year	Total Minimum Number of Subfranchisees Open and Operating by the End of Each Year
1	6
2	12
3	18
4	24
5	30
6	36
7	42
8	48
9	54
10	60

Minimum Annual Contract Revenues Requirement:

Year	Subfranchisor’s Minimum Annual Contract Revenues
1	\$100,000
2	\$400,000
3	\$800,000
4	\$1,200,000
5	\$1,600,000
6	\$2,000,000
7	\$2,400,000
8	\$2,800,000
9	\$3,200,000
10	\$3,600,000

Failure to meet any Minimum Development Obligations is a material breach of the Subfranchisor Master Agreement, which provides us with the right to terminate the Subfranchisor Master Agreement. If this occurs, we will also be able to either operate as a Subfranchisor in the Development Area or grant the right to another person or entity to operate as a Subfranchisor in the Development Area.

You will receive an exclusive territory. Other than as described above, continuation of your rights in the Area does not depend on your achieving a certain sales volume, market penetration or other contingencies.

ITEM 13. TRADEMARKS

We will grant you the right to operate the Master Franchise Business under the name of “Buildingstars.” You may also be granted the right to use our other current or future Marks to operate your Master Franchise Business if we permit you to do so. By Marks, we mean trade names, trademarks, service marks and logos used to identify your Master Franchise Business.

Our Affiliate Buildingstars, Inc. owns the following principal trademarks and service marks on the Principal Register of the United States Patent and Trademark Office. It has an agreement with us which permits us to use the Marks and to sublicense the use of the Marks pursuant to a License Agreement. In the event that the agreement between us and Buildingstars, Inc. terminates for any reason, Buildingstars, Inc. will honor your rights to use the Marks under the terms and conditions of your Subfranchisor Master Agreement. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any material manner.

Mark	Registration Date	Registration Number
“BUILDINGSTARS”	March 13, 2001	2435791

The affidavits required to be filed have been filed. No renewal filings are yet due in connection with this registration.

Neither we nor Buildingstars, Inc. have registered or filed the above Marks or any other marks connected with the franchise for registration in any states.

You must follow our rules when you use the Marks. You cannot use a Mark or any similar derivation of the Marks as part of a corporate name or with modifying words, designs or symbols except for those which we license to you. You may not use the Marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

There are currently no effective material determinations of the Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, and no pending infringement, opposition or cancellation proceedings, and no pending material litigation involving the Marks. There are no agreements currently in effect which significantly limit our rights to use or license the use of the Marks in any manner material to the trademark.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or any claim by any person of any rights in any Mark. We and our affiliates will have the sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or administrative proceedings arising out of such infringement, challenge or claim. You must execute any and all instruments and documents, provide such assistance, and take any action that may be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or otherwise to protect and maintain our interest in the Marks. The Franchise Agreement does not require us to participate in your defense and/or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a Mark or if the proceeding is resolved unfavorably to you.

If we decide to modify or discontinue the use of any of the Marks and/or to use one or more additional or substitute names or marks, you will be obligated to modify, discontinue or adopt such revised Marks at your own expense and without claim against us, within a reasonable time of our request.

We do not actually know of either superior rights or infringing uses that could materially affect a Subfranchisor’s use of the Marks in any state.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We and our affiliates claim copyrights in the Confidential Operating Manual, sales material and brochures, and related items used in operating the franchise. We and our affiliates have not registered these copyrights with the United States Registrar of Copyrights, but need not do so at this time to protect them. You may use these items only as we specify while operating your Master Franchise Business (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the United States Patent and Trademark Office, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. We do not actually know of any infringing uses of our copyrights that could materially affect your use of the copyrighted materials in any state.

You must also promptly tell us when you learn about unauthorized use of this copyrighted material. We are not obligated to take any action but will respond to this information in a manner we think is appropriate. We need not protect or defend copyrights, although we intend to do so if in the system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

The Subfranchisor Master Agreement provides that you acknowledge that the System, the Manual and the methods of operation licensed by us for the operation of your Master Franchise Business, are proprietary, confidential trade secrets of ours, and you agree to maintain the confidentiality of all materials and information lent or otherwise furnished to you by us at all times, including after the termination or expiration of the Subfranchisor Master Agreement, for any reason. Further, according to the Subfranchisor Master Agreement, you agree that you shall not, during the term of the Subfranchisor Master Agreement (other than to the extent necessary to operate the Master Franchise Business) or after its expiration or termination, for any reason, or transfer, communicate or divulge to any others, any information or knowledge concerning the System and any trade secrets except those in the public domain. You also agree to exercise the highest degree of diligence and will make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of the Subfranchisor Master Agreement. We may regulate the form of agreement that you use and will be a third-party beneficiary of that agreement with independent enforcement rights.

All ideas, concepts, techniques, or materials concerning your Master Franchise Business and the System, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

ITEM 15. OBLIGATION OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF YOUR BUSINESS

We require you or your Principal Owner to devote all of your time and attention and best efforts to the operation and management of your Master Franchise Business. "Principal Owner(s)" means you personally if you are an individual or more than one individual, your shareholder(s) if you are a corporation, your partners if you are a partnership, or your members if you are a limited liability

company. You or your Principal Owner must supervise your Master Franchise Business at all times. You may hire a general manager to assist you in the operation of your Master Franchise Business. Principal Owners and general managers must satisfactorily complete our Initial Training Program and must agree to maintain the confidentiality of our confidential information and trade secrets and agree to the non-competition and non-solicitation provisions of the Subfranchisor Master Agreement. You must require all of your employees to execute a non-disclosure, non-competition and non-solicitation agreement in the form acceptable to us. If you are a corporation or limited liability company, all shareholders or members and their spouses of a corporate franchise or limited liability company franchise will sign our standard form Guarantee and Assumption of Obligations, which is attached to the Subfranchisor Master Agreement. This Guarantee and Assumption of Obligations provides that each individual who signs is assuming and agreeing to discharge all obligations of the “Subfranchisor” under the Subfranchisor Master Agreement.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

The Subfranchisor Master Agreement states that you must operate your Master Franchise Business only within your Development Area. You are not permitted to advertise, solicit or sell Subfranchise Businesses or Customer Accounts outside of your Development Area. You are required to provide all the services required by us in the Manual. You recognize that you are not permitted to use the System or Marks in connection with the sale of any products or services other than the Cleaning Business. If a customer requests that you render any services or sell any products that are not of the type that is normally rendered in connection with the System, you must first notify us and obtain approval from us. We will not unreasonably object to your request provided that the services do not interfere with the services that you render in connection with the Master Franchise Business, the services and products are in no way associated with the Marks and System, you are capable of providing the products and services in a good and workmanlike manner, and the customer is fully apprised that the services or products are not being rendered in connection with the Master Franchise Business. We retain the right to object to any future requests and the failure to object to any request shall not prohibit us from objecting to any future requests.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Subfranchisor Master Agreement and related agreements. You should read these provisions in the agreement attached to this disclosure document.

PROVISION	SECTION IN FRANCHISE AGREEMENT OR OTHER AGREEMENT	SUMMARY
a. Length of the Franchise Term	Section V	10 years
b. Renewal or extension of the term	Section V	10 year renewal term
c. Requirement for franchisee to renew or extend	Section V	Give notice, sign the then current subfranchisor master agreement, and pay a renewal fee. The then current subfranchisor master agreement may contain terms and conditions materially different from those in your previous Subfranchisor Master Agreement, such as different fee requirements
d. Termination by franchisee	Section XI.B	If we breach Subfranchisor Master Agreement and do not cure or attempt to cure after notice
e. Termination by franchisor without cause	Not Applicable	Not Applicable

PROVISION	SECTION IN FRANCHISE AGREEMENT OR OTHER AGREEMENT	SUMMARY
f. Termination by franchisor with cause	Section XI.A	If you don't satisfactorily complete training or generally if you breach Subfranchisor Master Agreement including failure to meet the Minimum Development Obligations
g. "Cause" defined- curable defaults	Section XI.A	You have 10 days to cure monetary defaults and 30 days to cure all others except those listed in Section XI.A.3 of the Subfranchisor Master Agreement
h. "Cause" defined – non-curable defaults	Section XI.A	Non-curable defaults: conviction of a felony, repeated defaults even if cured, bankruptcy, fraud, issuance of 2 or more insufficient funds checks and abandonment of the Master Franchise Business
i. Franchisee's obligation on termination or non-renewal	Section XI.C	Complete deidentification and payment of amounts due, return materials, Manual, direct transfer of your phone number, and assignment of Subfranchise Agreements and Customer Accounts
j. Assignment of contract by Franchisor	Section XII.A	No restrictions on right to assign
k. "Transfer" by franchisee-definition	Section XII.B	Transfer of interest in Subfranchisor Master Agreement, Master Franchise Business or you
l. Franchisor approval of transfer by franchisee	Section XII.B	Right to approve all transfers
m. Conditions for franchisor approval of transfer	Section XII.B	Transferee qualifies, transfer fee paid, new subfranchisor master agreement signed, training of transferee, release signed
n. Franchisor's right of first refusal to acquire franchisee's business	Section XII.D	We can match any offer for any or all of your interest in the Master Franchise Business or an ownership interest in you
o. Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
p. Death or disability of the franchisee	Section XII.C	Transferee must be approved but no right of first refusal
q. Non-competition covenants during the term of the franchise	Section X	No involvement in any cleaning service business or janitorial business anywhere
r. Non- competition covenant after the franchise is terminated or expires	Section X	No involvement in any cleaning service business or janitorial business and no solicitation of customers for 2 years within the Development Area and within the metropolitan statistical area where a Cleaning Business is being operated.
s. Modification of the agreement	Section XV.D	No modification generally but Operations Manual and System subject to change
t. Integration/merger clause	Section XV.D	Only the terms of the Subfranchisor Master Agreement are binding (subject to state law). Any representation or promises made outside the disclosure document and Subfranchisor Master Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section XIV	Except for certain claims, all disputes must be mediated and possibly arbitrated in St. Louis County, Missouri*
v. Choice of forum	Section XV.H	Litigation must be in the Federal Courts in St. Louis County, Missouri (subject to state law)*
w. Choice of law	Section XV.H	Missouri law applies (subject to state law)*

* If a state regulator requires us to make additional disclosures related to the information contained in this franchise disclosure document, these additional disclosures are contained in a State Law Addendum included in this franchise disclosure document as Exhibit C.

ITEM 18. PUBLIC FIGURES

We do not use any public figure to promote this franchise.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

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

basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

The following financial performance representations disclose the average historical data relating to the operation of corporate and franchised master businesses that were open and operating throughout the entire 2023 calendar year.

As of December 31, 2023, there were 13 corporate master businesses (the “Corporate Master Businesses”), 12 of which were open and operating throughout all of 2023. One corporate outlet is excluded from the below Tables 1-3 because it was not open for a full year as of December 31, 2023. The Corporate Master Businesses are substantially similar to the business being offered under this disclosure document. While some Corporate Master Businesses operate in large territories, we have a reasonable basis to include them because the size of the territories on its own has not resulted in higher Contract Revenues, and therefore the below data is not skewed by the inclusion of Master Businesses operating in larger territories.

As of December 31, 2023, there were two Master Franchise Businesses that were open and operating throughout all of 2023, both of which are included in Table 4 below.

Table 1 – 2023 Total Revenues of Corporate Master Businesses by Top, Middle, and Bottom Thirds

The below table includes 2023 Total Revenues of the 12 Corporate Master Businesses that were open and operating throughout all of 2023.

	# of Outlets	Minimum	Maximum	Median	Average	# above average	% above average
Top third	4	\$6,107,684	\$31,969,943	\$11,383,955	\$15,211,384	1	25%
Middle third	4	\$1,192,221	\$5,907,219	\$2,538,596	\$3,044,158	1	25%
Bottom third	4	\$401,041	\$1,178,037	\$610,926	\$700,233	3	75%

Table 2 – 2023 Total Revenues of Corporate Master Businesses by Vintage

The below table includes 2023 Total Revenues of the 10 Corporate Master Businesses that have continuously been a Corporate Master Business since it opened, grouped by how long they have been open and operating. Two Corporate Master Businesses that were open as of December 31, 2023 were excluded because they started as a franchised business and were subsequently acquired by our affiliate.

# Years Open	# of Outlets	Minimum	Maximum	Median	Average
16-28 years	3	\$6,107,684	\$31,969,943	\$14,475,554	\$17,517,727
5-11 years	3	\$2,376,697	\$8,292,357	\$5,907,219	\$5,525,424
1-3 years	4	\$401,041	\$1,178,037	\$610,926	\$700,233

Table 3 – 2023 Total Revenues of Formerly Master Franchise Business that were Reacquired by Corporate

The below table includes 2023 Total Revenues of the two Master Business that were initially franchised businesses, but were subsequently acquired by our affiliate. These are the same two Master Franchise Businesses that were excluded from Table 2.

	# of Outlets	Minimum	Maximum	Median	Average
All	2	\$1,192,221	\$2,700,495	\$1,946,358	\$1,946,358

Table 4 – 2023 Total Revenues of Master Franchise Businesses

The below table includes 2023 Total Revenues of the two Master Franchise Businesses that were open and operating throughout all of 2023.

	# of Outlets	Minimum	Maximum	Median	Average
All	2	\$1,740,746	\$2,661,931	\$2,201,338	\$2,201,338

Notes to Tables 1 – 4:

- **Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.**
- "Total Revenue" includes revenue from all sources including Contract Revenue (defined below), fees from Specialty Work, franchise fees from Subfranchisees, administration and insurance fees from Subfranchisees equipment sales revenue, and supplies sales.
- "Contract Revenue" means the total amount that was due from a Customer Account in 2023 that was derived from the sale of goods or the performance of any cleaning services or cleaning related activity regardless of whether the cleaning is performed by the outlet or its respective subfranchisees, less any applicable taxes imposed on the sale of goods or services.
- The data above reflects only Total Revenue data and does not reflect any costs or expenses that must be deducted from Total Revenue to obtain a net income or net profit figure.
- We calculated the figures in the Table 4 using financial reports submitted by franchisees.

Written substantiation for the financial performance representations will be made available to you upon written request.

Other than the preceding financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections on your future income, you should report it to the franchisor's management by contacting Christopher Blase, Buildingstars International Inc., 33 Worthington Access Drive, St. Louis, MO 63043, 314-991-3356, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

The following are the Item 20 Tables for the Subfranchise Outlets:

Table No. 1
Systemwide Outlet Summary
For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	3	3	0
	2022	3	2	0
	2023	2	2	0
Company-Owned*	2021	8	9	+1
	2022	9	12	+3
	2023	12	13	+1
Total Outlets	2021	11	12	+1
	2022	12	14	+2
	2023	14	15	+1

*This includes the separate metropolitan area regions operated by our Affiliate, Buildingstars Management, Inc. Each of these regions is similar to a Master Franchise Business. The information in these Item 20 tables is for the fiscal years ending December 31.

Table 2
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2021 to 2023

State	Year	Number of Transfers
Total	2021	0
	2022	0
	2023	0

Table 3
Status of Franchised Outlets
For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
New York	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
North Carolina	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0

Texas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Total	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	1	0	2
	2023	2	0	0	0	0	0	2

Table 4
Status of Company-Owned Outlets*
For years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Florida	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Georgia	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Illinois	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Kansas	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Missouri	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New Jersey	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
North Carolina*	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	1	0	0	0	2
Pennsylvania	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Tennessee	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Texas	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
Total	2021	8	1	0	0	0	9
	2022	9	2	1	0	0	12
	2023	12	1	0	0	0	13

Note: This includes the separate metropolitan area regions operated by our Affiliate, Buildingstars Management, Inc. Each of these regions is similar to a Master Franchise Business.

* In June 2022, we purchased the assets of our Master Franchisee operating in Charlotte, NC.

Table 5
Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Texas	0	0	1
Total	0	0	0

Information about current franchisees and Affiliate Subfranchisors is listed in Exhibit D. The list of franchisees which have been terminated, cancelled, transferred not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the Application Date are also listed in Exhibit D. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

AFFILIATE AND SUBFRANCHISOR'S UNIT FRANCHISES ITEM 20 CHARTS

Table 1
Systemwide Outlet Summary
For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	801	920	+119
	2022	920	956	+36
	2023	956	1,121	+165
Company-Owned*	2021	8	9	+1
	2022	9	12	+3
	2023	12	13	+1
Total Outlets	2021	809	929	+120
	2022	929	968	+39
	2023	968	1,134	+166

* This includes the separate metropolitan area regions operated by us. Each of these regions operates cleaning businesses similar to a franchise.

Table 2
Transfer of Outlets from Franchisees to New Owners
(other than the Franchisor)
For years 2021 to 2023

State	Year	Number of Transfers
Georgia	2021	0
	2022	0

State	Year	Number of Transfers
	2023	1
Illinois	2021	0
	2022	2
	2023	1
Missouri	2021	0
	2022	2
	2023	1
New Jersey	2021	0
	2022	0
	2023	2
Texas	2021	0
	2022	2
	2023	0
Total	2021	0
	2022	6
	2023	5

Table 3
Status of Franchised Outlets
For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2021	72	22	0	0	0	5	89
	2022	89	25	0	0	0	28	86
	2023	86	23	0	0	0	19	90
Connecticut	2021	15	1	0	0	0	0	12
	2022	12	2	0	0	0	3	11
	2023	11	0	0	0	0	1	10
Florida	2021	50	8	0	0	0	3	55
	2022	55	17	0	0	0	19	53
	2023	53	23	0	0	0	10	66
Georgia	2021	1	10	0	0	0	0	11
	2022	11	17	0	0	0	2	26
	2023	26	21	0	0	0	5	42
Illinois	2021	175	51	0	0	0	33	193
	2022	193	47	0	0	0	24	216
	2023	216	60	0	0	0	14	262
Indiana	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kansas	2021	0	0	0	0	0	0	0
	2022	0	4	0	0	0	2	2
	2023	2	3	0	0	0	2	3
Missouri	2021	175	18	0	0	0	13	180
	2022	180	16	0	0	0	13	183
	2023	183	26	0	0	0	13	196

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
New Jersey	2021	42	21	0	0	0	7	56
	2022	56	22	0	0	0	12	66
	2023	66	39	0	0	0	15	90
New York	2021	11	7	0	0	0	4	14
	2022	14	1	0	0	0	1	14
	2023	14	9	0	0	0	2	21
North Carolina*	2021	63	7	2	0	0	0	68
	2022	68	0	0	0	0	20	48
	2023	48	28	0	0	0	8	68
Pennsylvania	2021	97	32	0	0	0	4	125
	2022	125	22	0	0	0	23	124
	2023	124	31	0	0	0	32	123
South Carolina	2021	0	0	0	0	0	0	0
	2022	0	6	0	0	0	0	6
	2023	6	1	0	0	0	0	7
Tennessee	2021	0	7	0	0	0	2	5
	2022	5	11	0	0	0	6	10
	2023	10	13	0	0	0	10	13
Texas	2021	100	16	0	0	0	4	112
	2022	112	19	0	0	0	23	108
	2023	108	36	0	0	0	16	128
West Virginia	2021	0	0	0	0	0	0	0
	2022	0	2	0	0	0	0	2
	2023	2	0	0	0	0	1	1
Total	2021	801	200	2	0	0	79	920
	2022	920	215	0	0	0	179	956
	2023	956	313	0	0	0	148	1,121

Table 4
Status of Company-Owned Outlets
For years 2021 to 2023*

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Arizona	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Florida	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Georgia	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Illinois	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Kansas	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	0	0	0	0	1
Missouri	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
New Jersey	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
North Carolina	2021	0	0	0	0	0	0
	2022	0	0	1	0	0	1
	2023	1	0	0	0	0	1
Pennsylvania	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Tennessee	2021	0	1	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
Texas	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
	2023	2	0	0	0	0	2
Total	2021	8	1	0	0	0	9
	2022	9	2	0	0	0	12
	2023	12	1	0	0	0	13

* This includes the separate metropolitan area regions operated by us. Each of these regions operates cleaning businesses similar to a franchise.

Table 5
Projected Openings as of December 31, 2023

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Arizona	0	25	0
Florida	0	25	0
Georgia	0	25	0
Illinois	0	25	0
Kansas	0	25	0
Missouri	0	25	0
New Jersey	0	25	0
North Carolina	0	50	0
Pennsylvania	0	25	0
Tennessee	0	25	0
Texas	0	75	0
Total	0	350	0

During the last 3 fiscal years, we have signed confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

You may want to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

There are no trademark specific franchisee organizations.

ITEM 21. FINANCIAL STATEMENTS

Attached to this franchise disclosure document as Exhibit E are the audited consolidated financial statements of us and our subsidiaries for the years ending December 31, 2021, 2022 and 2023.

Attached to this franchise disclosure document as Exhibit F are our interim unaudited financial statements for the period ending May 31, 2024.

ITEM 22. CONTRACTS

The following is attached to this franchise disclosure document:

Exhibit A – Subfranchisor Master Agreement

Exhibit II of the Subfranchisor Master Agreement – Template of Technician Program Franchise Agreement

Exhibit III of the Subfranchisor Master Agreement – Template of the On-Site Manager Program Franchise Agreement

Exhibit IV of the Subfranchisor Master Agreement – Template of the Corporate Program Franchise Agreement

ITEM 23. RECEIPT

See Exhibit J

EXHIBIT A
SUBFRANCHISOR MASTER AGREEMENT

**BUILDINGSTARS INTERNATIONAL, INC.
SUBFRANCHISOR MASTER AGREEMENT**

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BUILDINGSTARS INTERNATIONAL, INC.

SUBFRANCHISOR MASTER AGREEMENT

THIS SUBFRANCHISOR MASTER AGREEMENT (the “Agreement”) is made and entered into this _____ day of _____, 20____ (the “Effective Date”), by and between BUILDINGSTARS INTERNATIONAL, INC., a Missouri corporation (“INTERNATIONAL”), and _____, a _____ corporation (“SUBFRANCHISOR”);

WHEREAS, INTERNATIONAL’s Affiliates have developed and franchise cleaning service businesses under the Marks (as defined below) and in accordance with the System (as defined below); and

WHEREAS, INTERNATIONAL has been licensed the right from its Affiliates to grant subfranchisors which will have the right to open and operate, and procure, assist and train subfranchisees (each a “Subfranchisee” or collectively, the “Subfranchisees”) to open and operate cleaning businesses within the Development Area (as defined herein); and

WHEREAS, SUBFRANCHISOR desires to open, operate and procure, assist and train Subfranchisees to open and operate cleaning businesses in accordance with the terms of this Agreement;

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

I. DEFINITIONS

For purposes of this Agreement, the following defined terms shall have the meanings set forth below and the definitions constitute an integral part of this Agreement:

A. “Affiliate” means any and all entities that are or may control, be controlled by, or under common ownership or control with INTERNATIONAL including but not limited to Buildingstars, Inc. f/k/a Advantage Building Services, Inc., Buildingstars Operations, Inc. (f/k/a Buildingstars STL Operations, Inc.), Buildingstars Management, Inc. (f/k/a Buildingstars/St. Louis, Inc.), Green Sky Franchise Group, Inc., Facility Brands, Inc. and Green Sky Southwest, Inc.

B. “Cleaning Business” means a cleaning business operated under the Marks and in accordance with the System.

C. “Contract Revenues” means the total amount due from a customer account derived from the sale of goods or the performance of any cleaning services or cleaning related activity regardless of whether the cleaning is performed by the Subfranchisee or SUBFRANCHISOR, less any applicable taxes imposed on the sale of goods or services.

D. “Customer Accounts” means the accounts for which SUBFRANCHISOR or its Subfranchisees provide cleaning and janitorial services.

E. “Interest” means: (a) this Agreement or the rights under this Agreement; (b) the rights in the Master Franchise Business; (c) an individual’s rights as an owner of the Master Franchise Business (including any owner’s stock, partnership interest, limited liability company, or other ownership interest); (d) any option, call, warrant, conversion rights or rights to acquire any equity or voting interest in SUBFRANCHISOR; (e) any security interest, lien, pledge, mortgage, or other encumbrance of any of the foregoing Interests; or (f) any right to control, operate or manage the Master Franchise Business.

F. “Manual” means the Confidential Operations Manual as amended from time to time. The Manual will be in a format determined by INTERNATIONAL (i.e., in writing, on CD-Rom, via electronic media through a secure website, etc.) and all other supplemental bulletins, notices, revisions, modifications, or supplemental information, either in document or electronic form, concerning the System. Also included are any passwords or other digital identifications necessary to access the Manual on a website or extranet. The Manual is confidential and remains the property of INTERNATIONAL.

G. “Marks” means such service marks, trademarks, trade dress, trade names and any marks which may be considered confusingly similar thereto, as may presently exist, or which may be modified, changed, or acquired by or licensed to INTERNATIONAL or its Affiliates for use in connection with the operation of the Master Franchise Business and the Subfranchise Businesses as contemplated by this Agreement. Currently, the Marks include “Buildingstars”.

H. “Master Franchise Business” means the business that SUBFRANCHISOR owns and operates pursuant to the covenants and conditions of this Agreement including the Cleaning Business and the sale, assistance and training of Subfranchise Businesses.

I. “Principal Owners” means SUBFRANCHISOR if SUBFRANCHISOR is an individual or more than one individual, the shareholder(s) of SUBFRANCHISOR if SUBFRANCHISOR is a corporation, the partner(s) of the partnership if SUBFRANCHISOR is a partnership, or the manager or member(s) if SUBFRANCHISOR is a limited liability company.

J. “Specialty Work” means project work that is above and beyond the scope of the monthly janitorial services, such as carpet cleaning, floor refinishing, window cleaning and other special projects. Typically, Specialty Work will be one-time projects.

K. “Subfranchise Agreement(s)” are the franchise agreements entered into between SUBFRANCHISOR and Subfranchisees for the right to operate a Cleaning Business.

L. “Subfranchise Business” means the Cleaning Businesses that SUBFRANCHISOR sells to Subfranchisees to open and operate pursuant to the System, under the Marks, and in accordance with the Subfranchise Agreement.

M. “System” means the method of operating a quality cleaning service business pursuant to this Agreement. This includes confidential operating procedures; cleaning and operational methods, methods and techniques for financial controls, accounting and reporting, personnel management, sales marketing and advertising, trade secrets and the proprietary know-how developed by INTERNATIONAL and its Affiliates to integrate the services necessary to operate Cleaning Businesses and Master Franchised Businesses any of which may be changed, improved, modified and further developed by INTERNATIONAL and its Affiliates from time to time.

N. “Term” means the Initial Term and any Renewal Term of this Agreement.

O. “Transfer” means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift conveyance, or other disposition of an Interest including without limitation: (a) transfer of any capital stock, partnership interest, limited liability company interest or other ownership interest of SUBFRANCHISOR or its owners; (b) merger, consolidation or issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of a majority owner; (e) the grant or creation of any lien or encumbrance; or (f) any sale, lease, sublease, or

other transfer or disposition of any of the assets used in the performance of the Master Franchise Business, whether now owned or hereafter acquired, except in the normal and ordinary course of business.

II. GRANT OF MASTER FRANCHISE BUSINESS

A. Grant of Master Franchise Business. Subject to the covenants and conditions of this Agreement, INTERNATIONAL hereby grants to SUBFRANCHISOR, and SUBFRANCHISOR hereby accepts, the exclusive right to open and operate a Master Franchise Business within the Development Area more fully described in Exhibit I attached hereto (“Development Area”) during the Term of this Agreement. This includes SUBFRANCHISOR’s right and obligation to (i) market and sell Subfranchise Businesses to Subfranchisees in the Development Area; (ii) train and assist Subfranchisees to open and operate Subfranchise Businesses in the Development Area; (iii) obtain Customer Accounts for the Subfranchisees; (iv) provide billing and collection services to the Subfranchisees; and (v) operate a Cleaning Business within the Development Area.

B. Exclusivity. So long as the SUBFRANCHISOR is in compliance under the terms of this Agreement, INTERNATIONAL and its Affiliates will not operate or grant others the right to operate a Cleaning Business or a master franchise business that offers cleaning service or janitorial businesses within the Development Area.

C. Rights Reserved. INTERNATIONAL reserves the right to operate or allow others to operate a Cleaning Business, a Subfranchise Business or a master franchise business anywhere outside of the Development Area. INTERNATIONAL reserves the right to operate or allow others to operate a cleaning business or any other type of business under different marks anywhere including within the Development Area, however, so long as SUBFRANCHISOR is not in default under this Agreement, INTERNATIONAL will not operate or allow others to operate a cleaning business or any other type of business that competes directly with SUBFRANCHISOR or your Subfranchisees under different marks anywhere within the Development Area. INTERNATIONAL and its Affiliates are also authorized to sell some or all of the products and services authorized for sale by SUBFRANCHISOR herein in any other channel of distribution, including but not limited to the wholesale sales of products and/or to provide management and/or consulting services using the System and/or the Marks or using a different system or marks anywhere.

SUBFRANCHISOR agrees and affirms that INTERNATIONAL and its Affiliates may sell themselves, their assets, their proprietary marks and/or the System to a third party; may go public; may engage in a private placement of some or all of its securities; may merge, acquire other corporations or entities, or be acquired by another corporation or entity; and/or may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring. With regard to any of the above sales, assignments and dispositions, SUBFRANCHISOR expressly and specifically waives any claims, demands or damages arising from or related to the loss of the Mark (or any variation thereof) and System and/or the loss of association with or identification of “Buildingstars” as SUBFRANCHISOR under this Agreement. If INTERNATIONAL assigns its rights in this Agreement, nothing herein shall be deemed to require INTERNATIONAL to remain in the cleaning business or to offer or sell any products or services to SUBFRANCHISOR.

III. SUBFRANCHISOR'S DEVELOPMENT OBLIGATION

A. Minimum Development Obligation.

1. During the Term of this Agreement, SUBFRANCHISOR shall procure, screen, qualify, train and assist Subfranchisees to open and operate Subfranchise Businesses within the Development Area. SUBFRANCHISOR shall meet or exceed the minimum Development Obligations set forth in Exhibit I attached hereto and incorporated herein by reference (the "Minimum Development Obligations"), in the manner and within each of the time periods (the "Development Periods") specified therein. SUBFRANCHISOR acknowledges and agrees that a material provision of this Agreement is that both the number of Subfranchisees operating within the Development Area during the Term of this Agreement in accordance with the Minimum Development Obligation, and that the SUBFRANCHISOR generates the minimum annual Contract Revenue requires in accordance with the Minimum Development Obligations. SUBFRANCHISOR represents that it has conducted its own independent investigation and analysis of the prospects for the Development Area, approves of the Minimum Development Obligation as being reasonable and viable, and recognizes that failure to achieve the results described in the Minimum Development Obligations constitutes a material breach of this Agreement. If SUBFRANCHISOR fails to comply with the Minimum Development Obligation, INTERNATIONAL shall have the right to terminate this Agreement as provided herein. INTERNATIONAL will also be able to either operate as a SUBFRANCHISOR in the Development Area or grant the right to another person or entity to operate as a SUBFRANCHISOR in the Development Area.

2. Each Subfranchise Business opened within the Development Area shall be the subject of a Subfranchise Agreement entered into between SUBFRANCHISOR and such Subfranchisee. SUBFRANCHISOR agrees to sell and market the Subfranchise Businesses in accordance with the requirements set forth in the Subfranchise Agreements which reflect the three separate programs: Technician, On-Site Manager and Corporate. SUBFRANCHISOR shall have no right to modify or offer to modify any Subfranchise Agreement, or other contract without INTERNATIONAL's prior written consent.

B. Force Majeure. Should SUBFRANCHISOR be unable to meet the Minimum Development Obligation solely as the result of force majeure, (i.e., war, riot, strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by governmental action or force of law, which results in the inability of SUBFRANCHISOR or the Subfranchisees to sell or to operate Cleaning Business(s) in the Development Area), and which neither SUBFRANCHISOR nor the Subfranchisees could by the exercise of due diligence have avoided, the Development Periods shall be extended by the amount of time during which such force majeure shall exist.

IV. FEES

A. Initial Master Franchise Fee. SUBFRANCHISOR must pay INTERNATIONAL an Initial Master Franchise Fee of the amount set forth in Exhibit I of this Agreement upon execution of this Agreement (the "Initial Master Franchise Fee").

If SUBFRANCHISOR is required to register with a state agency in order to sell franchises within the Development Area, and if such registration is not obtained within 90 days after the date of execution of this Agreement, INTERNATIONAL has the right, in its sole discretion, to terminate this Agreement, retain Ten Thousand Dollars (\$10,000) of the Initial Master Franchise Fee and return the balance to SUBFRANCHISOR. Otherwise, the Initial Master Franchise Fee is fully earned when paid and non-refundable.

B. Royalty Fee. During the term of this Agreement, SUBFRANCHISOR must pay INTERNATIONAL, monthly by the twentieth (20th) day of the month, a Royalty Fee based on the percentages set forth in the following chart of the Royalty Items from the prior month. No part of the Royalty Fees is refundable.

Year of Operations	Percentage of Royalty Items
1	1%
2	2%
3	3%
4	4%
5 and each subsequent year	5%

“Royalty Items” means all of the following items:

- (i) Monthly Contract Revenues billed by you and/or your Subfranchisees;
- (ii) The amount of billings to Customer Accounts for Specialty Work you or your Subfranchisees perform; and
- (iii) Revenue from the sale or lease of supplies and equipment.

Notwithstanding the foregoing, at any time after the fourth (4th) year of this Agreement, SUBFRANCHISOR can pay INTERNATIONAL, in lump sum, the amount of the Initial Master Franchise Fee set forth in Exhibit I in order to reduce the percentage from five percent (5%) to four percent (4%). If you are signing this Agreement in connection with a renewal or transfer, then your Royalty Fee will still be based upon how long the Master Franchise Business has been in operations and it will not reset as if it was a new business.

C. Franchise Sales Fees. During the Term of this Agreement, SUBFRANCHISOR must pay to INTERNATIONAL, monthly by the twentieth (20th) day of the month, a fee (“Franchise Sales Fee”) equal to ten percent (10%) of the franchise fees for the sale, renewal, upgrade (amount to change to a higher franchise program), or transfer of a Subfranchise Business from the prior month. No part of the Franchise Sales Fees is refundable.

D. Advertising Fee. Currently INTERNATIONAL does not have an Advertising Fund. However, INTERNATIONAL reserves the right to establish an Advertising Fund in the future as described in Section VII.O, below. In such event, SUBFRANCHISOR will be required to pay INTERNATIONAL, monthly, by the twentieth (20th) day of each month, an Advertising Fee of no more than one percent (1%) of Monthly Contract Revenue billed in the previous month.

E. Method of Payment. SUBFRANCHISOR shall make payments due to INTERNATIONAL in the manner, and with the inclusion of such reports and documentation as INTERNATIONAL may require. INTERNATIONAL has the right to require SUBFRANCHISOR to make Royalty Fee, Franchise Sales Fee and Advertising Fee payments by electronic funds transfer (“EFT”) which electronically debits from SUBFRANCHISOR’s bank account the fees described herein or such other manner which INTERNATIONAL may designate from time to time. Any payment or report not received by INTERNATIONAL on or before such date shall be deemed overdue. SUBFRANCHISOR shall comply with the procedures specified in the Manual or as otherwise communicated for such EFT program and shall perform the acts and sign the documents, including authorization forms that INTERNATIONAL, SUBFRANCHISOR’s bank and INTERNATIONAL’s bank may require to accomplish payment by EFT, including authorizations for INTERNATIONAL to

initiate debit entries and/or credit correction entries to a designated checking or savings account for payments of Royalty Fees, Franchise Sales Fees and Advertising Fees and other amounts, including interest payable to INTERNATIONAL. In addition, SUBFRANCHISOR shall pay all costs associated with utilizing an EFT payment program. If SUBFRANCHISOR fails to timely report to INTERNATIONAL in accordance with the procedures set forth in the Manual or as otherwise designated or disclosed by INTERNATIONAL, in addition to any applicable late charges, INTERNATIONAL has the right, but not the obligation, to debit from such account an estimated amount equal to the fees due and payable to INTERNATIONAL based on the amounts shown in the reports most recently received by INTERNATIONAL.

F. Taxes and Assessments. SUBFRANCHISOR shall indemnify INTERNATIONAL and/or reimburse INTERNATIONAL for all capital, gross receipts, sales, and other taxes and assessments imposed by the state the Master Franchise Business is located as a result of the conduct of the Master Franchise Business or the license of any of INTERNATIONAL's intangible property to SUBFRANCHISOR.

G. Interest on Late Payments. If Royalty Fees, Franchise Sales Fees or Advertising Fees are not paid when due, INTERNATIONAL shall have the right to charge interest on late payments equal to the lesser of one and one-half percent (1½%) per month or the maximum legal rate in the jurisdiction where the Development Area is located. INTERNATIONAL's right to interest is in addition to any other remedies that INTERNATIONAL may have.

H. No Right of Offset. SUBFRANCHISOR agrees to make prompt payment, without deduction or set-off, of all charges which are properly due. Such payments cannot be withheld on grounds of non-performance by INTERNATIONAL of any of its obligations hereunder.

I. Late Reporting. If SUBFRANCHISOR fails to send financial reports when due, INTERNATIONAL may, to the extent permitted by applicable law, charge a Late Report Fee of One Hundred Dollars (\$100) plus One Hundred Dollars (\$100) a month for each month any report is late.

V. TERM

The term of this Agreement (the "Initial Term") shall be for a period of ten (10) years, commencing on the Effective Date, unless sooner terminated in accordance with the provisions herein. Upon the expiration of the Initial Term, and provided that SUBFRANCHISOR shall not then be in default hereunder, SUBFRANCHISOR shall have the right to renew this Agreement for an additional period of ten (10) years (a "Renewal Term") upon the payment of a renewal fee of twenty-five percent (25%) of the then current Initial Master Franchise Fee being charged for a development area of the size of the SUBFRANCHISOR's Development Area. Additionally, SUBFRANCHISOR shall execute the then current Master Franchise Agreement and to the extent permitted by applicable law, a general release, in a form prescribed by INTERNATIONAL, releasing INTERNATIONAL and its subsidiaries and affiliates from any and all claims SUBFRANCHISOR may have against INTERNATIONAL or any of its subsidiaries or affiliates and their respective owners, officers, directors, agents, and employees. SUBFRANCHISOR understands that the terms and conditions of the then current Master Franchise Agreement may be different from the terms and conditions of this Agreement. If SUBFRANCHISOR wishes to renew, SUBFRANCHISOR must notify INTERNATIONAL in writing not less than seven (7) months and not more than twelve (12) months prior to the end of the then current Initial Term or Renewal Term, as the case may be.

VI. OBLIGATIONS OF INTERNATIONAL

A. Training. INTERNATIONAL will provide an initial training program for the operation of the Master Franchise Business using the System and Marks for one of the Principal Owners and one other person. The initial training program is furnished after this Agreement is executed and prior to the opening of the Master Franchise Business for a one (1) week period at INTERNATIONAL's offices and then at SUBFRANCHISOR's offices. SUBFRANCHISOR shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending this program. If SUBFRANCHISOR's Principal Owner does not satisfactorily complete the training program, INTERNATIONAL may terminate this Agreement. Satisfactory completion of the training program is, however, no assurance of the success of the Master Franchise Business.

B. Refresher Training. INTERNATIONAL may provide additional or refresher training programs and meetings from time to time at such place and time as may be designated by INTERNATIONAL and INTERNATIONAL may make SUBFRANCHISOR's attendance at such training programs and meetings mandatory. SUBFRANCHISOR shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending such programs and meetings and INTERNATIONAL shall have the right to charge a reasonable fee for such training programs and meetings.

C. Continuing Advisory Assistance. INTERNATIONAL will make available such continuing advisory assistance in the operation of the Master Franchise Business, rendered in such manner, as INTERNATIONAL may deem appropriate. INTERNATIONAL reserves the right to charge a reasonable fee for such assistance as well as to be compensated for any travel expenses including but not limited to transportation, lodging, meals and other expenses INTERNATIONAL or its agents and employees incur providing such advisory assistance.

D. Confidential Operations Manuals. INTERNATIONAL will loan SUBFRANCHISOR, during the Term, one copy of the Manual, which may cover such items as general business methods, merchandising, financial reporting requirements, requirements for Subfranchisees, confidentiality agreements, plans and specifications, approved suppliers, etc., as may be modified from time to time. The Manual is a confidential trade secret of INTERNATIONAL and shall remain the property of INTERNATIONAL. The Manual cannot be photocopied, reproduced, or disseminated without INTERNATIONAL's written consent. SUBFRANCHISOR shall at all times ensure that its copy of the Manual is kept current and up-to-date; and, in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by INTERNATIONAL shall be controlling. Upon termination or expiration of the Term, SUBFRANCHISOR shall return the Manual to INTERNATIONAL. SUBFRANCHISOR agrees that it shall strictly comply with all of the mandatory requirements in the Manual and such compliance is an essential part of its obligations under this Agreement. SUBFRANCHISOR shall at all times be responsible for ensuring that its employees and all other persons under its control comply with the mandatory portions of the Manual in all respects.

SUBFRANCHISOR understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of customers, and/or presently unforeseen technological innovations, the System may need to undergo changes in order that it best serve the interests of the SUBFRANCHISOR, INTERNATIONAL and System. Subject to the other provisions of this Agreement, SUBFRANCHISOR expressly agrees to abide by any such modifications, changes, additions, deletions and alterations, including but not limited to the purchase of new and additional equipment (including but not limited to software and hardware equipment) and acknowledge that such modifications, changes, additions, deletions and alterations may require further expenditures by SUBFRANCHISOR.

INTERNATIONAL reserves the right to establish company policies and/or procedures pertaining to the operation of the Master Franchise Business, the terms of this Agreement, the Subfranchise Agreements or the Subfranchise Businesses. SUBFRANCHISOR agrees that it will be bound by said policies and/or procedures upon SUBFRANCHISOR's receipt of same.

E. Franchise Documentation. INTERNATIONAL will assist SUBFRANCHISOR in the preparation of the Franchise Disclosure Document and Subfranchise Agreements and the updating of these documents, however, the final responsibility for the legality and compliance with any federal, state or local laws regulating franchise sales rests with SUBFRANCHISOR. Any changes, additions, deletions or modifications which SUBFRANCHISOR desires to make to the form Subfranchise Agreements must be consented to by INTERNATIONAL no less than twenty (20) days prior to SUBFRANCHISOR's use of same.

F. Sales Material. INTERNATIONAL may, in its sole discretion, make available sales and marketing material for SUBFRANCHISOR and reserves the right to charge a reasonable fee for such materials.

G. Inspections of Master Franchise Business and Customers. SUBFRANCHISOR shall permit representatives or agents of INTERNATIONAL to enter its business premises with or without notice during regular business hours to inspect and examine the business operations. SUBFRANCHISOR also grants INTERNATIONAL permission to examine all financial records or documents relating to the Master Franchise Business. INTERNATIONAL may make periodic quality control and customer relations visits to each customer account location of SUBFRANCHISOR or its Subfranchisees.

H. Right to Audit. INTERNATIONAL may, from time to time, cause one or more complete audits to be made of the affairs and records relating to the operations of the Master Franchise Business. Upon request by INTERNATIONAL, SUBFRANCHISOR shall make such books, records and information available to INTERNATIONAL or its designated representative at all reasonable times for review and audit by INTERNATIONAL at SUBFRANCHISOR's place of business. If it is found that SUBFRANCHISOR under-reported any Monthly Contract Revenue or revenue from the Master Franchise Business including, without limitation, the Subfranchise Businesses, SUBFRANCHISOR will reimburse INTERNATIONAL for the amount of the Royalty Fees, Franchise Sales Fees or Advertising Fees that would have been billed had billings been reported accurately, plus interest on those amounts at the rate of the lesser of one and one-half percent (1½%) per month or the maximum legal rate in the jurisdiction where the Master Franchise Business is located. In addition, in the event that an audit by INTERNATIONAL results in a determination that any or all of the Royalty Fees, Franchise Sales Fees or Advertising Fees paid to INTERNATIONAL are deficient (underpaid) by more than two percent (2%), the SUBFRANCHISOR shall promptly pay to INTERNATIONAL any amounts shown to be due and all costs and expenses incurred by INTERNATIONAL in conducting the audit that uncovered the under-reported sales, including salaries of INTERNATIONAL's representatives, travel costs, room and board and audit fees. Nothing contained herein shall constitute an agreement by INTERNATIONAL to accept any payments after the same are due or a commitment by INTERNATIONAL to extend credit to or otherwise finance the SUBFRANCHISOR's operation of the Master Franchise Business.

VII. SUBFRANCHISOR'S OBLIGATIONS

A. Opening Master Franchise Business. Within three (3) months following the Effective Date, SUBFRANCHISOR shall begin operation of the Master Franchise Business. SUBFRANCHISOR shall not begin operations until its Principal Owner has satisfactorily completed the initial training program, obtain all necessary permits, licenses, insurance and bonds. SUBFRANCHISOR will select the site of the office for the Master Franchise Business within the Development Area, subject to the prior

written consent of INTERNATIONAL. INTERNATIONAL's consent to the location means only that the location meets INTERNATIONAL's minimum standards and is not a warranty as to the appropriateness of the location. SUBFRANCHISOR shall not open or close any office nor change the location of any office without first securing written consent of INTERNATIONAL. Any relocation of the location of the office must be within the Development Area. The office must be maintained in a safe, orderly and clean state, presenting a businesslike appearance. The office shall be properly staffed (as sound business practices dictate), furnished, and equipped. The office shall be equipped with the required computer hardware and software, telephone system and facsimile machine and any other equipment which is required and approved by INTERNATIONAL throughout the term of this Agreement. SUBFRANCHISOR shall maintain a telephone number to be used by SUBFRANCHISOR exclusively for the business conducted herein.

B. Standards of Operation.

1. SUBFRANCHISOR agrees to comply with INTERNATIONAL's mandatory policies, practices, procedures, regulations and standards, whether set forth in the Manual or in other materials supplied to SUBFRANCHISOR by INTERNATIONAL which may be changed or modified from time to time. SUBFRANCHISOR must use all equipment, products and supplies in the operation of the Master Franchise Business that meet INTERNATIONAL's standards and specifications as set forth in the Manual.

2. SUBFRANCHISOR shall continuously and prominently display the Marks in connection with the Master Franchise Business, and will not take or fail to take any action, the result of which might detract from the public image of INTERNATIONAL, the Master Franchise Business, the System or the Marks. SUBFRANCHISOR shall not display or permit to be displayed at the Master Franchise Business any business name or service not authorized hereunder.

3. All of SUBFRANCHISOR's business dealings will be governed by the highest professional standards of honesty, integrity, fair dealing and ethical conduct. SUBFRANCHISOR will do nothing that would tend to discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of INTERNATIONAL, its other Subfranchisors or its Affiliates.

4. SUBFRANCHISOR shall pay when due all of its own obligations whatsoever incurred. SUBFRANCHISOR shall be solely responsible for the payment of all taxes including but not limited to sales, use, personal property, real property, value added, turnover, stamp, business, occupation, excise, corporate, income, and all other taxes and withholdings imposed levied or assessed or otherwise payable as a result of the Master Franchise Business. Further SUBFRANCHISOR shall pay all of its obligations and liabilities to its Subfranchisees when due.

5. SUBFRANCHISOR shall at all times faithfully, honestly and diligently perform the obligations hereunder, use its best efforts to promote and enhance the Master Franchise Business, and shall not engage in any business or other activity that will conflict with the SUBFRANCHISOR's obligations hereunder. SUBFRANCHISOR or its Principal Owner agrees to participate personally in the direct operation of the Master Franchise Business on a full-time basis and use its best efforts. However, SUBFRANCHISOR is permitted to hire a general manager to assist in the operation of the Master Franchise Business. In such event, the general manager must have satisfactorily completed the initial training program.

6. SUBFRANCHISOR agrees to and shall take all steps as are necessary to ensure that its employees (i) treat all potential subfranchisees and customers fairly; (ii) provide services hereunder in an honest, ethical, and nondiscriminatory manner; and (iii) do not withhold any material information from

SUBFRANCHISOR's customers or attempt to sell any services to them that SUBFRANCHISOR believes, in its good faith estimation, are not needed.

7. SUBFRANCHISOR shall (i) not advertise in a deceptive, misleading, or unethical manner; (ii) only make those promises, representations, and guarantees to customers, potential subfranchisees and others through the Master Franchise Business authorized by INTERNATIONAL; (iii) preserve good customer relations; and (iv) render competent, prompt, courteous, and knowledgeable service, and meet such minimum standards as INTERNATIONAL may establish from time to time in the Manual.

8. SUBFRANCHISOR recognizes that it is not permitted to use the System or Marks in connection with the sale of any products or services other than those contemplated by this Agreement. If a customer requests that SUBFRANCHISOR render any services or sell any products that are not of the type that are normally rendered in connection with the System, SUBFRANCHISOR must first obtain approval from INTERNATIONAL. INTERNATIONAL will not unreasonably object to SUBFRANCHISOR's request provided that the services do not interfere with the services that it renders in connection with the System, the services and products are in no way associated with the Marks and System, SUBFRANCHISOR is capable of providing the products and services in a good and workmanlike manner, and the customer is fully apprised that the services or products are not being rendered in connection with the Master Franchise Business. INTERNATIONAL retains the right to object to any future requests and the failure to object to any request shall not prohibit INTERNATIONAL from objecting to any future requests.

C. Sale of Subfranchises. SUBFRANCHISOR shall use its best efforts to market and sell Subfranchise Businesses to Subfranchisees who shall operate the Subfranchise Business within the Development Area. SUBFRANCHISOR shall not grant any similar right to the Subfranchisee and the Subfranchisee shall not have the right to subfranchise, or sell additional franchises. SUBFRANCHISOR will have the sole responsibility for establishing the prices relating to the sale of the Subfranchise Businesses and the fees for the Subfranchise Businesses and will provide necessary training, support and consultation to all such Subfranchisees within its Development Area; provided, however, that, to the extent permitted by applicable law, SUBFRANCHISOR shall charge Subfranchisees no less than the amounts set forth in italics in the template Subfranchise Agreements attached hereto; and, provided further, however, that INTERNATIONAL shall have the right to change such minimum amounts upon written updates to the Manual. SUBFRANCHISOR will not make any misleading or untrue statements or statements which are inconsistent with the Franchise Disclosure Document INTERNATIONAL has approved and will not provide any potential Subfranchisees with any documents or information other than such Franchise Disclosure Document. Further, SUBFRANCHISOR will make no representations, commitments or promises other than those specifically set forth in such Franchise Disclosure Document and will make no financial performance representations except as provided in such Franchise Disclosure Document.

D. Subfranchising, Compliance with Laws. In connection with SUBFRANCHISOR's solicitation of Subfranchisees in the Development Area, and the execution and performance of all Subfranchise Agreements entered into in connection therewith, SUBFRANCHISOR shall comply with, and conduct all franchise promotion, advertising and other activities in accordance with the Federal Trade Commission Rule on Franchising and Business Opportunity Ventures (the "FTC Rule"), all applicable state laws relating to the offer and sale of franchises, and all other applicable laws, rules and regulations, and all of INTERNATIONAL's standards, rules, policies and procedures in effect from time to time. SUBFRANCHISOR shall prepare its own Franchise Disclosure Document ("FDD") based on a template of the FDD INTERNATIONAL will provide, shall register and maintain proper registrations as a SUBFRANCHISOR in all states and jurisdictions where such registration is or shall be required, and shall

at all times comply with all of the provisions of all other applicable federal, state or local statutes, rules or ordinances. SUBFRANCHISOR shall not file or use any franchise disclosure documents, prospectuses and other disclosure documents, whether related to subfranchising, securities offerings or other matters, without first having obtained the written consent thereto from INTERNATIONAL, which it may grant or withhold in its sole discretion. Such consent shall not constitute a warranty or representation by INTERNATIONAL that said document complies with any applicable law or that the disclosures therein made by SUBFRANCHISOR are truthful and accurate, nor shall its review or consent with respect thereto in any way waive, reduce or impair INTERNATIONAL's right to be indemnified by SUBFRANCHISOR pursuant to Section XIII.

E. Investigation and Qualification of Prospective Franchisees. SUBFRANCHISOR shall investigate and review the qualifications of each prospective Subfranchisee in accordance with INTERNATIONAL's standards, policies, and procedures relating to qualifications of franchisees then in effect. SUBFRANCHISOR must furnish INTERNATIONAL with a copy of each executed Subfranchise Agreement and a copy of all documentation used in the qualification process within fifteen (15) days after each Subfranchise Agreement is fully executed.

F. Subfranchise Agreements. INTERNATIONAL will provide SUBFRANCHISOR with standard Subfranchise Agreement templates, which may be modified by INTERNATIONAL from time to time. Templates of the current Subfranchise Agreements for the Technician, On-Site Manager and Corporate programs are set forth in Exhibits II, III and IV, respectively, attached hereto. SUBFRANCHISOR is required to utilize the basic Subfranchise Agreement forms provided by INTERNATIONAL, subject to having the documents reviewed and revised by their own attorney and obtaining INTERNATIONAL's consent to any changes, modifications or amendments to the Subfranchise Agreements. SUBFRANCHISOR and INTERNATIONAL agree that INTERNATIONAL is a third-party beneficiary to any Subfranchise Agreement and INTERNATIONAL shall have the right to assume any of the responsibilities, duties or functions of the SUBFRANCHISOR in the event that this Agreement is not renewed or is terminated for any reason, and each Subfranchise Agreement shall include the following paragraph as modified by INTERNATIONAL from time to time: *[Franchisee] acknowledges and agrees that all of [SUBFRANCHISOR's] rights and all of [Franchisee's] obligations under this Agreement insure to the benefit of Buildingstars International, Inc. and that it has a third party beneficiary interest in this Agreement. Buildingstars International Inc. has the right, but not the obligation, to enforce any provision of this Agreement if [SUBFRANCHISOR] fails to properly and promptly do so. Upon termination or expiration of the Term of the Subfranchisor Master Agreement between [SUBFRANCHISOR] and Buildingstars International Inc. for any reason, this Agreement will remain in effect, and [SUBFRANCHISOR's] interest in this Agreement may be automatically assigned to and assumed by Buildingstars International, Inc. at its sole discretion. [Franchisee] agrees to be bound by the assignment upon receipt of notice from Buildingstars International Inc. of the effective date of the assignment.*

SUBFRANCHISOR shall not terminate any Subfranchise Agreement without prior notification to INTERNATIONAL. Such notification shall include copies of all correspondence with the Subfranchisee which asserts a breach or termination of a Subfranchise Agreement and all other correspondence with such Subfranchisee which may be material to the franchise relationship, concurrently with it being sent or received by SUBFRANCHISOR.

G. Relations with Subfranchisees. SUBFRANCHISOR agrees to be solely responsible for the relations with any Subfranchisees or potential Subfranchisees within the Development Area and to hold harmless and indemnify INTERNATIONAL from any and all claims arising from the relationship between SUBFRANCHISOR and each Subfranchisee or potential Subfranchisee and between SUBFRANCHISOR and its customers, Subfranchisees and their customers or potential Subfranchisees.

SUBFRANCHISOR agrees to be solely responsible for the services and results of such services performed by SUBFRANCHISOR or its Subfranchisees for any type of cleaning and/or maintenance related services, as well as for the sale, leasing or distribution of all supplies, equipment, etc. SUBFRANCHISOR agrees to be solely responsible for SUBFRANCHISOR's sales or attempted sale of any subfranchises and/or any claims of any regulatory agencies which now or hereafter may have jurisdiction over SUBFRANCHISOR's sale of subfranchises.

H. Billing and Collection Services and Obtaining Customer Accounts for Subfranchisees. SUBFRANCHISOR will provide Subfranchisees with billing and collection services on their behalf. In addition, SUBFRANCHISOR will obtain all of the Customer Accounts required under the Subfranchise Agreements in a timely manner. SUBFRANCHISOR is permitted to service any of the Customer Accounts at any time. SUBFRANCHISOR may contract with INTERNATIONAL or its Affiliates to provide the billing and collection services. Such services will be provided at a charge mutually agreeable to both parties. In addition, INTERNATIONAL or its Affiliates will be permitted to deduct all amounts owed by SUBFRANCHISOR to INTERNATIONAL and its Affiliates from amounts collected and forward the balance, if any, to SUBFRANCHISOR and its Subfranchisees. In the event of a shortfall, SUBFRANCHISOR will be required to pay INTERNATIONAL and/or its Affiliates within five (5) days of notification of such a shortfall.

I. Financial Reports. During the Term and for six (6) years thereafter, SUBFRANCHISOR shall maintain and preserve full, complete and accurate books, records and accounts regarding the Master Franchise Business. SUBFRANCHISOR further agrees to prepare, on the forms approved by INTERNATIONAL, and submit to INTERNATIONAL on or before the twentieth (20th) day of each month, monthly reports that accurately reflect all Franchise Sales Fees and monthly Contract Revenues that have been collected during the previous month by SUBFRANCHISOR as a result of the operation of the Master Franchise Business, together with a copy of the monthly report prepared by or submitted to SUBFRANCHISOR pertaining to all Franchise Sales Fees and monthly Contract Revenues that have been collected during the previous month by its Subfranchisees.

SUBFRANCHISOR shall, at its sole cost and expense, prepare and submit to INTERNATIONAL, in such form as INTERNATIONAL may prescribe any and all financial statements, financial information documents and reports as INTERNATIONAL may reasonably request. Such financial statements shall be prepared in accordance with generally accepted accounting principals and be certified by the SUBFRANCHISOR as true and accurate.

J. Licensure; Compliance with Laws. At all times SUBFRANCHISOR shall comply with all federal, state, municipal, and local laws, rules, regulations, ordinances, and codes applicable and related to this Agreement, the Master Franchise Business, and all aspects of the conduct of the Master Franchise Business, including but not limited to, the Americans with Disabilities Act ("ADA") and OSHA in all respects, and nothing contained herein or in the Manual shall be construed as or implied as imposing any obligation on INTERNATIONAL or its Affiliates in relation to the ADA or OSHA. SUBFRANCHISOR shall obtain all licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation ordinance and code. SUBFRANCHISOR shall make timely filings of all tax returns and shall pay when due all taxes levied or assessed on, and related to this Agreement or the Master Franchise Business. At no time is INTERNATIONAL required to inform SUBFRANCHISOR of any federal, state, municipal, or local law, rule, regulation, ordinance code, or tax.

K. Insurance. SUBFRANCHISOR must purchase and continuously maintain during the term of this Agreement, at a minimum, the insurance coverages set forth below and must furnish to INTERNATIONAL evidence of such insurance as INTERNATIONAL shall reasonably request, together with information concerning claims and losses under such insurance.

Type	Minimum Limits
Employee Dishonesty Coverage	\$50,000
Comprehensive General liability	\$2,000,000
Worker's Compensation	"Statutory Limits"

All policies of insurance required to be provided and maintained by SUBFRANCHISOR by this Agreement must name INTERNATIONAL, and its designated Affiliates additional insureds (without obligation to pay the premium or any deductible amounts, all of which will be paid by SUBFRANCHISOR), and must be carried with such responsible insurance companies and be in such form as is reasonably satisfactory to INTERNATIONAL. INTERNATIONAL has the right to require SUBFRANCHISOR to increase the types and amounts of insurance coverage as INTERNATIONAL may, in its sole discretion, reasonably require. Note that the insurance required by INTERNATIONAL is the minimum insurance requirements, and SUBFRANCHISOR should consult with its own insurance agent to determine if the kinds and amounts of coverage are adequate to protect SUBFRANCHISOR's interests. INTERNATIONAL makes no representation, express or implied, that the policies and amounts are sufficient for SUBFRANCHISOR's needs.

SUBFRANCHISOR agrees to require Subfranchisees to carry similar types and amounts of insurance, and if necessary SUBFRANCHISOR must purchase such insurance for the benefit of the Subfranchisee if Subfranchisee fails to do so.

If SUBFRANCHISOR fails to obtain or maintain adequate insurance, INTERNATIONAL may, in its sole discretion, obtain insurance for SUBFRANCHISOR in SUBFRANCHISOR's name and SUBFRANCHISOR shall reimburse INTERNATIONAL for the costs of obtaining said insurance. Regardless of the insurance amounts INTERNATIONAL requires, it shall be the responsibility of SUBFRANCHISOR to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement. Failure of SUBFRANCHISOR to maintain coverage shall not relieve it of any contractual responsibility or obligation or liability under this Agreement.

L. Cooperation for Financial Performance Representation. SUBFRANCHISOR shall maintain its books and records in accordance with generally acceptable accounting principles, consistently applied. If INTERNATIONAL at any time desires to utilize a financial performance representation or similar document in connection with the sale of franchises, SUBFRANCHISOR agrees to provide INTERNATIONAL, at no cost, with such reasonable information as INTERNATIONAL requires from SUBFRANCHISOR in order to properly prepare such documents, and shall permit INTERNATIONAL to utilize such information as it deems necessary.

M. Innovations. All ideas, concepts, techniques, or materials concerning the System, the Master Franchise Business or the Cleaning Business, whether or not protectable intellectual property and whether created by or for SUBFRANCHISOR or its owners, employees or Subfranchisees, must be promptly disclosed to INTERNATIONAL and will be deemed to be INTERNATIONAL's sole and exclusive property, part of the System, and works made-for-hire for INTERNATIONAL. To the extent any item does not qualify as a "work made-for-hire" for INTERNATIONAL, SUBFRANCHISOR must assign (or direct its owners, employees or subfranchisees to assign) ownership of that item and all related rights to that item, to INTERNATIONAL and must take whatever action (including signing assignments or other documents) INTERNATIONAL requests to show INTERNATIONAL's ownership or help INTERNATIONAL obtain intellectual property rights in the item. However, if this provision is found to be invalid or unenforceable, SUBFRANCHISOR and its principals grant to INTERNATIONAL a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the idea, concept, technique or material.

N. **Working Capital.** During the term of this Agreement, SUBFRANCHISOR must have available a minimum liquid working capital of Sixty Thousand Dollars (\$60,000) and at the request of INTERNATIONAL, must be able to substantiate this fact.

O. **Advertising.**

1. **Advertising Fund.** Currently, INTERNATIONAL has not established an Advertising Fund, however, INTERNATIONAL may do so in the future and SUBFRANCHISOR will be required to pay an Advertising Fund Fee as set forth in Section IV.D above. Any funds set aside for the Advertising Fund shall be used to promote, advertise, and publicize INTERNATIONAL and the franchise system, in the manner prescribed by INTERNATIONAL. INTERNATIONAL agrees that any Advertising Fund Fees received from SUBFRANCHISOR will be made available by INTERNATIONAL for the payment of all costs associated with the creation, production, distribution, media placement and administration of local, state, regional or national advertising programs and for any taxes incurred on the Advertising Fund. Such advertising and the media which is used will be determined by INTERNATIONAL, and can be allocated as INTERNATIONAL deems appropriate, in INTERNATIONAL's sole and absolute discretion. INTERNATIONAL has the sole right to formulate and make policy decisions concerning every aspect of the advertising and license expansion program, consistent with applicable law. SUBFRANCHISOR acknowledges that the Advertising Fund may not benefit proportionately to the sums paid in any particular geographic area.

2. **SUBFRANCHISOR'S Own Advertising.** All promotional materials and advertising SUBFRANCHISOR wishes to use in any media must be approved by INTERNATIONAL prior to its use. SUBFRANCHISOR must send INTERNATIONAL copies of the display advertising and promotional materials at least fifteen (15) days before its intended use and INTERNATIONAL will have ten (10) days to respond. If INTERNATIONAL does not respond within the ten (10) days the advertising is deemed to be approved. SUBFRANCHISOR shall not advertise or use in advertising or other form of promotion, the trademarks or service marks of INTERNATIONAL or INTERNATIONAL's Affiliates without the appropriate copyright, trademark, and service mark registration symbols for those marks (i.e., "©", "®", "TM" or "SM"). SUBFRANCHISOR may not advertise its services or use the Marks on the Internet except with INTERNATIONAL's prior consent. Any and all such advertising on the Internet shall be pre-approved by INTERNATIONAL and on terms specified by INTERNATIONAL.

3. **Advertising Materials.** INTERNATIONAL may, but is not obligated to, provide SUBFRANCHISOR with advertising and promotional materials. INTERNATIONAL reserves the right to charge SUBFRANCHISOR a reasonable fee for such materials.

VIII. PROPRIETARY MARKS

A. **Right to Use Marks.** SUBFRANCHISOR acknowledges that the Marks are valid service and/or trademarks, which are licensed to INTERNATIONAL. SUBFRANCHISOR recognizes that valuable goodwill is attached to the Marks, and that it will use same only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of SUBFRANCHISOR's use of the Marks inures to the benefit of INTERNATIONAL and INTERNATIONAL's Affiliates. SUBFRANCHISOR further acknowledges that the right to use said Marks and the grant contained in this Agreement is nonexclusive, and that INTERNATIONAL and/or its Affiliates, in their sole discretion, have the right themselves to operate businesses under said Marks on any terms and conditions INTERNATIONAL deems fit, subject to the terms of this Agreement. Any unauthorized use of the Marks by the SUBFRANCHISOR in any medium whatsoever is a breach of this Agreement and an infringement of the rights of INTERNATIONAL. SUBFRANCHISOR agrees that the unauthorized use

of the Marks will constitute irreparable harm to INTERNATIONAL and its Affiliates, and SUBFRANCHISOR expressly waives any requirement that INTERNATIONAL or its Affiliates post security in order to obtain injunctive relief in connection with such use. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols hereafter authorized for use by and licensed to the SUBFRANCHISOR.

B. Use and Supervision of Marks. SUBFRANCHISOR agrees not to adopt the name “BuildingStars” as part of its corporate name with any prefix, suffix, or other modifying words, terms, designs or symbols. SUBFRANCHISOR agrees, during the term of this agreement, to operate, advertise and promote the Master Franchise Business under the name “BuildingStars” without prefix or suffix and to adopt and use the Marks and System licensed hereunder solely in the manner prescribed by INTERNATIONAL. SUBFRANCHISOR must file an assumed or fictitious name filing where required by applicable law always use the words “d/b/a” after SUBFRANCHISOR’s legal name. SUBFRANCHISOR and all Subfranchisees must include “locally owned and operated” in connection with the Marks.

SUBFRANCHISOR shall have the responsibility and duty to properly supervise the use of the Marks by its Subfranchisees. Failure of SUBFRANCHISOR to exercise the proper diligence in enforcing the terms of any Subfranchise Agreement and to ensure that the Marks are being properly used by the Subfranchisees shall constitute a default under the terms of this Agreement and may result in termination of this Agreement.

C. Contest of Marks. SUBFRANCHISOR will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest INTERNATIONAL’s and INTERNATIONAL’s Affiliates’ right to register, use or license others to use such names and Marks, trade secrets, methods, procedures and techniques. SUBFRANCHISOR will not at any time (whether during the term of this Agreement or after expiration or termination thereof) directly or indirectly commit an act of infringement. SUBFRANCHISOR agrees to promptly notify INTERNATIONAL of any claim, demand, or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. INTERNATIONAL or INTERNATIONAL’s Affiliates shall have the sole discretion to determine if they will defend the use of the Marks, and they are not obligated to defend the Marks. INTERNATIONAL or INTERNATIONAL’s Affiliates have the right to control any administrative proceeding or litigation involving the Marks. SUBFRANCHISOR shall execute any and all instruments and documents, render assistance, and do such acts as may, in the opinion of INTERNATIONAL’s counsel, be necessary or advisable to protect the interests of INTERNATIONAL or its Affiliates in any such litigation or proceedings, or to otherwise protect and maintain the interest of INTERNATIONAL or its Affiliates in the Marks.

D. Change of Marks. INTERNATIONAL shall have the right to change the Marks to be used by SUBFRANCHISOR at any time and for any reason it deems appropriate. SUBFRANCHISOR shall pay the costs associated with such change and shall make such necessary changes promptly including notifying and supervising the change by Subfranchisees.

IX. TRADE SECRETS AND CONFIDENTIAL INFORMATION

SUBFRANCHISOR shall not, during the term of this Agreement, or after termination or Transfer of Interest, communicate or divulge to anyone, any information or knowledge concerning the products, services, standards, procedures, techniques, sales information, profit margins, marketing procedures, expansion plans, customers, rates, fees and terms, databases, such other information that gives INTERNATIONAL’s Affiliate, INTERNATIONAL and SUBFRANCHISOR a competitive advantage

over those who do not know it, and other information or material which INTERNATIONAL may designate as confidential, nor shall SUBFRANCHISOR disclose or divulge in whole or in part any trade secrets or operating procedures of INTERNATIONAL or its Affiliates, customer lists, customer contracts, sales and promotional information, employee lists, financial information furnished or disclosed to SUBFRANCHISOR by INTERNATIONAL or its Affiliates and any other information with respect to INTERNATIONAL, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Master Franchise Business (“Trade Secrets and Confidential Information”). All employees and Subfranchisees of SUBFRANCHISOR will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all Trade Secrets and Confidential Information during and after the term of this Agreement.

X. NON-SOLICITATION AND NON-COMPETITION

A. Non-Competition. During the Term of this Agreement and for a period of two (2) years after the later of: (i) the expiration or termination of the Term of this Agreement for any reason or a Transfer of Interest; or (ii) the entry of final order of a court of competent jurisdiction enforcing this covenant, SUBFRANCHISOR will not directly or indirectly, by itself or through corporations, partnerships, trusts, associations, joint ventures, limited liability companies, or other entities or otherwise perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of, any cleaning service business or janitorial business within the Development Area or within any metropolitan area where INTERNATIONAL or any of its Affiliates, Subfranchisors, subfranchisees of its Affiliates or SUBFRANCHISOR’s or licensees of INTERNATIONAL are operating.

B. Non-Solicitation. During the term of this Agreement and for a period of two (2) years after the later of: (i) the expiration or termination of the Term of this Agreement for any reason or any Transfer of Interest; or (ii) the entry of final order of a court of competent jurisdiction enforcing this covenant, SUBFRANCHISOR will not directly or indirectly, by itself or through corporations, partnerships, trusts, associations, joint ventures, limited liability companies, or other entities or otherwise, contact, divert, take away, solicit, or sell to any customers for which SUBFRANCHISOR has had a Customer Account pursuant to the terms of this Agreement.

INTERNATIONAL intends to restrict the activities of the SUBFRANCHISOR under Sections IX and X of this Agreement only to the extent necessary for the protection of INTERNATIONAL’s legitimate business interests. The foregoing covenants shall be construed as several and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction shall determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding shall reduce the limitation necessary to render such restriction enforceable by such court. INTERNATIONAL shall have the right to reduce the scope of any covenant contained in Sections IX and X, without SUBFRANCHISOR’s consent, effective immediately upon receipt by SUBFRANCHISOR of written notice thereof; and SUBFRANCHISOR shall comply with any covenant as so modified. In addition to any other remedies available at law or equity, INTERNATIONAL shall have the right to injunctive relief for a violation or threatened violation of the foregoing. SUBFRANCHISOR acknowledges that the restrictions imposed in this Section are reasonable and their enforcement will not cause an undue burden upon SUBFRANCHISOR’s ability to earn a livelihood.

The terms of Sections IX and X are assignable by INTERNATIONAL and shall inure to the benefit of INTERNATIONAL, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of INTERNATIONAL, the resulting entity shall step into the

place of INTERNATIONAL, without any additional consent of or notice to SUBFRANCHISOR, as if the term INTERNATIONAL were defined in this Agreement to include such entity.

XI. DEFAULT AND TERMINATION

A. Termination by INTERNATIONAL.

1. 30 Day Opportunity to Cure. INTERNATIONAL may, at its option and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate the term of this Agreement for “good cause”. (Provided that state law permits, INTERNATIONAL has the right to terminate earlier if the “good cause” constitutes a default which is not curable.) Without limitation as to other situations, good cause for termination also exists if SUBFRANCHISOR or any guarantor of this Agreement:

- (1) Does not perform any and all of the lawful terms, conditions, and obligations of this Agreement, or the mandatory provisions of the Confidential Operations Manual; or
- (2) Commits any other act which constitutes good cause under applicable state law or court decisions; or
- (3) Engages in any illegal, fraudulent, unfair or deceptive business practice, which, in INTERNATIONAL’s opinion, adversely affects the operation, maintenance, or goodwill of the franchise; or
- (4) Fails to pay its lawful debts and taxes when same become due; or
- (5) Surrenders or transfers control of the operation of the Master Franchise Business (including entering into a management arrangement with any person not a party to this Agreement), makes an unauthorized direct or indirect assignment or Transfer of Interest; or
- (6) Fails to operate the Master Franchise Business for a period of three (3) consecutive days without justifiable cause; or
- (7) Fails to properly service customers in accordance with INTERNATIONAL’s standards and within the spirit and intent of this Agreement; or
- (8) Fails to properly screen and perform adequate background checks on potential Subfranchisees; or
- (9) Fails to properly procure or service the Subfranchisees in accordance with INTERNATIONAL’s guidelines and the terms of this Agreement.

Subject to applicable law and except as otherwise provided in this Agreement, INTERNATIONAL will give the SUBFRANCHISOR at least thirty (30) days prior written notice of termination, [unless a longer period of time is required or shorter period of time is permitted by applicable state law]. The notice shall state the reason(s) for termination and shall provide that the SUBFRANCHISOR has thirty (30) days from the date of said notice to correct any claimed deficiency. If the deficiency is corrected within thirty (30) days, the notice shall be void. If the deficiency is not corrected within said thirty (30) day period, INTERNATIONAL shall have the right to terminate the term of this Agreement upon written notice to SUBFRANCHISOR.

2. 10-Day Opportunity to Cure. INTERNATIONAL may also terminate the term of this Agreement for nonpayment of sums due to INTERNATIONAL or INTERNATIONAL's Affiliates or suppliers; or failure of SUBFRANCHISOR to open the Master Franchise Business within five (5) months after it signs this Agreement. If termination is based on the foregoing, the SUBFRANCHISOR shall be entitled to written notice of default, but INTERNATIONAL shall [if permitted by applicable law] only be required to grant SUBFRANCHISOR ten (10) days to remedy such default. If the default is not cured within ten (10) days, INTERNATIONAL shall have the right to terminate the term of this Agreement no less than thirty (30) days after the original notice.

3. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, INTERNATIONAL shall be permitted to terminate the term of this Agreement immediately upon notice when the basis or grounds for cancellation is: (a) conviction of a felony or any other criminal misconduct which, in INTERNATIONAL's opinion, materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (b) fraudulent activity which in INTERNATIONAL's opinion, materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (c) abandonment of the franchise; (d) bankruptcy or insolvency of the SUBFRANCHISOR; (e) the giving of more than two (2) no account or insufficient funds checks within a twelve (12) month period; or (f) any other act or omission which permits termination without notice and/or an opportunity to cure under applicable state law.

B. Termination by SUBFRANCHISOR. SUBFRANCHISOR must notify INTERNATIONAL in writing of any failure of INTERNATIONAL to perform any of its obligations pursuant to this Agreement. SUBFRANCHISOR may terminate the term of this Agreement if INTERNATIONAL shall materially default in performance of any terms and conditions in this Agreement, after giving INTERNATIONAL written notice within thirty (30) days thereof, and if the default has not been corrected within sixty (60) days thereafter.

C. Consequences of Termination. Upon termination or expiration of the Term of this Agreement, for any reason whatsoever, all of SUBFRANCHISOR's rights hereunder shall terminate and SUBFRANCHISOR shall:

1. Immediately thereafter discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of SUBFRANCHISOR's business;
2. Return any copyrighted materials or materials that include trade secrets or confidential information which have been provided to SUBFRANCHISOR by INTERNATIONAL including the Manual;
3. Assign its telephone numbers to INTERNATIONAL and execute any and all documents necessary to do so;
4. Pay all amounts due to INTERNATIONAL, INTERNATIONAL's Affiliates, and suppliers;
5. Comply with its obligations regarding Trade Secrets and Confidential Information, Non-Solicitation, Non-Competition and Indemnification, which shall remain in full force and effect in accordance with their terms, notwithstanding such termination or expiration;
6. Turn over to INTERNATIONAL all Customer Accounts including any keys to buildings, security passes and/or security codes, and any other means of access to a customer's property at INTERNATIONAL's request;

7. Turn over and assign to INTERNATIONAL all files and records, Subfranchise Agreements and any other documents or information relating to the operation of the Master Franchise Business and its Subfranchisees at INTERNATIONAL's request; and

8. Cease providing services to all Subfranchisees and customers and forfeit all rights it has to the Customer Accounts and Subfranchise Agreements.

XII. TRANSFERABILITY OF INTEREST

A. By INTERNATIONAL. INTERNATIONAL is free to assign any or all of its rights and obligations under this Agreement, and upon such assignment INTERNATIONAL shall be relieved of any of the obligations under this Agreement so assigned, and all rights and obligations shall accrue to the successor or assignee.

B. By SUBFRANCHISOR. INTERNATIONAL has the right to reasonably disapprove any person or entity that would have actual, legal or effective control over the Master Franchise Business and shall have the right to approve any Transfer of Interest. Consent to a Transfer of Interest shall not be deemed a waiver of INTERNATIONAL's right to consent to any subsequent Transfer of Interest. INTERNATIONAL will approve a Transfer of Interest under the following conditions:

1. Governmental Compliance. The Transfer of Interest is conducted in compliance with applicable laws and regulations and the transferee has all permits and licenses necessary to operate the Master Franchise Business;

2. Prior Compliance. The SUBFRANCHISOR has performed its obligations and duties under this Agreement and SUBFRANCHISOR is not in default under this Agreement, or any other agreement with INTERNATIONAL;

3. Payments. The transferor has satisfied all of its monetary obligations to INTERNATIONAL, INTERNATIONAL's Affiliates and suppliers under this Agreement and all other agreements it has with INTERNATIONAL or such Affiliates and suppliers;

4. Guarantee/Release. To the extent permitted by applicable law, SUBFRANCHISOR, including all officers, directors and shareholders (as well as all guarantors under this Agreement) must execute a general release, in the form which INTERNATIONAL approves, of any and all claims against INTERNATIONAL, INTERNATIONAL's Affiliates, and their respective officers, directors employees and agents;

5. Requirements of Transferee. The transferee meets the established standards for new Subfranchisors, is of good moral character, has a good credit rating, sufficient financial resources to operate the business and competent qualifications. The transferee must execute the then current Master Franchise Agreement with the standard terms and conditions then being offered;

6. Transfer Fee. The transferor pays a transfer fee of twenty-five percent (25%) of the then current initial master franchise fee;

7. Assumption of Liabilities. The transferee agrees to assume all liabilities and obligations from the prior operation of the Master Franchise Business, including the lease, and complies with other reasonable requirements INTERNATIONAL may impose;

8. Completion of Training and Experience of Transferee. The transferee and/or transferee's management team, including a designated manager, successfully complete the initial training program. In addition, INTERNATIONAL can withhold consent if the transferee does not have adequate previous management experience, in INTERNATIONAL's sole judgment, in order to fulfill the obligations of the SUBFRANCHISOR;

9. Continuing Liability. If INTERNATIONAL approves an assignment, INTERNATIONAL shall have the discretion to require SUBFRANCHISOR and the guarantors to remain liable for the full and faithful performance of the obligations of the assignee; and

10. Economically Reasonable Terms. Although INTERNATIONAL will not be required to determine the value of business upon a Transfer, if in INTERNATIONAL's reasonable judgment, the purchase price or terms of the sale are not economically feasible to the proposed transferee, INTERNATIONAL can withhold its consent to such a Transfer. Further, INTERNATIONAL may, in good faith, notify SUBFRANCHISOR, stating the reasons that INTERNATIONAL has elected to withhold approval of the proposed Transfer. Notwithstanding the foregoing, INTERNATIONAL's approval of a Transfer shall not be deemed to imply or warrant that the purchase price or terms of sale are economically feasible, and INTERNATIONAL hereby disclaims any responsibility for making any such determination.

C. Death or Incapacity of SUBFRANCHISOR. SUBFRANCHISOR, by will or other written instrument, may appoint a designated heir to continue operation of the Master Franchise Business, upon SUBFRANCHISOR or its owner's death. Said designated heir must meet the qualifications of Section XII.B. No fee will be charged on a Transfer pursuant to this paragraph. The Transfer of Interest to the SUBFRANCHISOR's heirs, personal representatives or conservators, as applicable, in the event of death or legal incapacity of the SUBFRANCHISOR, shall not give rise to INTERNATIONAL's right of first refusal as set forth in Section XII.D below, provided that the heirs, personal representatives or conservators, as applicable, meet INTERNATIONAL's standards for new Subfranchisors; execute the then-current form of the Subfranchisor Master Agreement; and, that a manager has, or within thirty (30) days, shall have satisfactorily completed INTERNATIONAL's initial training program.

D. Right of First Refusal. Notwithstanding the foregoing, if SUBFRANCHISOR receives a bona fide, executed, written offer to acquire an Interest from a responsible, fully disclosed purchaser, SUBFRANCHISOR must submit a copy of the offer to INTERNATIONAL. SUBFRANCHISOR must also provide INTERNATIONAL with any other information it requests to evaluate the offer. INTERNATIONAL has the right, exercisable by delivering written notice to the SUBFRANCHISOR within thirty (30) days from the date of last delivery to INTERNATIONAL of the offer and any other documents requested by INTERNATIONAL, to acquire the Interest for the price and on the terms and conditions contained in the offer. Regardless of the terms of the offer, however, INTERNATIONAL may, in its discretion: substitute cash for any form of payment proposed in the offer; require the SUBFRANCHISOR to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase," rather than a "stock purchase." INTERNATIONAL will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed sale and shall not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred.

If INTERNATIONAL declines to exercise its rights of first refusal, SUBFRANCHISOR will have ninety (90) days after INTERNATIONAL declines or the right expires, whichever first occurs, to sell the interest to said bona fide purchaser upon terms no more favorable than those offered to INTERNATIONAL, subject to compliance with paragraph XII.B. After said ninety (90) days, or if the prospective purchaser does not acquire the franchise, SUBFRANCHISOR must again comply with this

paragraph and give INTERNATIONAL the first right to acquire the Interest prior to sale. The election by INTERNATIONAL not to exercise its right of first refusal as to any offer shall not affect its right of first refusal as to any subsequent offer.

XIII. INDEPENDENT CONTRACTOR/INDEMNIFICATION

A. Independent Contractor. It is expressly agreed that the parties intend by this Agreement to establish between INTERNATIONAL and SUBFRANCHISOR the relationship of franchisor and franchisee. Except as expressly provided herein, it is further agreed that SUBFRANCHISOR has no authority to create or assume in INTERNATIONAL's name or on behalf of INTERNATIONAL, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of INTERNATIONAL for any purpose whatsoever. In no event shall either party be deemed to be fiduciaries of the other. Neither INTERNATIONAL nor SUBFRANCHISOR is the employer, employee, agent, partner or co-venturer of or with the other, each being independent contractors. SUBFRANCHISOR agrees that it will not hold itself out as the agent, employee, partner or co-venturer of INTERNATIONAL, or as having any of the aforesaid authority. All employees hired by or working for SUBFRANCHISOR shall be the employees of SUBFRANCHISOR and shall not, for any purpose, be deemed employees of INTERNATIONAL or subject to INTERNATIONAL's control.

B. Indemnification. Under no circumstances shall INTERNATIONAL be liable for any act, omission, debt, or other obligation of SUBFRANCHISOR. SUBFRANCHISOR will indemnify, defend and save harmless INTERNATIONAL and its employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, costs and expenses (including without limitation legal fees and expenses) of any kind and nature whatsoever, including without limitation damages or injuries suffered by Indemnitees, which may be imposed on, incurred by or asserted against the Indemnitees in any way arising out of the acts or omissions of SUBFRANCHISOR or its employees, agents, officers, directors, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors") pursuant to or in connection with the operation of the Master Franchise Business regardless of whether the Indemnities were negligent or that said negligence was a contributing factor in the liability.

XIV. DISPUTE RESOLUTION

A. Mediation. Before any party may bring an action in court for any controversy, dispute or claim between INTERNATIONAL and SUBFRANCHISOR arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in St. Louis County, Missouri unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. INTERNATIONAL and SUBFRANCHISOR will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by the SUBFRANCHISOR. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration

proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, INTERNATIONAL and SUBFRANCHISOR agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by INTERNATIONAL and relating to INTERNATIONAL's trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by INTERNATIONAL for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. Litigation. Except as otherwise provided in this Agreement, all controversies, disputes or claims between INTERNATIONAL and SUBFRANCHISOR arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court in St. Louis, MO when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of Missouri law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims INTERNATIONAL has relating to its trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by INTERNATIONAL for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in St. Louis County, MO. Both parties agree to submit to the jurisdiction of the state and federal court in St. Louis County, MO.

C. Arbitration. In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in St. Louis County, MO (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes INTERNATIONAL, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive

any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modified or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, INTERNATIONAL may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not INTERNATIONAL was a party) will not be binding on INTERNATIONAL in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, INTERNATIONAL and SUBFRANCHISOR will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. Dispute Resolution Fee. In the event that the SUBFRANCHISOR or its guarantors have not complied with the provisions in this Section on Dispute Resolutions, SUBFRANCHISOR shall reimburse INTERNATIONAL for all of its expenses incurred in curing the SUBFRANCHISOR's breach (including, without limitation, INTERNATIONAL's attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay the INTERNATIONAL a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). SUBFRANCHISOR acknowledges and agrees that the INTERNATIONAL will be damaged by such breach. SUBFRANCHISOR agrees that a precise calculation of the full extent of the damages that INTERNATIONAL will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. INTERNATIONAL has the right to collect these amounts in addition to exercising any and all other rights INTERNATIONAL may have for non-compliance under this Agreement.

XV. MISCELLANEOUS PROVISIONS

A. Waiver. No waiver by INTERNATIONAL of performance of any obligation or this Agreement shall be construed as a waiver of any other or future default or performance obligation. Further, INTERNATIONAL's forbearance, delay, failure to exercise or express waiver of a right or INTERNATIONAL's decision to take some other action regarding breach by any other master franchise business owner(s) shall not be evidence of a practice, custom or policy of INTERNATIONAL and shall not waive or impair INTERNATIONAL's ability to exercise any right, power or option it has under this Agreement in the event of the same, similar or different breach by SUBFRANCHISOR. SUBFRANCHISOR also acknowledges that agreements entered into at different times with other master

franchise business owners may contain different terms than this Agreement, and that this shall not waive or impair INTERNATIONAL's rights and SUBFRANCHISOR's obligations under this Agreement. In addition, INTERNATIONAL's acceptance of any payments due from SUBFRANCHISOR after any breach by SUBFRANCHISOR shall not constitute a waiver of said breach nor limit INTERNATIONAL's ability to fully exercise its rights under this Agreement as a result of SUBFRANCHISOR's breach

B. Severability. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement, including but not limited to those relating to non-solicitation and non-competition shall be interpreted and applied consistent with the requirements of reasonableness and equity.

C. Injunctive Relief. In the event of any breach or threatened breach of this Agreement by any party, the other party shall immediately be entitled to injunctive relief, in addition to any other remedies available to it, (including a temporary restraining order, preliminary injunction and specific performance) without showing or proving any actual damage sustained and shall not thereby be deemed to have elected its only remedy to the exclusion of others. If INTERNATIONAL seeks injunctive relief, it shall not be required to post a bond.

D. Entire Agreement. This Agreement and all other written agreements related to this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations (if any) made by and between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement shall be of any force and effect; provided, however, that nothing in this or any related agreement is intended to disclaim INTERNATIONAL's representations made in the franchise disclosure document that was furnished to SUBFRANCHISOR in connection with the offering to operate the Master Franchise Business. No amendment to this Agreement is binding unless executed in writing by both parties.

E. Representative Capacity. In all of their dealings with SUBFRANCHISOR, the officers, directors, employees and agents of INTERNATIONAL act only in their representative capacity for INTERNATIONAL, and not in any individual capacity.

F. Notice. Whenever notice is required under the terms of this Agreement, it shall be given in writing and sent by registered or certified mail, or by personal delivery to SUBFRANCHISOR's address and to INTERNATIONAL's office, set forth below the signature lines of this Agreement, or at such other address as designated in accordance with this Section. Receipt shall be deemed to have been made one (1) day after mailing or upon personal delivery, whichever first occurs.

G. Gender/Heading. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of the Agreement or any section, paragraph, or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender. Headings and paragraph titles are for convenience of reference only and shall not define, limit, or extend the scope or intent of this Agreement or any provision thereof.

H. Governing Law and Jurisdiction. SUBFRANCHISOR acknowledges that this Agreement was accepted in the State of Missouri. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of Missouri (without reference to its conflict of laws principles). If, however any provision of this Agreement would not be enforceable under the laws of Missouri, and if the Master Franchise Business is located outside of Missouri and the provision would be enforceable under the laws of the state in which the Master Franchise Business is located, then the provision in question (and only that provision) will be interpreted and construed under the laws of the state where the Master Franchise Business is located. INTERNATIONAL may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of Missouri, and SUBFRANCHISOR and guarantors irrevocably submit to their jurisdiction and waive any objection to the application of Missouri law or to the jurisdiction or venue in those Missouri courts. If any valid applicable law or regulation in effect at the time this Agreement is executed of a governmental authority having jurisdiction over this Agreement limits INTERNATIONAL's rights of rescission or termination or require longer notice periods than set forth herein, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon rescission or termination required by such laws or regulations. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto as a State Law Addendum as Exhibit V. INTERNATIONAL shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination.

I. Effect. This Agreement shall be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, their permitted successors and permitted assigns.

J. Remedies. In addition to any other remedies to which it may be entitled, INTERNATIONAL shall be entitled without bond to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event SUBFRANCHISOR actually or anticipatorily breaches this Agreement. If INTERNATIONAL incurs any attorney's fees or other expenses in seeking enforcement of this Agreement, SUBFRANCHISOR shall be required to reimburse INTERNATIONAL for its reasonable costs and expenses (including, but not limited to attorney's fees) thereby incurred. No right or remedy conferred upon INTERNATIONAL is intended to be exclusive, and every such right or remedy shall be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination shall include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer of Interest.

K. No Warranty. SUBFRANCHISOR acknowledges that, except as otherwise specifically stated herein, INTERNATIONAL has the absolute right to exercise its own judgment on various matters about this Agreement and the Manual, and has the absolute right to approve, disapprove, give its consent and refuse to consent to SUBFRANCHISOR's requests in its sole and absolute discretion. SUBFRANCHISOR agrees that INTERNATIONAL's action, refusal to act, approval, disapproval, consent, or refusal of consent is not, and shall not be deemed, a representation, warranty, certification or guarantee by INTERNATIONAL about that which is acted upon or refused consent, or about any appropriateness, legality, profitability, or success related thereto. No INTERNATIONAL action, refusal to act, approval, disapproval, consent or refusal to consent is, or shall be deemed, a guarantee, warranty, or representation that the Master Franchise Business complies with, or meets any local, municipal, state, federal, or other laws or regulations relating to the offer of services or otherwise. If it is found that INTERNATIONAL wrongfully withheld any consent pursuant to this Agreement, SUBFRANCHISOR's sole remedy for such failure shall be to require INTERNATIONAL to grant such consent.

L. Receipt of FDD. SUBFRANCHISOR acknowledge receipt of the franchise disclosure document along with this Agreement, at least fourteen (14) days before its execution of this Agreement or any payment by SUBFRANCHISOR to INTERNATIONAL. If any unilateral modifications have been made to this Agreement SUBFRANCHISOR acknowledges that SUBFRANCHISOR has had at least seven (7) days to review them.

M. Joint and Several Liability. If two or more persons are the SUBFRANCHISOR under this Agreement, their obligations and liabilities to INTERNATIONAL shall be joint and several.

N. Time is of the Essence. Time is of the essence of this Agreement.

O. Survival. SUBFRANCHISOR's obligations regarding trade secrets, non-competition and non-solicitation and indemnification, as well as accrued obligations of SUBFRANCHISOR to INTERNATIONAL, shall survive the termination, expiration, assignment or Transfer of Interest.

P. Payments from SUBFRANCHISOR. INTERNATIONAL has the sole discretion to apply any payments by SUBFRANCHISOR to any past due indebtedness of SUBFRANCHISOR for any fees, expenses, purchases from INTERNATIONAL or its Affiliates, interest or any other indebtedness. Neither INTERNATIONAL nor any of its Affiliates are required to accept payments after same are due or extend credit or otherwise finance SUBFRANCHISOR's operation of the Master Franchise Business.

Q. Limitation on Liens. SUBFRANCHISOR shall not grant a security interest, pledge, or place a lien upon SUBFRANCHISOR's interest in this Agreement or in the Master Franchise Business or in the assets used in the business, except that SUBFRANCHISOR shall be permitted to grant a security interest in such furniture, fixtures, and equipment to secure SUBFRANCHISOR's obligation to the seller of or lender for such furniture, fixtures, and equipment, and SUBFRANCHISOR shall be permitted to assign its accounts receivable in connection with any third party financing of employee payroll.

R. Day-to-Day Control. SUBFRANCHISOR has the sole right and responsibility for the manner and means by which the day-to-day operation of the Master Franchise Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to INTERNATIONAL, this right and responsibility includes the employment, supervision, setting the conditions of employment and discharge for its employees at the Master Franchise Business, daily maintenance, safety concerns, and the achievement of conformity with the System, notwithstanding anything contained herein or in the Operations Manual to the contrary.

SUBFRANCHISOR is responsible for hiring and maintaining a staff of qualified and competent employees for its Master Franchised Business. SUBFRANCHISOR is solely responsible for all its hiring decisions and for all obligations arising from SUBFRANCHISOR's relationship with its employees, even if SUBFRANCHISOR uses sample employment policies, procedures or examples that INTERNATIONAL makes available for SUBFRANCHISOR's optional use. The use of any sample document by SUBFRANCHISOR is not required by this Agreement. All documents are provided "as is" and INTERNATIONAL makes no warranty that the information and sample documents comply with applicable federal, state or local laws, regulations or ordinances where SUBFRANCHISOR does business. The fact that INTERNATIONAL has shared this information and these sample forms/information with SUBFRANCHISOR is not intended to be, nor is it, a requirement by INTERNATIONAL that SUBFRANCHISOR must use this or a similar document or process in SUBFRANCHISOR'S business. Further, providing sample documents is not intended to indicate in any way that INTERNATIONAL has the right to require that any franchisee use this or a similar document or process in their franchised business, as INTERNATIONAL does not have such rights to require use of these documents. INTERNATIONAL's rights to require use of specific items relate only to maintenance

of brand standards and trademark protection as required by federal law. If use is required to protect brand standards or INTERNATIONAL's trademarks, such use will be identified as mandatory.

INTERNATIONAL's retention and exercise of the right to approve certain matters, to inspect the Master Franchise Business and its operation and to enforce its rights, exists only to the extent necessary to protect INTERNATIONAL's interest in the System and Marks for the benefit of INTERNATIONAL, its Affiliates and all of their respective franchisees or subfranchisees. Neither the retention nor the exercise is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to SUBFRANCHISOR, nor shall they be construed to do so.

XVI. LIMITATION OF LEGAL ACTIONS

A. IN NO EVENT WILL INTERNATIONAL BE LIABLE TO SUBFRANCHISOR FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR INTERNATIONAL'S RELATIONSHIP WITH SUBFRANCHISOR.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN SUBFRANCHISOR AND INTERNATIONAL (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND SUBFRANCHISOR WAIVES ANY RIGHT TO PROCEED AGAINST INTERNATIONAL (AND ITS AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCCESSIONS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. SUBFRANCHISOR WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR INTERNATIONAL'S RELATIONSHIP WITH SUBFRANCHISOR, UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH SUBFRANCHISOR KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

E. INTERNATIONAL'S MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF INTERNATIONAL'S OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT SUBFRANCHISOR PAID TO INTERNATIONAL WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY INTERNATIONAL.

XVII. WARRANTIES AND REPRESENTATIONS OF SUBFRANCHISOR

A. SUBFRANCHISOR and its guarantors have been advised to make an independent investigation of INTERNATIONAL's operations. INTERNATIONAL has not and does not represent that SUBFRANCHISOR can expect to attain a specific level of sales, profits, or earnings.

SUBFRANCHISOR and its guarantors have been advised to obtain independent professional advice regarding this Subfranchise. If SUBFRANCHISOR has not obtained such advice, it has knowingly and willingly elected not to do so. SUBFRANCHISOR and its guarantors understand that it may sustain losses as a result of the operation or the closing of the business. SUBFRANCHISOR and its guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on SUBFRANCHISOR's skills, abilities, initiative, and hard work.

B. SUBFRANCHISOR and its guarantors represent and warrant that the execution, delivery and performance of this Agreement by SUBFRANCHISOR and the Guarantee and Assumption of Obligations by the guarantors do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation Executive Order 1224, signed on September 23, 2001 (the "Order"), SUBFRANCHISOR is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, SUBFRANCHISOR does not, and hereafter will not, engage in any terrorist activity. In addition, SUBFRANCHISOR is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity. Finally, SUBFRANCHISOR is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

D. The SUBFRANCHISOR affirms that all information set forth in any and all applications, financial statements and submissions to INTERNATIONAL is true, complete and accurate in all respects, and the SUBFRANCHISOR acknowledges that INTERNATIONAL is relying upon the truthfulness, completeness and accuracy of the information.

XVIII. CAVEAT

THE SUCCESS OF THE MASTER FRANCHISE BUSINESS IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF SUBFRANCHISOR AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. INTERNATIONAL DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE BUSINESS AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR WARRANTIES.

SUBFRANCHISOR UNDERSTANDS AND AGREES THAT INTERNATIONAL HAS NO OBLIGATION TO ACCEPT SUBFRANCHISOR'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. SUBFRANCHISOR ACKNOWLEDGES THAT UNLESS AND UNTIL INTERNATIONAL NOTIFIES SUBFRANCHISOR IN WRITING THAT THE FRANCHISE HAS BEEN GRANTED, SUBFRANCHISOR IS NOT A SUBFRANCHISOR AND MAY NOT RELY UPON BECOMING A SUBFRANCHISOR.

XIX. NON-LIABILITY OF INTERNATIONAL'S AFFILIATES

INTERNATIONAL is the only entity obligated to SUBFRANCHISOR hereunder. SUBFRANCHISOR may not look to any of INTERNATIONAL's Affiliates or related companies, other business entities or individuals for performance of this Agreement.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below their names.

BUILDINGSTARS INTERNATIONAL, INC.

SUBFRANCHISOR

Name

By: _____
Christopher Blase, President

By: _____

Address of Buildingstars International, Inc.:

Address of SUBFRANCHISOR:

33 Worthington Access Drive
St. Louis, MO 63043

Date: _____

Date: _____

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Subfranchisor Master Agreement (the "Agreement"), by BUILDINGSTARS INTERNATIONAL, INC. ("INTERNATIONAL") in favor of _____ ("SUBFRANCHISOR"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to INTERNATIONAL, its Affiliates (as hereinafter defined), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that SUBFRANCHISOR shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement, including, but not limited to those relating to trade secrets, non-solicitation and non-competition contained in the Agreement, as well as the provisions in the Agreement relating to the Marks, indemnification, consequences of termination, expiration or Transfer and Transfers provisions to the same extent as and for the same period of time as Franchisee is required to comply with and abide by such covenants and provisions. All of the foregoing obligations of the undersigned shall survive any expiration or termination of the Term of the Agreement or this Guarantee and Assumption of Obligations. The GUARANTORS further hereby personally and unconditionally guarantee all debts and obligations SUBFRANCHISOR incurs to INTERNATIONAL, its successors, assigns, affiliated entities, parent corporation, and subsidiaries ("Affiliates"), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from INTERNATIONAL and its Affiliates. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by INTERNATIONAL or Affiliates of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he or she may have to require that an action be brought against SUBFRANCHISOR or any other person as a condition of liability;
- (5) all rights to payments and claims for reimbursement or subrogation which any of the GUARANTORS may have against the SUBFRANCHISOR arising as a result of the GUARANTORS' execution of and performance under this guaranty; and
- (6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty shall be joint and several;
- (2) he or she shall render any payment or performance required under the Agreement upon demand if the SUBFRANCHISOR fails or refuses punctually to do so;
- (3) such liability shall not be contingent upon or conditioned upon pursuit by INTERNATIONAL or its Affiliates of any remedies against the SUBFRANCHISOR or any other person; and

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which INTERNATIONAL or its Affiliates may from time to time grant to the SUBFRANCHISOR or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

If INTERNATIONAL or any of the Affiliates are required to enforce this Guarantee and Assumption of Obligations in any judicial proceeding or appeal thereof, the GUARANTORS shall reimburse INTERNATIONAL and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', 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 incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guarantee and Assumption of Obligations.

The undersigned GUARANTORS also recognize that certain disputes relating to the Agreement are to be resolved by arbitration and hereby consent to such arbitration in accordance with the terms of the Agreement. Further, undersigned GUARANTORS also hereby consent to the applicability of the venue, governing law and jurisdiction provision in the Agreement to this Guarantee and Assumption of Obligations.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name: _____
Date: _____
Ownership %: _____
Address: _____

Signature _____

Print Name: _____
Date: _____
Ownership %: _____
Address: _____

Signature _____

Print Name: _____
Date: _____
Ownership %: _____
Address: _____

Signature _____

Print Name: _____
Date: _____
Ownership %: _____
Address: _____

Signature _____

EXHIBIT I
OF THE SUBFRANCHISOR MASTER AGREEMENT
DEVELOPMENT AREA

The Development Area is: _____.

MINIMUM DEVELOPMENT OBLIGATIONS

1. Minimum Number of Subfranchisees Operating by the End of Each Year:

Year	Total Minimum Number of Subfranchisees Open and Operating by the End of Each Year
1	6
2	12
3	18
4	24
5	30
6	36
7	42
8	48
9	54
10	60

2. Minimum Annual Contract Revenues Requirement:

Year	Subfranchisor's Minimum Annual Contract Revenues
1	\$100,000
2	\$400,000
3	\$800,000
4	\$1,200,000
5	\$1,600,000
6	\$2,000,000
7	\$2,400,000
8	\$2,800,000
9	\$3,200,000
10	\$3,600,000

INITIAL MASTER FRANCHISE FEE

The Initial Master Franchise Fee is \$_____.

EXHIBIT II
OF THE SUBFRANCHISOR MASTER AGREEMENT
FORM FRANCHISE AGREEMENT – TECHNICIAN

This is a template of the current Franchise Agreement for the Technician Program. The provisions marked in italics are the current Buildingstars International, Inc.'s prices. You are required to charge at least these amounts. Subfranchisor must have this Franchise Agreement reviewed by its own attorneys and must submit all of their changes to Buildingstars International, Inc. for its prior written consent to these changes.

BUILDINGSTARS FRANCHISE AGREEMENT
TECHNICIAN PROGRAM

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BUILDINGSTARS FRANCHISE AGREEMENT
TECHNICIAN PROGRAM

Agreement entered into this _____ day of _____, 20__, by and between _____, a _____ (hereinafter referred to as "SUBFRANCHISOR"), and _____ (hereinafter referred to as "FRANCHISEE");

WHEREAS, Buildingstars International, Inc., a Missouri corporation ("International") is in the business of granting subfranchises to sell, train and assist franchisees in the operation of a Business (as defined below) providing cleaning and janitorial services within a particular area, in accordance with the Marks and the System described below;

WHEREAS, International has granted SUBFRANCHISOR the right to be a Subfranchisor in accordance with the terms of a Subfranchisor Master Agreement ("Subfranchisor Master Agreement");

WHEREAS, FRANCHISEE desires to participate in the use of the System in connection with the operation of a cleaning service business under the Marks; and

WHEREAS, FRANCHISEE understands that SUBFRANCHISOR offers different levels of franchise programs, and that this franchise is under the "Technician Program";

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

I. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meaning as set forth below and the definitions constitute an integral part of this Agreement;

A. "Business" means the cleaning business that FRANCHISEE will operate under this Agreement using the System and Marks.

B. "Customer" means any existing customers or prospective customers (of SUBFRANCHISOR, its affiliates, FRANCHISEE, or any other franchisee) with whom FRANCHISEE or its employees or agents have had direct or indirect contact or about whom FRANCHISEE or its employees or agents have learned information by virtue of: (1) communications with SUBFRANCHISOR, its affiliates or other franchisees of SUBFRANCHISOR; (2) the operation of the Business; or (3) the transfer or termination of this Agreement, and in addition, "Customer" shall include any affiliate, successor in interest, subsidiary, sibling company, or parent company of any such customer or prospective customer.

C. "Gross Revenue" means the total money or property earned by FRANCHISEE or derived from or in connection with the operation of the Business, including all fees and other charges for every type of service performed and goods and services sold. Gross Revenue will be calculated at the time the services or products from which they were derived are delivered or rendered. The term does not include applicable sales, use or service taxes and any refunds and allowances actually given to customers.

D. "FRANCHISEE" shall be deemed to include: (a) all persons and their spouses owning any interest in FRANCHISEE if it is a corporation or a limited liability company; (b) all partners and their

spouses owning any interest in FRANCHISEE if it is a partnership; and (c) all of the individuals and their spouses owning any interest in FRANCHISEE if it is a sole proprietorship. For purposes of determining ownership in a franchise, the interests owned by a husband and wife shall be considered one interest, and both husband and wife shall be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

E. "Marks" means such service marks, trademarks, trade dress, trade names and any marks which may be considered confusingly similar thereto, as may presently exist, or which may be modified, changed, or acquired by International and licensed to SUBFRANCHISOR to sublicense to FRANCHISEE for use in connection with the operation of the Business as contemplated by this Agreement. Currently, the Marks include "Buildingstars".

F. "Monthly Contract Revenues" means total amount due from a customer account derived from the sale of goods or the performance of any cleaning services or cleaning related activity, less any applicable taxes imposed on the sale of goods or services.

G. "Service Providers" means any other franchisees of SUBFRANCHISOR.

H. "Specialty Work" means project work that is above and beyond the scope of the monthly janitorial services, such as carpet cleaning, floor refinishing, window cleaning and special projects.

I. "System" means the method of operating a quality cleaning service business pursuant to this Agreement which has been licensed to SUBFRANCHISOR to be sublicensed to FRANCHISEE. This includes confidential operating procedures, cleaning and operational methods, methods and techniques for financial controls, accounting and reporting, personnel management, sales marketing and advertising, trade secrets and the proprietary know-how developed by International and its affiliates to integrate the services necessary to operate the Business any of which may be changed, improved, modified and further developed by International and its affiliates from time to time.

II. GRANT

A. Area. Subject to the terms and conditions of this Agreement, SUBFRANCHISOR hereby grants to FRANCHISEE the nonexclusive right and license to use the System and Marks in connection with the operation of the Business under the "Technician Program". FRANCHISEE will operate the Business only within the metropolitan area of _____ ("Area"). FRANCHISEE shall not interfere with, service, or solicit Customers of SUBFRANCHISOR, any of International or its affiliates, or their franchisees, independent contractors or licensees. FRANCHISEE is not permitted to offer or perform any Specialty Work under this Technician Franchise Agreement.

B. Rights Reserved by SUBFRANCHISOR and International and their Affiliates. SUBFRANCHISOR retains the right to operate and to franchise or license to third parties the right to operate businesses using the System and Marks anywhere within the Area. International and its affiliates and retain the right to operate and to franchise or license to third parties the right to operate businesses using the System and Marks anywhere out of the Area. International and its affiliates retain the right to operate or grant franchises and licenses similar to or the same as the Business under different Marks or under systems different than the System anywhere, including within and outside of the Area. International and their affiliates are also authorized to sell some or all of the products and services authorized for sale by the Business in any channel of distribution, including but not limited to the wholesale sales of products and/or to provide management and/or consulting services using the System

and/or the Marks within or outside of the Area.

III. INITIAL FRANCHISE FEE

[to be completed by SUBFRANCHISOR]

The Initial Franchise Fee is One Thousand Two Hundred Ninety-Five Dollars (\$1,295) payable upon execution of this Agreement in the following manner:

Down payment of Six Hundred Ninety-Five Dollars (\$695) upon execution of this Agreement;

Six Hundred Dollars (\$600) represented by a Promissory Note, in the form set forth in Exhibit I attached hereto. The Note is payable without interest in six (6) monthly installments of \$100 each, with the first installment due on the fifteenth (15th) day of the month which is ninety (90) days after execution of this Agreement. SUBFRANCHISOR may withhold the monthly Note payments from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Sec. VI.D. below. A default under the Note shall also be deemed a default under this Agreement.

If FRANCHISEE pays the entire amount of the Initial Franchise Fee in cash at the time of the execution of this Agreement, SUBFRANCHISOR will discount the Initial Franchise Fee to Nine Hundred Ninety-Five Dollars (\$995).

If SUBFRANCHISOR does not accept this Agreement within thirty (30) days of its submission, SUBFRANCHISOR will refund the entire amount of the Initial Franchise Fee actually paid by FRANCHISEE. Otherwise, the Initial Franchise Fee is fully earned when paid and non-refundable.

IV. OTHER FEES

A. Royalty Fee. FRANCHISEE shall pay to SUBFRANCHISOR, monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), a Royalty Fee equal to [_____%] *ten percent (10%)* of Gross Revenue from the Business throughout the term of this Agreement. For example, the Royalty Fee for February is payable by March 15th. SUBFRANCHISOR will withhold the Royalty Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Sec. VI.D. below. No part of the Royalty Fee is refundable.

B. Management Fee. FRANCHISEE shall pay to SUBFRANCHISOR, monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), a Management Fee equal to [_____%] *twenty percent (20%)* of Gross Revenue from the Business throughout the term of this Agreement. For example, the Management Fee for February is payable by March 15th. SUBFRANCHISOR will withhold the Management Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Sec. VI.D. below. No part of the Management Fee is refundable.

C. Non-Performance Fee. In order to encourage full attention to Customers' needs, a Non-Performance Fee will be charged if SUBFRANCHISOR'S standards have not been followed resulting in a Customer complaint in which SUBFRANCHISOR intervenes to resolve. If SUBFRANCHISOR receives a bona fide complaint from a Customer, SUBFRANCHISOR will first offer FRANCHISEE an

opportunity to remedy the Customer's complaint. If FRANCHISEE remedies the complaint within a twenty-four (24) hour period after SUBFRANCHISOR is notified of the Customer's complaint, SUBFRANCHISOR will not charge FRANCHISEE a Non-Performance Fee. However, if after the twenty-four (24) hour period the Customer's complaint is not adequately remedied, SUBFRANCHISOR has the right, but not the obligation to remedy the complaint and charge FRANCHISEE a Non-Performance Fee of \$25 per hour per person needed to resolve the complaint, plus any other actual out of pocket expenses incurred. SUBFRANCHISOR will withhold the Non-Performance Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE.

D. Administration Fee. FRANCHISEE shall pay to SUBFRANCHISOR monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), an Administration Fee equal to [_____%] *four and one-half percent (4.5%)* of the Gross Revenue from the Business throughout the term of this Agreement. SUBFRANCHISOR will withhold the Administration Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D. below. No part of the Administration Fee is refundable.

E. Insurance Program Fee. [Complete if you provide an insurance plan]

FRANCHISEE is required to participate in the insurance program developed for SUBFRANCHISOR and its franchisees. Although SUBFRANCHISOR is obligated to pay the insurance premiums for FRANCHISEE'S coverage, FRANCHISEE is obligated to pay to SUBFRANCHISOR monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), an Insurance Program Fee to defray the costs incurred by SUBFRANCHISOR. The Insurance Program Fee is subject to change.

At the present time, the Insurance Program Fee is three and one-half percent (3½%) of Gross Revenue from the Business, which will provide only the following coverage for the FRANCHISEE:

(a) Worker's Compensation;

(b) General Liability Insurance with limits of \$1,000,000 per occurrence; \$2,000,000 products/completed operations aggregate, and \$2,000,000 aggregate; and

(c) non-owned auto insurance.

The insurance provided for the Insurance Program Fee is the minimum insurance requirement and FRANCHISEE should consult with its own insurance agent to determine if the kinds and amounts of coverage are adequate to protect FRANCHISEE'S interests. SUBFRANCHISOR makes no representation, express or implied, that the policies and amounts covered by the Insurance Program Fee are sufficient for FRANCHISEE'S needs. SUBFRANCHISOR will withhold the Insurance Program Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D. below. No part of the Insurance Program Fee is refundable. SUBFRANCHISOR makes this program available to qualified franchisees and will continue to do so in its sole discretion, but assumes no liability in connection therewith.

The cost of the Insurance Program Fee are subject to change. SUBFRANCHISOR reserves the right to change, modify, or discontinue the Insurance Program at any time. SUBFRANCHISOR further reserves the right to terminate FRANCHISEE'S right to remain in the Insurance Program at any time upon prior written notice to FRANCHISEE, for any reason, including, but not limited to FRANCHISEE'S

failure to comply with any of the terms of this Agreement.

*FRANCHISEE understands that if anyone other than the person(s) signing this Agreement performs services on behalf of FRANCHISEE, FRANCHISEE'S insurance coverage will be jeopardized and such failure will be grounds for termination of this Agreement. **THEREFORE, AS A MATERIAL INDUCEMENT FOR SUBFRANCHISOR TO ENTER INTO THIS AGREEMENT, FRANCHISEE AGREES NOT TO, AT ANY TIME, PERMIT ANYONE TO PERFORM SERVICES ON BEHALF OF FRANCHISEE WHO IS NOT A PARTY TO THIS AGREEMENT.***

FRANCHISEE UNDERSTANDS THAT IF IT FAILS TO COMPLY WITH THE INSURANCE PROGRAM REQUIREMENTS, THE FRANCHISEE AND ANYONE PERFORMING SUCH SERVICES MAY NOT BE INSURED AND THAT FRANCHISEE MAY BE PERSONALLY LIABLE FOR ANY CLAIMS MADE BY SUCH PERSONS. IT IS FRANCHISEE'S SOLE RESPONSIBILITY TO COMPLY WITH THE TERMS OF THE INSURANCE PROGRAM AND SUBFRANCHISOR ASSUMES NO RESPONSIBILITY FOR FRANCHISEE'S VIOLATION OF THE TERMS OF THE INSURANCE PROGRAM. FRANCHISEE AGREES TO INDEMNIFY AND HOLD SUBFRANCHISOR HARMLESS FROM ANY CLAIMS, DEMANDS, ACTIONS, OR CAUSES OF ACTION, INCLUDING ATTORNEY'S FEES, THAT ARISE DUE TO FRANCHISEE'S FAILURE TO COMPLY WITH THE INSURANCE PROGRAM REQUIREMENTS, AS THEY MAY BE MODIFIED FROM TIME TO TIME.

SUBFRANCHISOR IS MAKING THIS INSURANCE PROGRAM AVAILABLE TO FRANCHISEES SUBJECT TO CERTAIN CONDITIONS IMPOSED BY ITS INSURANCE COMPANY.

F. Taxes. FRANCHISEE agrees to indemnify and/or reimburse SUBFRANCHISOR and its Affiliates for all capital, gross receipts, sales, and other taxes and assessments imposed by any applicable state or local governmental authority as a result of the conduct of the Business or the license of any of SUBFRANCHISOR or its Affiliates' intangible property to FRANCHISEE (whether required to be paid by SUBFRANCHISOR or its Affiliates, withheld by FRANCHISEE or otherwise). FRANCHISEE's obligation to indemnify or reimburse SUBFRANCHISOR or its Affiliates for these taxes do not extend to income-type taxes which a state or local government imposes on SUBFRANCHISOR or its affiliates' income.

G. Customer Development Fee. If, within one year after termination, expiration or transfer of this Agreement, FRANCHISEE or any employee or affiliate of FRANCHISEE shall perform for any Customer, services similar to those to be performed under this Agreement but performed outside of this Agreement, FRANCHISEE shall pay to SUBFRANCHISOR a fee equal to 3 times the monthly amount agreed to be paid to FRANCHISEE, its employee or affiliate of FRANCHISEE, for such services.

V. TERM

The term of this Agreement shall be for a period of one (1) year from the date of final execution, unless sooner terminated in accordance with this Agreement. If FRANCHISEE is in full compliance with the terms of this Agreement, FRANCHISEE shall have the right to renew for three (3) additional terms of one (1) year each, provided that FRANCHISEE is not in default under this Agreement at the time of each renewal and FRANCHISEE executes the most current franchise agreement being utilized by SUBFRANCHISOR and FRANCHISEE pays SUBFRANCHISOR a renewal fee of [_____] \$200. Notwithstanding the foregoing, SUBFRANCHISOR may, in its discretion, refuse to renew the Franchise

if FRANCHISEE has been notified of defaults (even if subsequently cured) under the Franchise Agreement more than two (2) times during the initial term or more than three (3) times during any renewal term, even if FRANCHISEE is not in default at the time of such renewal. The then current franchise agreement may contain significantly different terms than this Agreement. On renewal, SUBFRANCHISOR is under no obligation to provide FRANCHISEE with any new customer accounts. FRANCHISEE agrees to give SUBFRANCHISOR not less than one hundred twenty (120) days written notice of its desire to renew the franchise, prior to the end of the initial term or the renewal term. In the event that SUBFRANCHISOR elects not to renew, SUBFRANCHISOR shall give FRANCHISEE written notice within ninety (90) days prior to the expiration of this Agreement.

Notwithstanding anything herein to the contrary, in the event that a new franchise agreement is not executed by both parties at the expiration of this Agreement or any renewal term and SUBFRANCHISOR has not given FRANCHISEE notice of its intent not to renew, this Agreement shall continue in accordance with its terms on a month to month basis with either party having the right to terminate on thirty (30) days prior written notice to the other party.

VI. OBLIGATIONS OF SUBFRANCHISOR

A. Initial Training. SUBFRANCHISOR will provide an initial training program for the operation of the Business using the System and Marks for the FRANCHISEE. The initial training program is furnished after this Agreement is executed and prior to the opening of the Business and will be furnished at such time and place as SUBFRANCHISOR may designate. FRANCHISEE shall pay all transportation, lodging, meals and other expenses incurred by it in attending this program. If FRANCHISEE does not satisfactorily complete the training program, SUBFRANCHISOR shall have the right to terminate this Agreement. Satisfactory completion of the training program is, however, no assurance of the success of the Business.

B. Refresher Training. SUBFRANCHISOR may provide additional or refresher training programs from time to time at a place and time as may be designated by SUBFRANCHISOR. FRANCHISEE shall pay all transportation, lodging, meals and other expenses incurred by it in attending such programs and SUBFRANCHISOR shall have the right to charge a reasonable fee for such refresher training programs.

C. Continuing Advisory Assistance. SUBFRANCHISOR will make available such continuing advisory assistance in the operation of the franchise, rendered in such manner and available from time to time, as SUBFRANCHISOR may deem appropriate. SUBFRANCHISOR reserves the right to charge a reasonable fee for such assistance as well as to be compensated for any travel expenses including but not limited to transportation, lodging, meals and other expenses SUBFRANCHISOR'S employees incur providing such Advisory Assistance.

D. Management Services. SUBFRANCHISOR will provide FRANCHISEE with billing and collection services on its behalf. However, SUBFRANCHISOR is not responsible if the Customer fails to pay nor is SUBFRANCHISOR required to commence any further action other than as set forth herein if they do not pay. FRANCHISEE is responsible for any and all collection activities if a Customer is delinquent in payment.

a. Authorization to SUBFRANCHISOR. FRANCHISEE hereby authorizes SUBFRANCHISOR to bill each Customer on a scheduled basis, accept payments from customer accounts, collect accounts receivable, and maintain revenue records. SUBFRANCHISOR will provide

Customer imprinted invoices, envelopes and postage. In addition, SUBFRANCHISOR will provide ongoing phone contact and reminder notices, both mailed and faxed to delinquent Customers on a monthly basis. Once a month SUBFRANCHISOR will provide FRANCHISEE a Monthly Revenue Statement. FRANCHISEE hereby authorizes SUBFRANCHISOR to collect cash and other forms of payment from accounts to which FRANCHISEE has rendered services or products, endorse FRANCHISEE'S name on and deposit checks, sign its name on liens, and take any other action necessary to carry out the terms of this Agreement.

FRANCHISEE further authorizes SUBFRANCHISOR to deduct from payments SUBFRANCHISOR collects from the Customers the fees described in Sections III and IV of this Agreement and any other amounts due to SUBFRANCHISOR, any authorized insurance payments, and any out of pocket costs (including but not limited to attorney's fees and court costs) incurred by SUBFRANCHISOR in enforcing payment of accounts by Customers or FRANCHISEE. SUBFRANCHISOR will collect all payments actually received and disburse the amount due to FRANCHISEE in accordance with the procedures set forth in the Confidential Operations Manual.

b. Collections. FRANCHISEE must pay for all reasonable attorneys' fees, court costs, expenses, and out-of-pocket costs incurred to enforce collection from Customers. If a Customer is delinquent in payment, FRANCHISEE is responsible for any and all collection activities. SUBFRANCHISOR is not obligated to hire attorneys, commence litigation, or do any acts (other than to send scheduled statements) in order to enforce payment of accounts by Customers. The only collection activities SUBFRANCHISOR is required to provide are ongoing phone contact and reminder notices both mailed and faxed to delinquent Customers on a monthly basis for such time as SUBFRANCHISOR deems appropriate.

c. Application of Payments. FRANCHISEE agrees to immediately deliver to SUBFRANCHISOR any and all money collected from its Customers.

d. Taxes. FRANCHISEE is and will continue to be responsible for complying with all local, state and federal tax requirements including but not limited to income tax, sales tax, use tax or any other tax required along with the proper reporting requirements.

E. Initial Customer Accounts. Within ninety (90) days after FRANCHISEE begins operation of the Business as described in Section VII.A below, SUBFRANCHISOR shall offer FRANCHISEE customer accounts which would generate a total of \$1,000 in Monthly Contract Revenues. FRANCHISEE will then follow the procedure set forth in the Confidential Operations Manual for accepting or rejecting said customer accounts. Once SUBFRANCHISOR has offered FRANCHISEE customer accounts which total \$1,000 in Monthly Contract Revenues, regardless of whether the FRANCHISEE accepts these accounts, SUBFRANCHISOR'S obligations under this Section VI.E. shall be deemed satisfied.

F. New Customer Accounts. SUBFRANCHISOR may offer new customer accounts or increase the existing customer accounts to FRANCHISEE if: (i) FRANCHISEE is in full compliance with the terms of this Agreement; (ii) FRANCHISEE has provided satisfactory services to its existing Customers; and (iii) FRANCHISEE'S Monthly Contract Revenue does not exceed \$5,000 per month. FRANCHISEE acknowledges that SUBFRANCHISOR has no obligation to offer new customer accounts or increase an existing customer account. If SUBFRANCHISOR offers FRANCHISEE a new customer account, FRANCHISEE must follow the procedures set forth in the Confidential Operations Manual for rejecting or accepting the customer account. FRANCHISEE is under no obligation to accept any customer

accounts. In addition, FRANCHISEE has the right to give SUBFRANCHISOR back any customer account so long as it gives SUBFRANCHISOR at least ten (10) days prior written notice of its intent to return the customer account and FRANCHISEE shall not be entitled to any compensation for giving back the account.

G. Inspections of Customer Premises. SUBFRANCHISOR may make periodic quality control and customer relations visits to each customer account location of FRANCHISEE.

H. Discontinue Right to Customer Account. SUBFRANCHISOR retains the right to discontinue allowing FRANCHISEE to service a Customer Account at any time if SUBFRANCHISOR, in its sole discretion, determines that FRANCHISEE is not adequately servicing the customer account. Factors which SUBFRANCHISOR considers include, but are not limited to, the following: customer complaints, unresponsiveness to Customer or SUBFRANCHISOR, allegations by Customers of theft or breakage, lateness or failure to complete the job in a professional manner. In such event, SUBFRANCHISOR does not have any obligation to replace said Customer Account with another.

VII. OBLIGATIONS OF FRANCHISEE

A. Business Opening. FRANCHISEE must begin operations of the Business within forty-five (45) days after the FRANCHISEE successfully completes the Initial Training Program. The FRANCHISEE is deemed to have begun operations of the Business when:

1. FRANCHISEE has successfully completed the Initial Training Program;
2. FRANCHISEE has all necessary licenses and permits;
3. FRANCHISEE has provided proof of insurance coverage as required herein;
4. FRANCHISEE has all necessary and required materials and supplies for the proper operation of the Business; and
5. FRANCHISEE is in full compliance with this Agreement.

B. Use of Marks and System. FRANCHISEE agrees not to adopt the name "Buildingstars" as part of its corporate name with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed by SUBFRANCHISOR to FRANCHISEE). FRANCHISEE agrees, during the term of this agreement, to operate, advertise and promote the Business under the name "Buildingstars" without prefix or suffix and to adopt and use the Marks and System licensed hereunder solely in the manner prescribed by SUBFRANCHISOR. FRANCHISEE must file an assumed or fictitious name filing where required by applicable law and always use the words d/b/a after FRANCHISEE'S legal name.

C. Standards of Operation.

1. FRANCHISEE agrees to comply with SUBFRANCHISOR'S written policies, practices, procedures, regulations and standards, whether set forth in the Confidential Operations Manual or in other materials supplied to FRANCHISEE by SUBFRANCHISOR which may be changed or modified from time to time.

2. FRANCHISEE shall use all equipment, products and supplies in the operation of the

Business that meet SUBFRANCHISOR'S standards and specifications as set forth in the Confidential Operations Manual. FRANCHISEE must purchase the required equipment and supplies in order to begin operation of the Business. This start-up equipment and supplies may be purchased from SUBFRANCHISOR or its Affiliate.

3. FRANCHISEE shall continuously and prominently display the Marks in connection with the Business, and will not take or fail to take any action, the result of which might detract from the public image of SUBFRANCHISOR, the Business, the System or the Marks. FRANCHISEE shall not display or permit to be displayed at the Business any business name or service not authorized hereunder.

4. FRANCHISEE shall at all times maintain minimum levels of inventory and supplies in the amount and type as may be directed by SUBFRANCHISOR from time to time or as may be specified in the Confidential Operations Manual.

5. All of FRANCHISEE'S business dealings will be governed by the highest professional standards of honesty, integrity, fair dealing and ethical conduct. FRANCHISEE will do nothing that would tend to discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of SUBFRANCHISOR, its other franchisees and its Affiliates. FRANCHISEE shall pay when due all of its own obligations including but not limited to taxes whatsoever incurred with the purchase and operation of the Business.

6. FRANCHISEE shall at all times faithfully, honestly and diligently perform the obligations hereunder, use its best efforts to promote and enhance the Business, and shall not engage in any business or other activity that will conflict with the FRANCHISEE'S obligations hereunder.

7. FRANCHISEE agrees to and shall take all steps as are necessary to ensure it treats all Customers fairly and provide services hereunder in an honest, ethical, and nondiscriminatory manner. Further, FRANCHISEE shall not withhold any material information from its Customers or attempt to sell any service to them that FRANCHISEE believes, in its good faith estimation, is not needed.

8. FRANCHISEE shall not advertise in a deceptive, misleading, or unethical manner; shall only make those promises, representations, and guarantees to Customers, and others at the Business authorized by SUBFRANCHISOR; preserve good Customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as SUBFRANCHISOR may establish from time to time in the Confidential Operations Manual.

9. FRANCHISEE recognizes that it is not permitted to use the System or Marks in connection with the sale of any products or services other than the cleaning business. If a Customer requests that FRANCHISEE render any services or sell any products that are not of the type that is normally rendered in connection with the System, FRANCHISEE must first notify SUBFRANCHISOR and obtain approval from SUBFRANCHISOR. SUBFRANCHISOR will not unreasonably object to FRANCHISEE'S request provided that the services do not interfere with the services that FRANCHISEE renders in connection with the franchise, the services and products are in no way associated with the Marks and System, FRANCHISEE is capable of providing the products and services in a good and workmanlike manner, and the Customer is fully apprised that the services or products are not being rendered in connection with the franchise. SUBFRANCHISOR retains the right to object to any future requests and the failure to object to any request shall not prohibit SUBFRANCHISOR from objecting to any future requests.

D. Licensure; Compliance with Laws. At all times FRANCHISEE shall comply with all federal, state, municipal, and local laws, rules, regulations, ordinances, and codes applicable and related to this Agreement, the Business, and all aspects of the conduct of the Business including but not limited to the Americans with Disabilities Act ("ADA") and OSHA in all respects, and nothing contained herein or in the Confidential Operations Manual shall be construed as or implied as imposing any obligation on SUBFRANCHISOR or its Affiliates in relation to the ADA or OSHA. FRANCHISEE shall obtain all licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation ordinance and code. FRANCHISEE shall make timely filings of all tax returns and shall pay when due all taxes levied or assessed on, and related to this Agreement and the Business. At no time is SUBFRANCHISOR required to inform FRANCHISEE of any federal, state, municipal, or local law, rule, regulation, ordinance code, or tax.

E. Insurance. FRANCHISEE must purchase and continuously maintain during the term of this Agreement, at a minimum, the insurance coverages that SUBFRANCHISOR requires and must furnish to SUBFRANCHISOR evidence of such insurance as SUBFRANCHISOR shall reasonably request, together with information concerning claims and losses under such insurance. All policies of insurance required to be provided and maintained by FRANCHISEE by this Agreement must name SUBFRANCHISOR, International and their successors and assigns as additional insureds (without obligation to pay the premium or any deductible amounts, all of which will be paid by FRANCHISEE), and must be carried with such responsible insurance companies and be in such form as is reasonably satisfactory to SUBFRANCHISOR. SUBFRANCHISOR has the right to require FRANCHISEE to increase the types and amounts of insurance coverage as SUBFRANCHISOR may, in its sole discretion, reasonably require. Note that the insurance required by SUBFRANCHISOR is the minimum insurance requirements and FRANCHISEE should consult with its own insurance agent to determine if the kinds and amounts of coverage are adequate to protect FRANCHISEE'S interests. SUBFRANCHISOR makes no representation, express or implied, that the policies and amounts are sufficient for FRANCHISEE'S needs. SUBFRANCHISOR may, in its sole option and from time to time, make insurance coverage available to FRANCHISEE. As noted in Section IV.D. above, certain types of insurance are covered by the Insurance Program Fee.

If FRANCHISEE fails to obtain or maintain adequate insurance, SUBFRANCHISOR may, in its sole discretion, obtain insurance for FRANCHISEE in FRANCHISEE'S name and FRANCHISEE shall reimburse SUBFRANCHISOR for the costs of obtaining said insurance. In addition, SUBFRANCHISOR may charge FRANCHISEE \$100 for the first day and \$25 a day for each additional day FRANCHISEE does not have at least the minimum amount of insurance SUBFRANCHISOR requires. Regardless of the insurance amounts SUBFRANCHISOR requires, it shall be the responsibility of FRANCHISEE to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement. Failure of FRANCHISEE to maintain coverage shall not relieve it of any contractual responsibility or obligation or liability under this Agreement.

F. Cooperation for Financial Performance Representations. FRANCHISEE shall maintain its books and records in accordance with generally accepted accounting principles, consistently applied. If SUBFRANCHISOR at any time desires to utilize financial performance representation or similar document in connection with the sale of franchises, FRANCHISEE agrees to provide SUBFRANCHISOR, at no cost, with such reasonable information as SUBFRANCHISOR requires from FRANCHISEE in order to properly prepare such documents, and shall permit SUBFRANCHISOR to utilize such information as it deems necessary.

G. Innovations. All ideas, concepts, techniques or materials concerning the Business,

whether or not protectable intellectual property and whether created by FRANCHISEE or its owners or employees, must be promptly disclosed to International and will be deemed to be International's sole and exclusive property, part of the System, and works made-for-hire for International. To the extent any item does not qualify as a "work made-for-hire" for International, FRANCHISEE must assign ownership of that item and all related rights to that item, to International and must take whatever action (including signing assignments or other documents) International requests to show International's ownership or help International obtain intellectual property rights in the item. However, if this provision is found to be invalid or unenforceable, FRANCHISEE grants to International a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the ideas, concepts, techniques or materials.

H. Financial Records and Reports. FRANCHISEE agrees to furnish to SUBFRANCHISOR financial reports as shall be requested by SUBFRANCHISOR from time to time pursuant to or in connection with this Agreement or as specified in the Confidential Operations Manual. FRANCHISEE shall establish a business checking account and will continue to maintain a business checking account throughout the term of this Agreement.

I. Actual Participation. FRANCHISEE recognizes the importance of the FRANCHISEE'S participation in the operation of the Business including the actual cleaning required to be done and that the FRANCHISEE'S agreement to so participate in the operation of the Business is a material inducement for SUBFRANCHISOR to enter into this Agreement.

VIII. PROPRIETARY MARKS

A. Right to Use Marks. FRANCHISEE acknowledges that "Buildingstars" is a valid service and/or trademark, which is licensed to SUBFRANCHISOR by International. FRANCHISEE recognizes that valuable goodwill is attached to the Marks, and that it will use the same only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of FRANCHISEE'S use of the Marks inures to the benefit of Buildingstars, Inc. FRANCHISEE further acknowledges that the right to use said Marks and the grant contained in this Agreement is nonexclusive. Any unauthorized use of the Marks by the FRANCHISEE in any medium whatsoever is a breach of this Agreement and an infringement of the rights of SUBFRANCHISOR and Buildingstars, Inc. and its affiliates. FRANCHISEE agrees that the unauthorized use of SUBFRANCHISOR'S Marks will constitute irreparable harm to SUBFRANCHISOR, Buildingstars, Inc. and its affiliates, and FRANCHISEE expressly waives any requirement that SUBFRANCHISOR, Buildingstars, Inc. or its affiliates to post security in order to obtain injunctive relief in connection with such use. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols hereafter authorized for use by and licensed to the FRANCHISEE.

B. Contest of Marks. FRANCHISEE will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest SUBFRANCHISOR'S, International and its affiliates' right to register, use or license others to use such names and Marks, trade secrets, methods, procedures and techniques. FRANCHISEE will not at any time (whether during the term of this Agreement or after expiration or termination thereof) directly or indirectly commit an act of infringement. FRANCHISEE agrees to promptly notify SUBFRANCHISOR of any claim, demand, or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. SUBFRANCHISOR or International and its affiliates shall have the sole discretion to determine if they will defend the use of the Marks, and they are not obligated to defend the Marks. SUBFRANCHISOR, International and its affiliates have the right to control any administrative proceeding or litigation involving the Marks.

FRANCHISEE shall execute any and all instruments and documents, render assistance, and do such acts as may, in the opinion of SUBFRANCHISOR'S, International or its affiliates' counsel, be necessary or advisable to protect and maintain the interests of SUBFRANCHISOR, International or its affiliates in any such litigation, or proceedings, or in the Marks.

C. Change of Marks. SUBFRANCHISOR shall have the right to change the Marks to be used by FRANCHISEE at any time and for any reason it deems appropriate. FRANCHISEE shall pay the costs associated with such change and shall make such necessary changes promptly.

IX. TRADE SECRETS AND CONFIDENTIAL INFORMATION

FRANCHISEE shall not, during the term of this Agreement, or after the transfer, termination or expiration, communicate or divulge to anyone, any information or knowledge concerning the products, services, standards, procedures, techniques, sales information, profit margins, marketing procedures, expansion plans, Customers, rates, fees and terms, databases, or such other information that gives SUBFRANCHISOR, International and its affiliates and FRANCHISEE a competitive advantage over those who do not know it, and other information or material which SUBFRANCHISOR may designate as confidential, nor shall FRANCHISEE disclose or divulge in whole or in part any trade secrets or operating procedures of SUBFRANCHISOR, International, and its affiliates, customer lists, customer contracts, sales and promotional information, employee lists, supplier and vendor information, information regarding real property management companies or commercial real estate owners affiliated with or related to any Customer, customer account, or any commercial real estate for which SUBFRANCHISOR its affiliates, FRANCHISEE or any other franchisee has provided commercial cleaning services; pricing information; financial information furnished or disclosed to FRANCHISEE by SUBFRANCHISOR, International or its affiliates and any other such information, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Business ("Confidential Information"). FRANCHISEE will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of this Agreement.

X. NON-SOLICITATION

FRANCHISEE agrees that during the term of this Agreement and for one (1) year after the transfer, expiration or termination for any reason of this Agreement or the entry of a final order of a court of competent jurisdiction enforcing this covenant, whichever is later, FRANCHISEE and any of its relatives or associates, shall not, directly or indirectly, for FRANCHISEE or for any other person or entity (except SUBFRANCHISOR or International), whether as an individual or as an owner, employee, agent, officer, director, partner, member, lender, consultant, shareholder, member, manager, advisor, investor, trustee, or in any other capacity or position:

1. Contact, solicit, attempt to contact or solicit, or participate or aid with the contact or solicitation of or provide or attempt to provide (or advise others of the opportunity to provide directly or indirectly any cleaning or janitorial services to any Customer for any reason other than providing services pursuant to this Agreement, including but not limited to notifying any Customer of FRANCHISEE'S new affiliation or employment;

2. Contact or solicit, attempt to contact or solicit, or participate or aid in the contact or solicitation of, any Service Provider for the purpose of inducing or encouraging him, her or it to terminate or materially alter their employment, engagement, franchise relationship or other

business relationship with SUBFRANCHISOR, any affiliate, International or its affiliates or other franchisee.

3. Do or take any action to circumvent or otherwise attempt to take away or interfere with or jeopardize the business relationship between the Customer and SUBFRANCHISOR. FRANCHISEE acknowledges and agrees any interference with the Customer's business or the relationship between SUBFRANCHISOR and Customers is in direct violation of this provision.

SUBFRANCHISOR intends to restrict the activities of the FRANCHISEE under Sections IX and X of this Agreement only to the extent necessary for the protection of SUBFRANCHISOR's legitimate business interests. For the sake of clarity, nothing herein is to restrict FRANCHISEE from providing janitorial/cleaning services to any entity or person that is not a Customer; provided however, that the foregoing shall not alter FRANCHISEE's obligations, including but not limited to Section IX above, under this Agreement. The foregoing covenants shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction shall determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding shall reduce the limitation necessary to render such restriction enforceable by such court. SUBFRANCHISOR shall have the right to reduce the scope of any covenant contained in Sections IX and X, without FRANCHISEE'S consent, effective immediately upon receipt by FRANCHISEE of written notice thereof; and FRANCHISEE shall comply with any covenant as so modified. In addition to any other remedies available at law or equity, SUBFRANCHISOR shall have the right to injunctive relief for a violation or threatened violation of the foregoing. FRANCHISEE acknowledges that the restrictions imposed in this Section are reasonable and their enforcement will not cause an undue burden upon FRANCHISEE'S ability to earn a livelihood.

The terms of this Section X are assignable by SUBFRANCHISOR and shall inure to the benefit of SUBFRANCHISOR, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of SUBFRANCHISOR, the resulting entity shall step into the place of SUBFRANCHISOR, without any additional consent of or notice to FRANCHISEE, as if the term SUBFRANCHISOR were defined in this Agreement to include such entity.

XI. DEFAULT AND TERMINATION

A. Termination by SUBFRANCHISOR.

1. 30 Day Opportunity to Cure. SUBFRANCHISOR may at its option, and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate this Agreement for "good cause". (Provided that state law permits, SUBFRANCHISOR has the right to terminate earlier if the "good cause" constitutes a default which is not curable.) Without limitation as to other situations, good cause for termination also exists if FRANCHISEE:

- (1) Does not perform any and all of the lawful terms, conditions, and obligations of this Agreement, or the Confidential Operations Manual; or
- (2) Commits any other act which constitutes good cause under applicable state law or court decisions; or
- (3) Engages in any illegal, fraudulent, unfair or deceptive business practice, which

adversely affects the operation, maintenance, or goodwill of the franchise; or

(4) Fails to operate the Business for a period of three (3) consecutive days without justifiable cause; or

(5) Diverts or collects any fees from Customers in violation of Section VI.D., above which provide that Customer billings and collections are to be done by SUBFRANCHISOR; or

(6) Fails to properly service Customers in accordance with SUBFRANCHISOR'S standards and within the spirit and intent of this Agreement. (By way of illustration and not limitation, a failure to properly service Customers will occur if at least three Customer complaints are made regarding the services rendered by the Business within any consecutive ninety-day period because of dissatisfaction with services provided by the Business.)

Subject to applicable law and except as otherwise provided in this Agreement, SUBFRANCHISOR will give the FRANCHISEE at least thirty (30) days prior written notice of termination, [unless a longer period of time is required or shorter period of time is permitted by applicable state law]. The notice shall state the reason(s) for termination and shall provide that the FRANCHISEE has thirty (30) days from the date of said notice to correct any claimed deficiency. If the deficiency is corrected within thirty (30) days, the notice shall be void. If the deficiency is not corrected within said thirty (30) day period, SUBFRANCHISOR may terminate this Agreement immediately.

2. 10 Day Opportunity to Cure. SUBFRANCHISOR may also terminate this Agreement for nonpayment of sums due to SUBFRANCHISOR or SUBFRANCHISOR'S Affiliates or suppliers; failure of FRANCHISEE to open the Business in accordance with the time periods specified in this Agreement; failure of FRANCHISEE to comply with the Conditions of Grant as set forth in paragraph II.C. If termination is based on the foregoing, the FRANCHISEE shall be entitled to written notice of default, but SUBFRANCHISOR shall [if permitted by applicable law] only be required to grant FRANCHISEE ten (10) days to remedy such default. If not cured within the applicable period, SUBFRANCHISOR shall have the right to terminate this Franchise Agreement to be effective no less than thirty (30) days after the original notice.

3. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, SUBFRANCHISOR shall be permitted to terminate the franchise immediately upon notice when the basis or grounds for cancellation is: (a) FRANCHISEE or its owners are conviction of a felony or any other criminal misconduct which materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (b) fraudulent activity which materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (c) abandonment of the franchise; (d) bankruptcy or insolvency of the FRANCHISEE; (e) the giving of more than two (2) no account or insufficient funds checks within a twelve-month period; or (f) any other act or omission which permits termination without notice and/or an opportunity to cure under applicable state law.

B. Termination by FRANCHISEE. FRANCHISEE must notify SUBFRANCHISOR in writing of any failure of SUBFRANCHISOR to perform any of SUBFRANCHISOR'S obligations pursuant to this Agreement. FRANCHISEE may terminate this Agreement if SUBFRANCHISOR shall materially default in performance of any terms and conditions in this Agreement, after giving

SUBFRANCHISOR written notice within thirty (30) days thereof, and if the default has not been corrected within sixty (60) days thereafter.

C. Consequences of Termination. Upon termination or expiration of this Agreement, for any reason whatsoever, all of FRANCHISEE'S rights hereunder shall terminate. FRANCHISEE shall immediately thereafter discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of SUBFRANCHISOR'S business and return any copyrighted materials which have been provided to FRANCHISEE by SUBFRANCHISOR, and if SUBFRANCHISOR requests, shall assign its telephone numbers to SUBFRANCHISOR and execute any and all documents necessary to do so. Further, FRANCHISEE shall pay all amounts due to SUBFRANCHISOR, SUBFRANCHISOR'S Affiliates, and suppliers. Further, FRANCHISEE agrees to return any and all materials which contain Confidential Information in whatever form, including but not limited to the Confidential Operation Manual, to SUBFRANCHISOR immediately. FRANCHISEE'S obligations regarding Trade Secrets and Confidential Information and Non-Solicitation shall remain in full force and effect in accordance with their terms, notwithstanding such termination.

FRANCHISEE will immediately cease providing services to all Customers and forfeit any rights it may have to the Customer and customer accounts. Upon request of SUBFRANCHISOR, FRANCHISEE will assign to SUBFRANCHISOR any or all of FRANCHISEE'S customer contracts and SUBFRANCHISOR will have the right to either service the accounts or assign the servicing of the accounts to others. At no such time will FRANCHISEE terminate a written contract until proper notice has been given to SUBFRANCHISOR prior to termination.

XII. CONFIDENTIAL OPERATIONS MANUAL

SUBFRANCHISOR shall loan FRANCHISEE for the duration of this Agreement and any renewal one (1) copy of the Confidential Operations Manual ("Manual"), in any form, which will contain the standards, policies, procedures and rules and regulations established by International or its affiliates along with the requirements established by SUBFRANCHISOR, which may cover such items as general business methods, merchandising, financial reporting requirements, confidentiality agreements, plans and specification requirements, approved suppliers, etc. SUBFRANCHISOR and International have the right to modify the Manual from time to time upon notice to FRANCHISEE. The Manual will constitute a confidential trade secret of SUBFRANCHISOR, International and its affiliates and shall remain the property of International and its affiliates. The Manual cannot be photocopied, reproduced, or disseminated without SUBFRANCHISOR'S written consent. FRANCHISEE shall at all times insure that its copy of the Manual is kept current and up-to-date; and, in the event of any dispute as to the contents of the Manual, the terms of the SUBFRANCHISOR copy of the Manual maintained by SUBFRANCHISOR shall be controlling. Upon termination or expiration of this Agreement, FRANCHISEE shall return the copy of the Manual to SUBFRANCHISOR. FRANCHISEE agrees that it shall strictly comply with all of the mandatory requirements in the Manual and such compliance is an essential part of its obligations under this Agreement. FRANCHISEE shall at all times be responsible for complying with the mandatory portions of the Manual.

FRANCHISEE understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of Customers, and/or presently unforeseen technological innovations, the System may need to undergo changes in order that it best serve the interests of the FRANCHISEE, SUBFRANCHISOR and System. Subject to the other provisions of this Agreement, FRANCHISEE expressly agrees to abide by any such modifications, changes, additions, deletions and alterations including but not limited to the purchase of new and additional equipment, and acknowledge

that such modifications, changes, additions, deletions and alterations may require further expenditures by FRANCHISEE.

XIII. TRANSFERABILITY OF INTEREST

A. By SUBFRANCHISOR. SUBFRANCHISOR is free to assign any or all of its rights and obligations under this Agreement, and upon such assignment SUBFRANCHISOR shall be relieved of any of the obligations under this Agreement so assigned, and all rights and obligations shall accrue to the successor or assignee.

B. By FRANCHISEE. FRANCHISEE may not assign this Agreement without the consent of SUBFRANCHISOR, which consent will not be unreasonably withheld. An assignment shall be deemed to include a situation in which any person or entity would have actual, legal or effective control over the Business or upon a sale, transfer or change of ownership of the FRANCHISEE or the Business.

XIV. INDEPENDENT CONTRACTOR/INDEMNIFICATION

SUBFRANCHISOR and FRANCHISEE are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between them, in any respect. FRANCHISEE shall conspicuously identify itself at the premises of the Business and in all dealings with the public as the owner of the business. SUBFRANCHISOR shall not be involved in the day-to-day management or control of the Business. Neither SUBFRANCHISOR nor FRANCHISEE shall make any agreements or representations in the name of or on behalf of the other that their relationship is other than SUBFRANCHISOR and franchisee. Under no circumstances shall SUBFRANCHISOR be liable for any act, omission, debt, or other obligation of FRANCHISEE.

To the fullest extent permitted by law, FRANCHISEE, for itself and its owners, employees, agents, officers, directors, members, managers, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors"), agree, at their sole cost and expense, to indemnify, defend and hold harmless, and to reimburse on demand SUBFRANCHISOR, International and all entities related to SUBFRANCHISOR and International and their respective shareholders, directors, officers, members, managers, employees agents, partners, attorneys, licensees, affiliates successors and assigns ("Indemnified Parties") for and against any and all damages, losses, liabilities, bodily injury, property damage, obligations, penalties, fines, claims, litigation, demands, defenses, judgments, suit proceedings, administrative orders, consent agreements, costs, disbursements or expenses of any kind or any nature whatsoever, including without limitation, reasonable attorneys' and expert fees and disbursements arising out of or related to or in any way arising out of the acts or omissions of any Indemnitor, including without limitation (i) any act or omission, negligent or otherwise, of the Indemnitors or anyone directly or indirectly employed by them or anyone for whom they may be liable relative to the Business; (ii) any breach by the Indemnitors of any term or provision of this Agreement; and (iii) the cost, including, but not limited to reasonable attorney's fees, of enforcing this indemnification provision. The obligations of Indemnitors are joint and several.

This indemnification shall not be construed to indemnify an Indemnified Party to the extent such indemnification is prohibited by law, including, an indemnification of any Indemnified Party from its own negligence, if prohibited by law. To the extent indemnification of any party hereunder would be prohibited by law, this provision shall not apply to such party with respect to such otherwise indemnifiable act, but shall continue to be effective as to all other parties with respect to whom indemnification is not prohibited by applicable law.

XV. DISPUTE RESOLUTION

A. Mediation. Before any party may bring an action in court for any controversy, dispute or claim between SUBFRANCHISOR and FRANCHISEE arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the “Mediation”) in _____, unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the “AAA Mediation Rules”) except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. SUBFRANCHISOR and FRANCHISEE will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by the FRANCHISEE. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, SUBFRANCHISOR and FRANCHISEE agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by SUBFRANCHISOR and relating to SUBFRANCHISOR's trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by SUBFRANCHISOR for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. Litigation. Except as otherwise provided in this Agreement, all controversies, disputes or claims between SUBFRANCHISOR and FRANCHISEE arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court in _____ when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of _____ law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims SUBFRANCHISOR has relating to its trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by SUBFRANCHISOR for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute

between the parties shall be brought in either federal or state courts in _____. Both parties agree to submit to the jurisdiction of the state and federal court in _____.

C. Arbitration. In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in _____ (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes SUBFRANCHISOR, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modifies or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, SUBFRANCHISOR may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not SUBFRANCHISOR was a party) will not be binding on SUBFRANCHISOR in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, SUBFRANCHISOR and FRANCHISEE will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. Dispute Resolution Fee. In the event that the FRANCHISEE or its guarantors have not

complied with the provisions in this Section on Dispute Resolutions, FRANCHISEE shall reimburse SUBFRANCHISOR for all of its expenses incurred in curing the FRANCHISEE's breach (including, without limitation, SUBFRANCHISOR's attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay the SUBFRANCHISOR a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). FRANCHISEE acknowledges and agrees that the SUBFRANCHISOR will be damaged by such breach. FRANCHISEE agrees that a precise calculation of the full extent of the damages that SUBFRANCHISOR will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. SUBFRANCHISOR has the right to collect these amounts in addition to exercising any and all other rights SUBFRANCHISOR may have for non-compliance under this Agreement.

XVI. MISCELLANEOUS PROVISIONS

A. Waiver. No waiver by SUBFRANCHISOR of any default of the FRANCHISEE shall constitute a waiver of any other default and shall not preclude SUBFRANCHISOR from thereafter requiring strict compliance with this Agreement.

B. Severability. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement, including but not limited to those relating to non-solicitation, shall be interpreted and applied consistent with the requirements of reasonableness and equity.

C. Injunctive Relief. In the event of any breach or threatened breach of this Agreement by any party, the other party shall immediately be entitled to injunctive relief, in addition to any other remedies available to it, (including a temporary restraining order, preliminary injunction and specific performance) without showing or proving any actual damage sustained and shall not thereby be deemed to have elected its only remedy to the exclusion of others. If SUBFRANCHISOR seeks injunctive relief, it shall not be required to post a bond.

D. Entire Agreement. This Agreement and all other written agreements related to this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations (if any) made by and between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement shall be of any force and effect; provided, however, that nothing in this or any related agreement is intended to disclaim SUBFRANCHISOR'S representations made in the Franchise Disclosure Document that was furnished to FRANCHISEE in connection with the offering to operate the Business. No amendment to this Agreement is binding unless executed in writing by both parties.

E. Representative Capacity. In all of their dealings with FRANCHISEE, the officers, directors, employees and agents of SUBFRANCHISOR act only in their representative capacity for SUBFRANCHISOR, and not in any individual capacity.

F. Notice. Whenever notice is required under the terms of this Agreement, it shall be given

in writing and sent by registered or certified mail, or by personal delivery to FRANCHISEE'S address and to SUBFRANCHISOR'S office set forth under the signature lines on this Agreement, or at such other address as designated in accordance with this Section. Receipt shall be deemed to have been made one (1) day after mailing or upon personal delivery, whichever first occurs.

G. Gender/Heading. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of the Agreement or any section, paragraph, or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender. Headings and paragraph titles are for convenience of reference only and shall not define, limit, or extend the scope or intent of this Agreement or any provision thereof.

H. Governing Law and Jurisdiction. FRANCHISEE acknowledges that this Agreement was accepted in the State of _____. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of _____ (without reference to its conflict of laws principles). SUBFRANCHISOR may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of _____, and FRANCHISEE irrevocably submits to the jurisdiction and waives any objection to the application of _____ law or to the jurisdiction or venue in those _____ courts. If any valid applicable law or regulation [in effect at the time this Agreement is executed] of a governmental authority having jurisdiction over this Agreement limits SUBFRANCHISOR'S rights of rescission or termination or require longer notice periods than set forth herein, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon rescission or termination required by such laws or regulations. The provisions of this Agreement which conflict with the applicable law shall (only to the extent not in accordance with applicable law) be ineffective, and in their stead, SUBFRANCHISOR shall comply with applicable law respecting each of said matters. SUBFRANCHISOR shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto as a State Law Addendum as Exhibit II.

I. Effect. This Agreement shall be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, their permitted successors and permitted assigns.

J. Remedies. In addition to any other remedies to which it may be entitled, SUBFRANCHISOR shall be entitled without bond to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event FRANCHISEE actually or anticipatorily breaches this Agreement. If SUBFRANCHISOR incurs any attorney's fees or other expenses in seeking enforcement of this Agreement, FRANCHISEE shall be required to reimburse SUBFRANCHISOR for its reasonable costs and expenses (including, but not limited to attorney's fees) thereby incurred. No right or remedy conferred upon SUBFRANCHISOR is intended to be exclusive, and every such right or remedy shall be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination shall include a termination for any reason, expiration, cancellation, failure to renew, assignment or transfer.

K. No Warranty. FRANCHISEE acknowledges that, except as otherwise specifically stated herein, SUBFRANCHISOR has the absolute right to exercise its own judgment on various matters about this Agreement and the Manual, and has the absolute right to approve, disapprove, give its consent and

refuse to consent to FRANCHISEE'S requests in its sole and absolute discretion. FRANCHISEE agrees that SUBFRANCHISOR'S action, refusal to act, approval, disapproval, consent, or refusal of consent is not, and shall not be deemed, a representation, warranty, certification or guarantee by SUBFRANCHISOR about that which is acted upon or refused consent, or about any appropriateness, legality, profitability, or success related thereto. No SUBFRANCHISOR action, refusal to act, approval, disapproval, consent or refusal to consent is, or shall be deemed, a guarantee, warranty, or representation that the Business complies with, or meets any local, municipal, state, federal, or other laws or regulations relating to the offer of services or otherwise. If it is found that SUBFRANCHISOR wrongfully withheld any consent pursuant to this Agreement, FRANCHISEE'S sole remedy for such failure shall be to require SUBFRANCHISOR to grant such consent.

L. Receipt of Franchise Disclosure Document. FRANCHISEE acknowledges receipt of SUBFRANCHISOR'S franchise disclosure document along with this Agreement, at least fourteen (14) days before execution hereof or any payment to SUBFRANCHISOR. If any unilateral modifications have been made by SUBFRANCHISOR to this Agreement, FRANCHISEE acknowledges that it had at least seven (7) days to review them.

M. Joint and Several Liability. If two or more persons are the FRANCHISEE under this Agreement, their obligations and liabilities to SUBFRANCHISOR shall be joint and several.

N. Time is of the Essence. Time is of the essence of this Agreement.

O. Survival. FRANCHISEE'S obligations regarding trade secrets, indemnification and non-solicitation, as well as accrued obligations of FRANCHISEE to SUBFRANCHISOR, shall survive the termination, expiration, assignment or transfer of this Agreement.

P. Payments from FRANCHISEE. SUBFRANCHISOR has the sole discretion to apply any payments by FRANCHISEE to any past due indebtedness of FRANCHISEE for any fees, expenses, purchases from SUBFRANCHISOR or its Affiliates, interest or any other indebtedness. Neither SUBFRANCHISOR nor any of its Affiliates are required to accept payments after same are due or extend credit or otherwise finance FRANCHISEE'S operation of the franchise.

Q. Limitation on Liens. FRANCHISEE shall not grant a security interest, pledge, or place a lien upon FRANCHISEE'S interest in this Agreement or in the Business or in the assets used in the business, except that FRANCHISEE shall be permitted to grant a security interest in such furniture, fixtures, and equipment to secure FRANCHISEE'S obligation to the seller of or lender for such furniture, fixtures, and equipment to secure any indebtedness relating to the business and FRANCHISEE shall be permitted to assign its accounts receivable in connection with any third party financing of employee payroll.

R. Day-to-Day Control. FRANCHISEE has the sole rights and responsibilities for the manner and means by which the day-to-day operation of the Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to SUBFRANCHISOR, these FRANCHISEE'S rights and responsibilities include the employment, supervision, setting the conditions of employment and discharge for its employees at the Business, daily maintenance, safety concerns, and the achievement of conformity with the System, notwithstanding anything contained herein or in the Operations Manual to the contrary.

FRANCHISEE is responsible for hiring and maintaining a staff of qualified and competent

employees for its Business. FRANCHISEE is solely responsible for all its hiring decisions and for all obligations arising from FRANCHISEE's relationship with its employees, even if FRANCHISEE uses sample employment policies, procedures or examples that SUBFRANCHISOR makes available for FRANCHISEE's optional use. The use of any sample document by FRANCHISEE is not required by this Agreement. All documents are provided "as is" and SUBFRANCHISOR makes no warranty that the information and sample documents comply with applicable federal, state or local laws, regulations or ordinances where FRANCHISEE does business. The fact that SUBFRANCHISOR has shared this information and these sample forms/information with FRANCHISEE is not intended to be, nor is it, a requirement by SUBFRANCHISOR that FRANCHISEE must use this or a similar document or process in FRANCHISEE'S business. Further, providing sample documents is not intended to indicate in any way that SUBFRANCHISOR has the right to require that any franchisee use this or a similar document or process in their franchised business, as SUBFRANCHISOR does not have such rights to require use of these documents. SUBFRANCHISOR's rights to require use of specific items relate only to maintenance of brand standards and trademark protection as required by federal law. If use is required to protect brand standards or SUBFRANCHISOR's trademarks, such use will be identified as mandatory.

SUBFRANCHISOR'S retention and exercise of the right to approve certain matters, to inspect the Business and its operation and to enforce its rights, exists only to the extent necessary to protect SUBFRANCHISOR'S interest in the System and Marks for the benefit of SUBFRANCHISOR, its Affiliates and all Buildingstars Franchisees. Neither the retention nor the exercise is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to FRANCHISEE, nor shall they be construed to do so.

S. Third Party Beneficiary. FRANCHISEE acknowledges and agrees that all of SUBFRANCHISOR's rights and all of FRANCHISEE'S obligations under this Agreement insure to the benefit of International and that it has a third party beneficiary interest in this Agreement. International has the right, but not the obligation, to enforce any provision of this Agreement if SUBFRANCHISOR fails to properly and promptly do so. Upon termination or expiration of the Term of the SUBFRANCHISOR Franchise Agreement between SUBFRANCHISOR and International for any reason, this Agreement will remain in effect, and SUBFRANCHISOR'S interest in this Agreement may be automatically assigned to and assumed by International at its sole discretion. FRANCHISEE agrees to be bound by the assignment upon receipt of notice from International of the effective date of the assignment.

T. Joinder of Individuals. As a condition of granting the rights and interests to FRANCHISEE provided for in this Agreement, SUBFRANCHISOR may require that certain individuals execute the limited agreement provided for on the signature page to this Agreement and the effectiveness of this Agreement shall be expressly conditioned upon the execution of the limited agreement by all individuals that may be required by SUBFRANCHISOR.

XVII. WARRANTIES AND REPRESENTATIONS OF FRANCHISEE

A. FRANCHISEE has been advised to make an independent investigation of SUBFRANCHISOR'S operations. SUBFRANCHISOR has not and does not represent that FRANCHISEE can expect to attain a specific level of sales, profits, or earnings. FRANCHISEE has been advised to obtain independent professional advice regarding this franchise. FRANCHISEE understands that it may sustain losses as a result of the operation or the closing of the business. FRANCHISEE understands that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on FRANCHISEE'S skills, abilities, initiative, and hard work.

B. FRANCHISEE represents and warrants that the execution, delivery and performance of this Agreement by FRANCHISEE does not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation executive order 1224, signed on September 23, 2001 (the "Order"), FRANCHISEE is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, FRANCHISEE does not and hereafter will not engage in any terrorist activity. In addition, FRANCHISEE is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity. Finally, FRANCHISEE is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

XVIII. CAVEAT

THE SUCCESS OF THE BUSINESS IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. SUBFRANCHISOR DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE BUSINESS AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR WARRANTIES.

FRANCHISEE UNDERSTANDS AND AGREES THAT SUBFRANCHISOR HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE ACKNOWLEDGES THAT UNLESS AND UNTIL SUBFRANCHISOR SIGNS THIS FRANCHISE AGREEMENT, FRANCHISEE IS NOT A FRANCHISE AND MAY NOT RELY UPON BECOMING A FRANCHISEE.

XIX. NON-LIABILITY OF INTERNATIONAL OR ITS AFFILIATES

SUBFRANCHISOR is the only entity obligated to FRANCHISEE hereunder. FRANCHISEE may not look to International or any of its affiliates or related companies, other business entities or individuals for performance of this Agreement.

XX. LIMITATION OF LEGAL ACTIONS

A. IN NO EVENT WILL SUBFRANCHISOR BE LIABLE TO FRANCHISEE FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR SUBFRANCHISOR'S RELATIONSHIP WITH FRANCHISEE.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN FRANCHISEE AND SUBFRANCHISOR (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE WAIVES ANY RIGHT

TO PROCEED AGAINST SUBFRANCHISOR (AND ITS AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. FRANCHISEE WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR SUBFRANCHISOR'S RELATIONSHIP WITH FRANCHISEE, UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH FRANCHISEE KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

E. SUBFRANCHISOR MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF SUBFRANCHISOR'S OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT FRANCHISEE PAID TO SUBFRANCHISOR WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE. OF ANY PROPER CLAIM IS RECEIVED BY SUBFRANCHISOR.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below their names.

SUBFRANCHISOR:

Name:

By: _____
_____, _____

Address of SUBFRANCHISOR:

Date: _____

FRANCHISEE

Name:

By: _____
_____, _____

Address of FRANCHISEE:

Date: _____

For good and valuable consideration, the receipt of which is hereby acknowledged by each undersigned, each undersigned individual agrees to be personally bound by and personally liable for the breach of each of the provisions in Section IX (Trade Secrets and Confidential Information) and Section X (Non-Solicitation) to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions.

Print Name: _____

Print Name: _____

EXHIBIT I
PROMISSORY NOTE

\$600.00

_____, 20__

PROMISSORY NOTE

For value received, the undersigned promise to pay to the order of _____, (address) _____, without interest (except in the event of default) the principal sum of ***Six Hundred Dollars and 00/xx (\$600.00)***, said principal to be paid in six equal monthly payments of ***One Hundred Dollars and 00/xx (\$100.00)***. The first payment shall be due upon the 15th day of the month which is ninety (90) days after execution of the Franchise Agreement and shall continue on the 15th day of each month for a period of six months. _____ may withhold the monthly Note payment from the amount of billings it collects for the undersigned pursuant to Section VI.D. of the Franchise Agreement.

If there shall be a default made in the payment of any of said debt when due, the holder of the note may at its option declare all unpaid indebtedness evidenced by this note immediately due and payable, and the undersigned agrees during the period of delinquency, to pay interest on the unpaid balance of the loan at the rate of eighteen percent (18%) per annum on principal, or the highest rate allowable by law. Further, the undersigned agrees to pay all costs of collection, including a reasonable attorney's fee. Failure at times to exercise such option shall not constitute a waiver of the right to exercise it later.

The makers, sureties, endorsers and guarantors of this note hereby severally waive demand, presentment for payment, notice of non-payment, protest, notice of protest and diligence in bringing suit against any party hereto. This note may be pre-paid in whole or in part at any time without penalty.

Notwithstanding anything contained herein to the contrary, the outstanding balance due on this Note shall be immediately due and payable upon the occurrence of any of the following:

- A. An assignment or transfer by the undersigned of any interest in the Franchise Agreement.
- B. The sale, transfer, or assignment of the major portion of the assets of the undersigned.
- C. If more than 10% of the stock, partnership interest, or membership interest in the undersigned is acquired by anyone other than the principal stockholder, partner or member as the case may be.
- D. A default by the undersigned under the Franchise Agreement.

Notwithstanding anything herein to the contrary, any assignment or sale described in paragraphs A, B, and C, will not be considered a default under the Franchise Agreement so long as the said assignment or sale is made in compliance with the terms of the Franchise Agreement.

EXHIBIT II
STATE LAW ADDENDA

EXHIBIT III
OF THE SUBFRANCHISOR MASTER AGREEMENT
FORM FRANCHISE AGREEMENT – ON-SITE MANAGER

This is a template of the current Franchise Agreement for the On-Site Manager Program. The provisions marked in italics are the current Buildingstars International, Inc.'s prices. You are required to charge at least these amounts. Subfranchisor must have this Franchise Agreement reviewed by its own attorneys and must submit all of their changes to Buildingstars International, Inc. for its prior written consent to these changes.

BUILDINGSTARS FRANCHISE AGREEMENT
ON-SITE MANAGER PROGRAM

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BUILDINGSTARS FRANCHISE AGREEMENT
ON-SITE MANAGER PROGRAM

Agreement entered into this _____ day of _____, 20__, by and between _____ an _____ (hereinafter referred to as "SUBFRANCHISOR"), and _____, (hereinafter referred to as "FRANCHISEE");

WHEREAS, Buildingstars International, Inc., a Missouri corporation ("International") is in the business of granting subfranchises to sell, train and assist franchise in the operation of a Business (as defined below) providing cleaning and janitorial services within a particular area, in accordance with the Marks and the System described below;

WHEREAS, International has granted SUBFRANCHISOR the right to be a Subfranchisor in accordance with the terms of a Subfranchisor Master Agreement ("Subfranchisor Master Agreement")

WHEREAS, FRANCHISEE desires to participate in the use of the System in connection with the operation of a cleaning service business under the Marks; and

WHEREAS, FRANCHISEE understands that SUBFRANCHISOR offers different levels of franchise programs, and that this franchise is under the "On-Site Manager";

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

I. DEFINITIONS.

For purposes of this Agreement, the following terms shall have the meaning as set forth below and the definitions constitute an integral part of this Agreement:

A. "Business" means the cleaning business that FRANCHISEE will operate under this Agreement using the System and Marks.

B. "Customer" means any existing customers or prospective customers (of SUBFRANCHISOR, its Affiliates, FRANCHISEE, or any other franchisee) with whom FRANCHISEE or its employees or agents have had direct or indirect contact or about whom FRANCHISEE or its employees or agents have learned information by virtue of: (1) communications with SUBFRANCHISOR, its affiliates or other SUBFRANCHISOR'S franchisees; (2) the operation of the Business; or (3) the transfer or termination of this Agreement, and in addition, "Customer" shall include any affiliate, successor in interest, subsidiary, sibling company, or parent company of any such customer or prospective customer.

C. "Gross Sales" means the total money or property earned by FRANCHISEE or derived from or in connection with the operation of the Business, including all fees and other charges for every type of service performed and goods and services sold. Gross Sales will be calculated at the time the services or products from which they were derived are delivered or rendered. The term does not include applicable sales, use or service taxes and any refunds and allowances actually given to Customers.

D. "FRANCHISEE" shall be deemed to include: (a) all persons and their spouses owning any interest in FRANCHISEE if it is a corporation or a limited liability company; (b) all partners and their spouses owning any interest in FRANCHISEE if it is a partnership; and (c) all of the individuals and their spouses owning any interest in FRANCHISEE if it is a sole proprietorship. For purposes of determining ownership in a franchise, the interests owned by a husband and wife shall be considered one interest, and both husband and wife shall be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

E. "Interest" means: (a) this Agreement or the rights under this Agreement; (b) the rights in the Business; (c) an individual's rights as an owner of the Business (including any owner's stock, partnership interest, limited liability company, or other ownership interest); (d) any option, call, warrant, conversion rights or rights to acquire any equity or voting interest in FRANCHISEE; (e) any security interest, lien, pledge, mortgage, or other encumbrance of any of the foregoing Interest; or (f) any right to control, operate or manage the Business.

F. "Marks" means such service marks, trademarks, trade dress, trade names and any marks which may be considered confusingly similar thereto, as may presently exist, or which may be modified, changed, or acquired by International and licensed to SUBFRANCHISOR to sublicense to FRANCHISEE for use in connection with the operation of the Business as contemplated by this Agreement. Currently, the Marks include "Buildingstars".

G. "Monthly Contract Revenues" means total amount due from a customer account derived from the sale of goods or the performance of any cleaning services or cleaning related activity, less any applicable taxes imposed on the sale of goods or services.

H. "Principal Owner(s)" means the FRANCHISEE if FRANCHISEE is an individual or more than one individual, the shareholder(s) of FRANCHISEE if FRANCHISEE is a corporation, the partner(s) owning the partnership if FRANCHISEE is a partnership, or the member(s) and/or manager if the FRANCHISEE is a limited liability company.

I. "Service Providers" means any other franchisees of SUBFRANCHISOR.

J. "Specialty Work" means work that is above and beyond the scope of the monthly janitorial services, such as carpet cleaning, floor refinishing, window cleaning and special projects.

K. "System" means the method of operating a quality cleaning service business pursuant to this Agreement which has been licensed to SUBFRANCHISOR to be sublicensed to FRANCHISEE. This includes confidential operating procedures, cleaning and operational methods, methods and techniques for financial controls, accounting and reporting, personnel management, sales marketing and advertising, trade secrets and the proprietary know-how developed by International and its affiliates to integrate the services necessary to operate the Business any of which may be changed, improved, modified and further developed by International and its affiliates from time to time.

L. "Transfer" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift conveyance, or other disposition of an Interest including without limitation: (a) transfer of any capital stock, partnership interest, limited liability interest or other ownership Interest of FRANCHISEE or its owners; (b) merger, consolidation or issuance of additional stock or ownership interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of a

majority owner; (e) the grant or creation of any lien or encumbrance (f) any sale, lease, sublease, or other transfer or disposition of any of the assets used in the performance of the Business, whether now owned or hereafter acquired, except in the normal and ordinary course of business; or (g) any change of control or management of the Business.

II. GRANT

A. Area. Subject to the terms and conditions of this Agreement, SUBFRANCHISOR hereby grants to FRANCHISEE the nonexclusive right and license to use the System and Marks in connection with the operation of the Business under the “On-Site Manager Program”. FRANCHISEE will operate the Business only within the metropolitan area of _____ (“Area”). FRANCHISEE shall not interfere with, service, or solicit Customers of SUBFRANCHISOR, International and any of their affiliates, or their franchisees, licensees, or independent contractors.

B. Rights Reserved by SUBFRANCHISOR, International and their Affiliates. SUBFRANCHISOR retains the right to operate and to franchise or license to third parties the right to operate businesses using the System and Marks anywhere within the Area. International and its affiliates retain the right to operate and to franchise or license to third parties the right to operate businesses using the System and Marks anywhere out of the Area. International and its affiliates retain the right to operate or grant franchises and licenses similar to or the same as the Business under different Marks or under systems different than the System anywhere, including within and outside of the Area. International and their affiliates are also authorized to sell some or all of the products and services authorized for sale by the Business in any channel of distribution, including but not limited to the wholesale sales of products and/or to provide management and/or consulting services using the System and/or the Marks within or outside of the Area.

III. INITIAL FRANCHISE FEE

The Initial Franchise Fee consists of two separate fees: a fixed fee (“Base Fee”) and a variable fee (“MCR Fee”). The Base Fee is \$3,995. The MCR Fee is 150% of the Monthly Contract Revenue. The minimum MCR Fee is \$3,000 (\$2,000 Monthly Contract Revenue x 150%).

If FRANCHISEE is not already a Technician Program franchisee, FRANCHISEE must pay the Initial Franchise Fee in full when the Franchise Agreement is signed. If FRANCHISEE is in good standing under its Technician Program Franchise Agreement, the initial franchise fee paid under the Technician Program Franchise Agreement will be credited against the Initial Franchise Fee (“Technician Credit”). FRANCHISEE will either pay the balance of the Initial Franchise Fee upon execution of this Agreement or pay a portion of the Initial Franchise Fee and sign a promissory note for the balance upon execution of this Agreement.

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The following outlines the calculation and payment of the Initial Franchise Fee although it does not include the Technician Credit, if any;

Initial Franchise Fee- Cash

Examples of Monthly Contract Revenue	Rate	MCR Fee	Base Fee	Initial Franchise Fee (lump sum)
\$2,000	150%	\$3,000	\$3,995	\$6,995
\$4,000	150%	\$6,000	\$3,995	\$9,995
\$6,000	150%	\$9,000	\$3,995	\$12,995

Initial Franchise Fee - Financed

If financed, FRANCHISEE must make a minimum down payment of \$3,995 upon the execution of this Agreement and execute a Promissory Note for the amount financed. The Promissory Note will provide for equal payments for a period of 20 months. The Promissory Note and Guarantee will contain substantially the same terms and conditions as are set forth in Exhibit II of this Agreement. Exhibit I will set forth the manner of payment of the Initial Franchise Fee.

The following chart outlines examples of the financed options of the Initial Franchise Fee.

Examples of Monthly Contract Revenue	Initial Franchise Fee (Including Finance Fees)	Minimum Down Payment	Amount Financed	Number of Months	Monthly Payment Amount
\$2,000	\$7,995	(\$3,995)	\$3,600	20	\$200
\$4,000	\$11,995	(\$3,995)	\$7,200	20	\$400
\$6,000	\$15,995	(\$3,995)	\$10,800	20	\$600

Even as a franchisee in the Technician Program, there is no assurance that an On-Site Manager Program franchise will be offered.

The Initial Franchise Fee is fully earned when paid and is non-refundable.

IV. OTHER FEES.

A. Royalty Fee. FRANCHISEE shall pay to SUBFRANCHISOR, monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), a Royalty Fee equal to *ten percent (10%)* of Gross Sales from the Business throughout the term of this Agreement. For example, the Royalty Fee for February is payable by March 15th. SUBFRANCHISOR will withhold the Royalty Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Sec. VI.D. below. No part of the Royalty Fee is refundable. Notwithstanding the foregoing, FRANCHISEE shall pay a Royalty Fee of twenty percent (20%) instead of ten percent (10%) on the Gross Sales attributable to Specialty Work.

B. Management Fee. FRANCHISEE shall pay to SUBFRANCHISOR, monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), a Management Fee equal to *ten percent (10%)* of Gross Sales from the Business throughout the term of this Agreement. For example, the Management Fee for February is payable by March 15th. SUBFRANCHISOR will withhold the Management Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Sec. VI.D. below. No part of the Management Fee is refundable.

C. Non-Performance Fee. In order to encourage full attention to Customer needs, a Non-Performance Fee will be charged if SUBFRANCHISOR'S standards have not been followed resulting in a Customer complaint in which SUBFRANCHISOR intervenes to resolve. If SUBFRANCHISOR receives a bona fide complaint from a Customer, SUBFRANCHISOR will first offer FRANCHISEE an opportunity to remedy the Customer's complaint. If FRANCHISEE remedies the complaint within a twenty-four (24) hour period after SUBFRANCHISOR is notified of the Customer's complaint, SUBFRANCHISOR will not charge FRANCHISEE a Non-Performance Fee. However, if after the twenty-four (24) hour period the Customer's complaint is not adequately remedied, SUBFRANCHISOR has the right, but not the obligation to remedy the complaint and charge FRANCHISEE a Non-Performance Fee of \$25 per hour per person needed to resolve the complaint, plus any other actual out of pocket expenses incurred. SUBFRANCHISOR will withhold the Non-Performance Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE.

D. Account Sales Fee. If FRANCHISEE requests new customer accounts from SUBFRANCHISOR or if FRANCHISEE is willing to accept a new customer account from SUBFRANCHISOR, FRANCHISEE must pay SUBFRANCHISOR an Account Sales Fee of *two hundred percent (200 %)* of the *Monthly Contract Revenue* which is generated from the new customer account. The Account Sales Fee is payable in full even if FRANCHISEE loses the new customer account for any reason, however, SUBFRANCHISOR will replace the lost new customer account only under the terms and conditions set forth in Section VI.J.

The Account Sales Fee is payable in cash or in the following manner:

1. *FRANCHISEE may request new customer accounts in increments of \$1,000 of Monthly Contract Revenue. At such time as FRANCHISEE submits said request, FRANCHISEE shall pay SUBFRANCHISOR \$100 for every \$1,000 Monthly Contract Revenue it requested. This will serve as the first monthly payment under the Promissory Note in order to finance the Account Sales Fee. The amount of the Promissory Note will be 200% of the Monthly Contract Revenue. The Promissory Note will be payable without interest in 20 equal monthly installments. For example, if FRANCHISEE requests new customer accounts which would generate \$2,000 in Monthly Contract Revenue, it would pay \$200 (1/20 of \$2,000 x 200%) ("Monthly Payment") and sign a Promissory Note guaranteed by the Guarantors under this Agreement which will contain substantially the same terms and conditions as set forth in Exhibit II. The second monthly payment will be due after the first full month FRANCHISEE has provided service to said new customer account. SUBFRANCHISOR may withhold the monthly Promissory Note payments from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Sec. VI.D. below. A default under the Promissory Note shall also be deemed a default under this Agreement.*

2. SUBFRANCHISOR may, but is not required to, offer FRANCHISEE new customer accounts. If FRANCHISEE decides to accept the new customer account, which decision is solely within the FRANCHISEE'S discretion, FRANCHISEE must either pay the Account Sales Fee in cash or execute

a Promissory Note guaranteed by the Guarantors under this Agreement substantially in the form set forth in Exhibit II for the amount of the Account Sales Fee. The Promissory Note is payable without interest in twenty (20) monthly installments, with the first installment due after the first full month FRANCHISEE has provided service to said new customer account. SUBFRANCHISOR may withhold the monthly Promissory Note payments from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Sec. VI.D. below. A default under the Promissory Note shall also be deemed a default under this Agreement.

3. In the event that FRANCHISEE finds its own new customer account and submits the proposal to said new customer which is accepted, FRANCHISEE is not required to pay an Account Sales Fee for said new customer account, unless SUBFRANCHISOR has already been in contact with said new customer.

E. Administration Fee. FRANCHISEE shall pay to SUBFRANCHISOR monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), an Administration Fee equal to *five percent (5%)* of the Gross Sales from the Business throughout the term of this Agreement. SUBFRANCHISOR will withhold the Administration Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D below. No part of the Administration Fee is refundable.

F. Insurance Program Fee. If FRANCHISEE elects to participate in the insurance program developed for SUBFRANCHISOR and its franchisees, FRANCHISEE shall pay to SUBFRANCHISOR monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), an Insurance Program Fee. Currently the Insurance Program Fee is *three and one-half percent (3.5%)* of Gross Sales from the Business, but it may be increased in the future. SUBFRANCHISOR will withhold the Insurance Program Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D. below. No part of the Insurance Program Fee is refundable. SUBFRANCHISOR makes this program available to qualified franchisees and will continue to do so in its sole discretion, but assumes no liability in connection therewith.

The cost of the Insurance Program Fee is subject to change. SUBFRANCHISOR reserves the right to change, modify, or discontinue the Insurance Program at any time. SUBFRANCHISOR further reserves the right to terminate FRANCHISEE'S right to remain in the Insurance Program at any time upon prior written notice to FRANCHISEE, for any reason, including, but not limited to FRANCHISEE'S failure to comply with any of the terms of this Agreement.

G. Customer Development Fee. If during the term of this Agreement and within one year after termination, expiration or transfer of this Agreement, FRANCHISEE or any employee or affiliate of FRANCHISEE shall perform for any Customer services similar to those to be performed under this Agreement but performed outside of this Agreement, FRANCHISEE shall pay to SUBFRANCHISOR a fee equal to 3 times the monthly amount agreed to be paid to SUBFRANCHISOR, its employee or affiliate of FRANCHISEE, for such services.

V. TERM

The term of this Agreement shall be for a period of three (3) years from the date of final execution, unless sooner terminated in accordance with this Agreement. If FRANCHISEE is in full compliance with the terms of this Agreement, FRANCHISEE shall have the right to renew for three (3) additional terms of three (3) years each, provided that FRANCHISEE is not in default under this

Agreement at the time of each renewal, FRANCHISEE executes the most current franchise agreement being utilized by SUBFRANCHISOR and FRANCHISEE pays SUBFRANCHISOR a renewal fee of \$1,000. Notwithstanding the foregoing, SUBFRANCHISOR may, in its discretion, refuse to renew the Franchise if FRANCHISEE has been notified of defaults (even if subsequently cured) under the Franchise Agreement more than two (2) times during the initial term or more than three (3) times during any renewal term, even if FRANCHISEE is not in default at the time of such renewal. The then current franchise agreement may contain significantly different terms than this Agreement. On renewal, SUBFRANCHISOR is under no obligation to provide FRANCHISEE with any new customer accounts. FRANCHISEE agrees to give SUBFRANCHISOR not less than one hundred twenty (120) days written notice of its desire to renew the franchise, prior to the end of the initial term or the renewal term. In the event that SUBFRANCHISOR elects not to renew, SUBFRANCHISOR shall give FRANCHISEE written notice within ninety (90) days prior to the expiration of this Agreement.

Notwithstanding anything herein to the contrary, in the event that a new franchise agreement is not executed by both parties at the expiration of this Agreement or any renewal term and SUBFRANCHISOR has not given FRANCHISEE notice of its intent not to renew, this Agreement shall continue in accordance with its terms on a month to month basis with either party having the right to terminate on thirty (30) days prior written notice to the other party.

VI. OBLIGATIONS OF SUBFRANCHISOR

A. Initial Training. SUBFRANCHISOR will provide an initial training program for the operation of the Business using the System and Marks for one of the Principal Owners and one other person. The initial training program is furnished after this Agreement is executed and prior to the opening of the Business and will be furnished at such time and place as SUBFRANCHISOR may designate. FRANCHISEE shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending this program. If FRANCHISEE'S Principal Owners do not satisfactorily complete the training program, SUBFRANCHISOR shall have the right to terminate this Agreement. Satisfactory completion of the training program is, however, no assurance of the success of the Business.

B. Refresher Training. SUBFRANCHISOR may provide additional or refresher training programs from time to time at a place and time as may be designated by SUBFRANCHISOR. FRANCHISEE shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending such programs and SUBFRANCHISOR shall have the right to charge a reasonable fee for such refresher training programs.

C. Continuing Advisory Assistance. SUBFRANCHISOR will make available such continuing advisory assistance in the operation of the franchise, rendered in such manner and available from time to time, as SUBFRANCHISOR may deem appropriate. SUBFRANCHISOR reserves the right to charge a reasonable fee for such assistance as well as to be compensated for any travel expenses including but not limited to transportation, lodging, meals and other expenses SUBFRANCHISOR'S employees incur providing such Advisory Assistance.

D. Management Services SUBFRANCHISOR will provide FRANCHISEE with billing and collection services on its behalf. However, SUBFRANCHISOR is not responsible if the Customer fails to pay nor is SUBFRANCHISOR required to commence any further action other than as set forth herein if they do not pay. FRANCHISEE is responsible for any and all collection activities if a Customer is delinquent in payment.

a. Authorization to SUBFRANCHISOR. FRANCHISEE hereby authorizes SUBFRANCHISOR to bill each Customer on a scheduled basis, accept payments from customer accounts, collect accounts receivable, and maintain revenue records. SUBFRANCHISOR will provide Customer imprinted invoices, envelopes and postage. In addition, SUBFRANCHISOR will provide ongoing phone contact and reminder notices, both mailed and faxed to delinquent Customers on a monthly basis. Once a month SUBFRANCHISOR will provide FRANCHISEE a Monthly Revenue Statement. FRANCHISEE hereby authorizes SUBFRANCHISOR to collect cash and other forms of payment from accounts to which FRANCHISEE has rendered services or products, endorse FRANCHISEE'S name on and deposit checks, sign its name on liens, and take any other action necessary to carry out the terms of this Agreement.

FRANCHISEE further authorizes SUBFRANCHISOR to deduct from payments SUBFRANCHISOR collects from the Customers the fees described in Sections III and IV of this Agreement and any other amounts due to SUBFRANCHISOR, any authorized insurance payments, and any out of pocket costs (including but not limited to attorney's fees and court costs) incurred by SUBFRANCHISOR in enforcing payment of accounts by Customers, FRANCHISEE or FRANCHISEE'S guarantors. SUBFRANCHISOR will collect all payments actually received and disburse the amount due to FRANCHISEE in accordance with the procedures set forth in the Confidential Operations Manual.

b. Collections. FRANCHISEE must pay for all reasonable attorneys' fees, court costs, expenses, and out-of-pocket costs incurred to enforce collection from Customers. If a Customer is delinquent in payment, FRANCHISEE is responsible for any and all collection activities. SUBFRANCHISOR is not obligated to hire attorneys, commence litigation, or do any acts (other than to send scheduled statements) in order to enforce payment of accounts by Customers. The only collection activities SUBFRANCHISOR is required to provide are ongoing phone contact and reminder notices both mailed and faxed to delinquent Customers on a monthly basis for such time as SUBFRANCHISOR deems appropriate.

c. Application of Payments. FRANCHISEE agrees to immediately deliver to SUBFRANCHISOR any and all money collected from its Customers.

d. Taxes. FRANCHISEE is and will continue to be responsible for complying with all local, state and federal tax requirements including but not limited to income tax, sales tax, use tax or any other tax required along with the proper reporting requirements.

E. Offering Period for Initial Customer Accounts. SUBFRANCHISOR shall offer FRANCHISEE initial customer accounts totaling at least Two Thousand Dollars (\$2,000). The period of time in which SUBFRANCHISOR will offer FRANCHISEE the initial customer accounts is called the "Initial Customer Accounts Offering Period" or "ICA Offering Period" and it begins with the start of operations as described in Section VII.A. The ICA Offering Period will be ninety (90) days for the first \$1,000 in Monthly Contract Revenue and an additional 30-day period for each additional \$1,000 in Monthly Contract Revenue.

FRANCHISEE will then follow the procedure set forth in the Confidential Operations Manual for accepting or rejecting said customer accounts. Once SUBFRANCHISOR has offered FRANCHISEE customer accounts in the total amount requested by FRANCHISEE which corresponds to the Initial Franchise Fee paid by FRANCHISEE, regardless of whether the FRANCHISEE accepts these accounts, SUBFRANCHISOR'S obligations to provide customer accounts as provided for under Sections III and VI.E. shall be deemed satisfied.

Notwithstanding anything herein to the contrary, if FRANCHISEE is converting its franchise from a Technician Program franchise, any customer account which FRANCHISEE continues to service from the Technician Program will be applied to fulfill the Monthly Contract Revenue which FRANCHISEE has chosen.

F. New Customer Accounts. SUBFRANCHISOR may offer new customer accounts or increase the existing customer accounts to FRANCHISEE if FRANCHISEE is in full compliance with the terms of this Agreement. FRANCHISEE acknowledges that SUBFRANCHISOR has no obligation to offer new customer accounts or increase an existing customer account. If SUBFRANCHISOR offers FRANCHISEE a new customer account, FRANCHISEE must follow the procedures set forth in the Confidential Operations Manual for rejecting or accepting the customer account and pay an Account Sales Fee as set forth herein. FRANCHISEE is under no obligation to accept any customer account.

FRANCHISEE may request new customer accounts and pay the Account Sales Fee which is described in Section IV.C above. SUBFRANCHISOR will use its best efforts to provide the new customer accounts within ninety (90) days of the submission of the request and payment by FRANCHISEE as provided above and SUBFRANCHISOR will have additional thirty (30) day periods after the initial ninety (90) days to provide the new customer accounts for each additional \$1,000 of new customer accounts (“New Customer Accounts Offering Period” or “NCA Offering Period”).

For Example:

Monthly Contract Revenue	NCA Offering Period (begins at the submission of Request for New Customer Accounts)
\$1,000	90 days
\$2,000	120 days
\$3,000	150 days
\$4,000	180 days

For all new customer accounts, FRANCHISEE has a thirty (30) day trial period. Within said thirty (30) day period, if FRANCHISEE does not want to accept the new customer account, FRANCHISEE must do the following: (i) give SUBFRANCHISOR notice in writing of its intent to cancel the account no later than the 30th day after FRANCHISEE begins servicing the new customer account; and (ii) continue to service the new customer account until it can be transferred to another franchisee to the satisfaction of SUBFRANCHISOR and new customer. Upon the successful transfer of the new customer account to another franchisee, SUBFRANCHISOR will credit FRANCHISEE'S next Monthly Revenue Statement in the amount of the Account Sales Fee which FRANCHISEE has paid for said new customer account and SUBFRANCHISOR will cancel the Promissory Note for said Account Sales Fee.

Notwithstanding anything herein to the contrary, FRANCHISEE does not have the right to cease servicing a new customer account if any of the following conditions exist: (i) FRANCHISEE is not in full compliance with the terms of this Franchise Agreement; (ii) FRANCHISEE has not properly serviced (in a professional, timely and efficient manner) said new customer account; or (iii) SUBFRANCHISOR has received any reports of missed cleanings, theft, low quality service or a request of a change in franchisee from the new customer.

G. Inspections of Customer Premises. SUBFRANCHISOR may make periodic quality control and customer relations visits to each customer account location of FRANCHISEE.

H. Discontinue Right to Customer Account. SUBFRANCHISOR retains the right to discontinue allowing FRANCHISEE to service a Customer Account at any time if SUBFRANCHISOR, in its sole discretion, determines that FRANCHISEE is not adequately servicing the customer account. Factors which SUBFRANCHISOR considers include, but are not limited to the following: Customer complaints, unresponsiveness to Customer or SUBFRANCHISOR, allegations by Customer of theft or breakage, lateness or failure to complete the job in a professional manner. In such event, SUBFRANCHISOR does not have any obligation to replace said Customer Account with another.

I. Right to Audit. SUBFRANCHISOR may, from time to time, cause one or more complete audits to be made of the affairs and records relating to the operations of the Business. Upon request by SUBFRANCHISOR, FRANCHISEE shall make such books, records and information available to SUBFRANCHISOR or its designated representative at all reasonable times for review and audit by SUBFRANCHISOR at FRANCHISEE'S place of business. If it is found that FRANCHISEE under-reported Gross Sales, FRANCHISEE will reimburse SUBFRANCHISOR for the amount of the Royalty Fees, Account Sales Fees, Administration Fees, Insurance Program Fees and Management Fees charges that would have been billed had billings been reported accurately, plus interest on those amounts at the rate of the lesser of one and one-half percent (1-1/2%) per month or the maximum legal rate in the jurisdiction where the Business is located. In addition, in the event that an audit by SUBFRANCHISOR results in a determination that any or all of the Royalty Fees, Account Sales Fees, Administration Fees, Insurance Program Fees and Management Fees paid to SUBFRANCHISOR are deficient (underpaid) by more than two percent (2%), the FRANCHISEE shall promptly pay to SUBFRANCHISOR any amounts shown to be due and all costs and expenses incurred by SUBFRANCHISOR in conducting the subsequent audit to determine that the FRANCHISEE is reporting correctly (not the audit which disclosed the original deficiency), including salaries of the SUBFRANCHISOR'S representatives, travel costs, room and board and audit fees. Nothing contained herein shall constitute an agreement by SUBFRANCHISOR to accept any payments after the same are due or commitment by SUBFRANCHISOR to extend credit to or otherwise finance the FRANCHISEE'S operation of the Business. The obligations of this provision survive termination or expiration of the Agreement.

J. Replacement of Customer Accounts. So long as FRANCHISEE is in compliance with the Franchise Agreement, SUBFRANCHISOR will replace any initial customer account or new customer account upon the occurrence of any of the following events, if any such event occurs within the first six (6) months from the date FRANCHISEE began servicing the lost Customer:

1. The Customer ceases to do business or is insolvent or bankrupt; or
2. The Customer moves outside of the Territory.

In such event, SUBFRANCHISOR will offer FRANCHISEE a new customer account or increase an existing customer account with Monthly Contract Revenue of at least an equal dollar amount to the lost account's Monthly Contract Revenue. FRANCHISEE will not be entitled to any refund or reduction in Account Sales Fees already paid. In addition, FRANCHISEE will be required to continue to pay on the outstanding Account Sales Fee due in accordance with the Promissory Note.

VII. OBLIGATIONS OF FRANCHISEE

A. Business Opening. FRANCHISEE must begin operations of the Business within forty-five (45) days after the Principal Owner successfully completes the Initial Training Program. The FRANCHISEE is deemed to have begun operations of the Business when:

1. The Principal Owners of FRANCHISEE have successfully completed the Initial Training Program;
2. FRANCHISEE has all necessary licenses and permits;
3. FRANCHISEE has provided proof of insurance coverage as required herein;
4. FRANCHISEE has all necessary and required materials and supplies for the proper operation of the Business; and
5. FRANCHISEE is in full compliance with this Agreement.

B. Use of Marks and System. FRANCHISEE agrees not to adopt the name "Buildingstars" as part of its corporate name with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed by SUBFRANCHISOR to FRANCHISEE). FRANCHISEE agrees, during the term of this agreement, to operate, advertise and promote the Business under the name "Buildingstars" without prefix or suffix and to adopt and use the Marks and System licensed hereunder solely in the manner prescribed by SUBFRANCHISOR. FRANCHISEE must file an assumed or fictitious name filing where required by applicable law and always use the words d/b/a after FRANCHISEE'S legal name.

C. Standards of Operation.

1. FRANCHISEE agrees to comply with SUBFRANCHISOR'S written policies, practices, procedures, regulations and standards, whether set forth in the Confidential Operations Manual or in other materials supplied to FRANCHISEE by SUBFRANCHISOR which may be changed or modified from time to time.

2. FRANCHISEE shall use all equipment, products and supplies in the operation of the Business that meet SUBFRANCHISOR'S standards and specifications as set forth in the Confidential Operations Manual.

3. FRANCHISEE shall continuously and prominently display the Marks in connection with the Business, and will not take or fail to take any action, the result of which might detract from the public image of SUBFRANCHISOR, the Business, the System or the Marks. FRANCHISEE shall not display or permit to be displayed at the Business any business name or service not authorized hereunder.

4. FRANCHISEE shall at all times maintain minimum levels of inventory and supplies in the amount and type as may be directed by SUBFRANCHISOR from time to time or as may be specified in the Confidential Operations Manual.

5. All of FRANCHISEE'S business dealings will be governed by the highest professional standards of honesty, integrity, fair dealing and ethical conduct. FRANCHISEE will do

nothing that would tend to discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of SUBFRANCHISOR, its other franchisees and its Affiliates. FRANCHISEE shall pay when due all of its own obligations including but not limited to taxes whatsoever incurred with the purchase and operation of the Business.

6. FRANCHISEE shall at all times faithfully, honestly and diligently perform the obligations hereunder, use its best efforts to promote and enhance the Business, and shall not engage in any business or other activity that will conflict with the FRANCHISEE'S obligations hereunder. FRANCHISEE or its Principal Owners agree to participate personally in the direct operation of the Business on a full-time basis.

7. FRANCHISEE agrees to and shall take all steps as are necessary to ensure that its employees treat all Customers fairly and provide services hereunder in an honest, ethical, and nondiscriminatory manner. Further, FRANCHISEE shall not withhold any material information from its Customers or attempt to sell any service to them that FRANCHISEE believes, in its good faith estimation, is not needed.

8. FRANCHISEE shall not advertise in a deceptive, misleading, or unethical manner; shall only make those promises, representations, and guarantees to Customers, and others at the Business authorized by SUBFRANCHISOR; preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as SUBFRANCHISOR may establish from time to time in the Confidential Operations Manual.

9. FRANCHISEE recognizes that it is not permitted to use the System or Marks in connection with the sale of any products or services other than the cleaning business. If a Customer requests that FRANCHISEE render any services or sell any products that are not of the type that is normally rendered in connection with the System, FRANCHISEE must first notify SUBFRANCHISOR and obtain approval from SUBFRANCHISOR. SUBFRANCHISOR will not unreasonably object to FRANCHISEE'S request provided that the services do not interfere with the services that FRANCHISEE renders in connection with the franchise, the services and products are in no way associated with the Marks and System, FRANCHISEE is capable of providing the products and services in a good and workmanlike manner, and the Customer is fully apprised that the services or products are not being rendered in connection with the franchise. SUBFRANCHISOR retains the right to object to any future requests and the failure to object to any request shall not prohibit SUBFRANCHISOR from objecting to any future requests.

10. In the event that FRANCHISEE wishes to advertise its Business, FRANCHISEE must submit all of its own advertising and sale promotion materials (including Internet advertising) to SUBFRANCHISOR for prior consent. If SUBFRANCHISOR does not consent to the advertising within 20 days after receipt of the advertising, said advertising is deemed acceptable. FRANCHISEE shall not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark registration symbols for those marks which are registered and without SUBFRANCHISOR'S consent.

D. Licensure; Compliance with Laws At all times FRANCHISEE shall comply with all federal, state, municipal, and local laws, rules, regulations, ordinances, and codes applicable and related to this Agreement, the Business, and all aspects of the conduct of the Business including but not limited to the Americans with Disabilities Act ("ADA") and OSHA in all respects, and nothing contained herein or in the Confidential Operations Manual shall be construed as or implied as imposing any obligation on SUBFRANCHISOR or its Affiliates in relation to the ADA or OSHA. FRANCHISEE shall obtain all

licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation ordinance and code. FRANCHISEE shall make timely filings of all tax returns and shall pay when due all taxes levied or assessed on, and related to this Agreement and the Business. At no time is SUBFRANCHISOR required to inform FRANCHISEE of any federal, state, municipal, or local law, rule, regulation, ordinance code, or tax.

E. Insurance FRANCHISEE must purchase and continuously maintain during the term of this Agreement at a minimum, the insurance coverages that SUBFRANCHISOR requires and must furnish to SUBFRANCHISOR evidence of such insurance as SUBFRANCHISOR shall reasonably request, together with information concerning claims and losses under such insurance. All policies of insurance required to be provided and maintained by FRANCHISEE by this Agreement must name SUBFRANCHISOR, International and their successors and assigns as additional insureds (without obligation to pay the premium or any deductible amounts, all of which will be paid by FRANCHISEE), and must be carried with such responsible insurance companies and be in such form as is reasonably satisfactory to SUBFRANCHISOR. SUBFRANCHISOR has the right to require FRANCHISEE to increase the types and amounts of insurance coverage as SUBFRANCHISOR may, in its sole discretion, reasonably require. Note that the insurance required by SUBFRANCHISOR is the minimum insurance requirements and FRANCHISEE should consult with its own insurance agent to determine if the kinds and amounts of coverage are adequate to protect FRANCHISEE'S interests. SUBFRANCHISOR makes no representation, express or implied, that the policies and amounts are sufficient for FRANCHISEE'S needs. SUBFRANCHISOR may, in its sole option and from time to time, make insurance coverage available to FRANCHISEE. If FRANCHISEE is eligible and wishes to participate in such insurance coverage, FRANCHISEE will be required to pay an Insurance Program Fee that is described in Section IV.F above.

If FRANCHISEE fails to obtain or maintain adequate insurance, SUBFRANCHISOR may, in its sole discretion, obtain insurance for FRANCHISEE in FRANCHISEE'S name and FRANCHISEE shall reimburse SUBFRANCHISOR for the costs of obtaining said insurance. In addition, SUBFRANCHISOR may charge FRANCHISEE \$100 for the first day and \$25 a day for each additional day FRANCHISEE does not have at least the minimum amount of insurance SUBFRANCHISOR requires. Regardless of the insurance amounts SUBFRANCHISOR requires, it shall be the responsibility of FRANCHISEE to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement. Failure of FRANCHISEE to maintain coverage shall not relieve it of any contractual responsibility or obligation or liability under this Agreement.

F. Cooperation for Financial Performance Representations. FRANCHISEE shall maintain its books and records in accordance with generally accepted accounting principles, consistently applied. If SUBFRANCHISOR at any time desires to utilize financial performance representation or similar document in connection with the sale of franchises, FRANCHISEE agrees to provide SUBFRANCHISOR, at no cost, with such reasonable information as SUBFRANCHISOR requires from FRANCHISEE in order to properly prepare such documents, and shall permit SUBFRANCHISOR to utilize such information as it deems necessary.

G. Innovations. All ideas, concepts, techniques or materials concerning the Business, whether or not protectable intellectual property and whether created by FRANCHISEE or its owners or employees, must be promptly disclosed to International and will be deemed to be International's sole and exclusive property, part of the System, and works made-for-hire for International. To the extent any item does not qualify as a "work made-for-hire" for International, FRANCHISEE must assign ownership of that item and all related rights to that item, to International and must take whatever action (including

signing assignments or other documents) International requests to show International's ownership or help International obtain intellectual property rights in the item. However, if this provision is found to be invalid or unenforceable, FRANCHISEE grants to International a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the ideas, concepts, techniques or materials.

H. Financial Records and Reports. FRANCHISEE agrees to furnish to SUBFRANCHISOR financial reports as shall be requested by SUBFRANCHISOR from time to time pursuant to or in connection with this Agreement or as specified in the Confidential Operations Manual. FRANCHISEE shall establish a business checking account and will continue to maintain a business checking account throughout the term of this Agreement.

VIII. PROPRIETARY MARKS

A. Right to Use Marks. FRANCHISEE acknowledges that "Buildingstars" is a valid service and/or trademark, which is licensed to SUBFRANCHISOR by International. FRANCHISEE recognizes that valuable goodwill is attached to the Marks, and that it will use the same only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of FRANCHISEE'S use of the Marks inures to the benefit of Buildingstars, Inc. FRANCHISEE further acknowledges that the right to use said Marks and the grant contained in this Agreement is nonexclusive. Any unauthorized use of the Marks by the FRANCHISEE in any medium whatsoever is a breach of this Agreement and an infringement of the rights of SUBFRANCHISOR, Buildingstars, Inc. and its affiliates. FRANCHISEE agrees that the unauthorized use of Marks will constitute irreparable harm to Buildingstars, Inc. and its affiliates, and FRANCHISEE expressly waives any requirement that SUBFRANCHISOR, Buildingstars, Inc. or its affiliates post security in order to obtain injunctive relief in connection with such use. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols hereafter authorized for use by and licensed to the FRANCHISEE.

B. Contest of Marks. FRANCHISEE will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest SUBFRANCHISOR'S, International's and its affiliates' right to register, use or license others to use such names and Marks, trade secrets, methods, procedures and techniques. FRANCHISEE will not at any time (whether during the term of this Agreement or after expiration or termination thereof) directly or indirectly commit an act of infringement. FRANCHISEE agrees to promptly notify SUBFRANCHISOR of any claim, demand, or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. SUBFRANCHISOR, or International and its affiliates shall have the sole discretion to determine if they will defend the use of the Marks, and they are not obligated to defend the Marks. SUBFRANCHISOR, International and its affiliates have the right to control any administrative proceeding or litigation involving the Marks. FRANCHISEE shall execute any and all instruments and documents, render assistance, and do such acts as may, in the opinion of SUBFRANCHISOR'S, International or its affiliates' counsel, be necessary or advisable to protect and maintain the interests of SUBFRANCHISOR, International or its affiliates in any such litigation, or proceedings, or in the Marks.

C. Change of Marks. SUBFRANCHISOR shall have the right to change the Marks to be used by FRANCHISEE at any time and for any reason it deems appropriate. FRANCHISEE shall pay the costs associated with such change and shall make such necessary changes promptly.

IX. TRADE SECRETS AND CONFIDENTIAL INFORMATION

FRANCHISEE shall not, during the term of this Agreement, or after the transfer, termination or expiration, communicate or divulge to anyone, any information or knowledge concerning the products, services, standards, procedures, techniques, sales information, profit margins, marketing procedures, expansion plans, Customers, rates, fees and terms, databases, or such other information that gives SUBFRANCHISOR, International and its affiliates and FRANCHISEE a competitive advantage over those who do not know it, and other information or material which SUBFRANCHISOR may designate as confidential, nor shall FRANCHISEE disclose or divulge in whole or in part any trade secrets or operating procedures of SUBFRANCHISOR, International, and its affiliates, customer lists, customer contracts, sales and promotional information, employee lists, supplier and vendor information, information regarding real property management companies or commercial real estate owners affiliated with or related to any Customer, customer account, or any commercial real estate for which SUBFRANCHISOR its affiliates, FRANCHISEE or any other franchisee has provided commercial cleaning services; pricing information; financial information furnished or disclosed to FRANCHISEE by SUBFRANCHISOR, International or its affiliates and any other such information, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Business ("Confidential Information"). FRANCHISEE will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of this Agreement.

X. NON-COMPETITION AND NON-SOLICITATION

A. Non-Competition. During the term of this Agreement and for a period of two (2) years after the expiration, Transfer or termination of this Agreement for any reason, FRANCHISEE will not directly or indirectly, by itself or through corporations, partnerships, trusts, associations, joint ventures, limited liability companies, or other entities or otherwise perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of, any cleaning service business or janitorial business within the Area or within any 10 mile area where SUBFRANCHISOR or any Affiliate, franchisee or licensee of SUBFRANCHISOR is operating.

B. Non-Solicitation. FRANCHISEE agrees that during the term of this Agreement and for one (1) year after the transfer, expiration or termination for any reason of this Agreement or the entry of a final order of a court of competent jurisdiction enforcing this covenant, whichever is later, FRANCHISEE and any of its relatives or associates, shall not, directly or indirectly, for FRANCHISEE or for any other person or entity (except SUBFRANCHISOR or International), whether as an individual or as an owner, employee, agent, officer, director, partner, member, lender, consultant, shareholder, member, manager, advisor, investor, trustee, or in any other capacity or position:

1. Contact, solicit, attempt to contact or solicit, or participate or aid with the contact or solicitation of or provide or attempt to provide (or advise others of the opportunity to provide directly or indirectly any cleaning or janitorial services to any Customer for any reason other than providing services pursuant to this Agreement, including but not limited to notifying any Customer of FRANCHISEE'S new affiliation or employment;

2. Contact or solicit, attempt to contact or solicit, or participate or aid in the contact or solicitation of, any Service Provider for the purpose of inducing or encouraging him, her or it to terminate

or materially alter their employment, engagement, franchise relationship or other business relationship with SUBFRANCHISOR, any affiliate, International or its affiliates or other franchisee.

3. Do or take any action to circumvent or otherwise attempt to take away or interfere with or jeopardize the business relationship between the Customer and SUBFRANCHISOR. FRANCHISEE acknowledges and agrees any interference with the Customer's business or the relationship between SUBFRANCHISOR and Customers is in direct violation of this provision.

SUBFRANCHISOR intends to restrict the activities of the FRANCHISEE under Sections IX and X of this Agreement only to the extent necessary for the protection of SUBFRANCHISOR's legitimate business interests. For the sake of clarity, nothing herein is to restrict FRANCHISEE from providing janitorial/cleaning services to any entity or person that is not a Customer; provided however, that the foregoing shall not alter FRANCHISEE's obligations, including but not limited to Section IX above, under this Agreement. The foregoing covenants shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction shall determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding shall reduce the limitation necessary to render such restriction enforceable by such court. SUBFRANCHISOR shall have the right to reduce the scope of any covenant contained in Sections IX and X, without FRANCHISEE'S consent, effective immediately upon receipt by FRANCHISEE of written notice thereof; and FRANCHISEE shall comply with any covenant as so modified. In addition to any other remedies available at law or equity, SUBFRANCHISOR shall have the right to injunctive relief for a violation or threatened violation of the foregoing. FRANCHISEE acknowledges that the restrictions imposed in this Section are reasonable and their enforcement will not cause an undue burden upon FRANCHISEE'S ability to earn a livelihood.

The terms of this Section X are assignable by SUBFRANCHISOR and shall inure to the benefit of SUBFRANCHISOR, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of SUBFRANCHISOR, the resulting entity shall step into the place of SUBFRANCHISOR, without any additional consent of or notice to FRANCHISEE, as if the term SUBFRANCHISOR were defined in this Agreement to include such entity.

XI. DEFAULT AND TERMINATION

A. Termination by SUBFRANCHISOR.

1. **30 Day Opportunity to Cure** SUBFRANCHISOR may at its option, and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate this Agreement for "good cause". (Provided that state law permits SUBFRANCHISOR to terminate earlier if the "good cause" constitutes a default which is not curable.) Without limitation as to other situations, good cause for termination also exists if FRANCHISEE or any guarantor of this Agreement:

- (1) Does not perform any and all of the lawful terms, conditions, and obligations of this Agreement, or the Confidential Operations Manual; or
- (2) Commits any other act which constitutes good cause under applicable state law or court decisions; or

(3) Engages in any illegal, fraudulent, unfair or deceptive business practice, which, in the opinion of SUBFRANCHISOR, adversely affects the operation, maintenance, or goodwill of the franchise; or

(4) Fails to operate the Business for a period of three (3) consecutive days without justifiable cause; or

(5) Diverts or collects any fees from Customers in violation of Section VI.D., above which provide that Customer billings and collections are to be done by SUBFRANCHISOR; or

(6) Fails to properly service Customers in accordance with SUBFRANCHISOR'S standards and within the spirit and intent of this Agreement. (By way of illustration and not limitation, a failure to properly service Customers will occur if at least three Customer complaints are made regarding the services rendered by the Business within any consecutive ninety-day period because of dissatisfaction with services provided by the Business.)

Subject to applicable law and except as otherwise provided in this Agreement, SUBFRANCHISOR will give the FRANCHISEE at least thirty (30) days prior written notice of termination, [unless a longer period of time is required or shorter period of time is permitted by applicable state law]. The notice shall state the reason(s) for termination and shall provide that the FRANCHISEE has thirty (30) days from the date of said notice to correct any claimed deficiency. If the deficiency is corrected within thirty (30) days, the notice shall be void. If the deficiency is not corrected within said thirty (30) day period, SUBFRANCHISOR may terminate this Agreement immediately.

2. 10 Day Opportunity to Cure SUBFRANCHISOR may also terminate this Agreement for nonpayment of sums due to SUBFRANCHISOR or SUBFRANCHISOR'S Affiliates or suppliers; or failure of FRANCHISEE to open the Business in accordance with the time periods specified in this Agreement. If termination is based on the foregoing, the FRANCHISEE shall be entitled to written notice of default, but SUBFRANCHISOR shall [if permitted by applicable law] only be required to grant FRANCHISEE ten (10) days to remedy such default. If the deficiency is not corrected within said thirty (30) day period, SUBFRANCHISOR may terminate this Agreement immediately.

3. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, SUBFRANCHISOR shall be permitted to terminate the franchise immediately upon notice when the basis or grounds for cancellation is: (a) FRANCHISEE or its owners are convicted of a felony or any other criminal misconduct which materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (b) fraudulent activity which materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (c) abandonment of the franchise; (d) bankruptcy or insolvency of the FRANCHISEE; (e) the giving of more than two (2) no account or insufficient funds checks within a twelve-month period; or (f) any other act or omission which permits termination without notice and/or an opportunity to cure under applicable state law.

B. Termination by FRANCHISEE. FRANCHISEE must notify SUBFRANCHISOR in writing of any failure of SUBFRANCHISOR to perform any of SUBFRANCHISOR'S obligations pursuant to this Agreement. FRANCHISEE may terminate this Agreement if SUBFRANCHISOR shall materially default in performance of any terms and conditions in this Agreement, after giving

SUBFRANCHISOR written notice within thirty (30) days thereof, and if the default has not been corrected within sixty (60) days thereafter.

C. Consequences of Termination. Upon termination or expiration of this Agreement, for any reason whatsoever, all of FRANCHISEE'S rights hereunder shall terminate. FRANCHISEE shall immediately thereafter discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of SUBFRANCHISOR'S business and return any copyrighted materials which have been provided to FRANCHISEE by SUBFRANCHISOR, and if SUBFRANCHISOR requests, shall assign its telephone numbers to SUBFRANCHISOR and execute any and all documents necessary to do so. Further, FRANCHISEE shall pay all amounts due to SUBFRANCHISOR, SUBFRANCHISOR'S Affiliates, and suppliers. Further, FRANCHISEE agrees to return any and all materials which contain Confidential Information in whatever form, including but not limited to the Confidential Operation Manual, to SUBFRANCHISOR immediately. FRANCHISEE'S obligations regarding Trade Secrets and Confidential Information and Non-Solicitation and Non-Competition shall remain in full force and effect in accordance with their terms, notwithstanding such termination.

FRANCHISEE will immediately cease providing services to all Customers and forfeit all rights it has to the customer accounts. Upon request of SUBFRANCHISOR, FRANCHISEE will assign to SUBFRANCHISOR any or all of FRANCHISEE'S customer contracts and SUBFRANCHISOR will have the right to either service the accounts or assign the servicing of the accounts to others. At no such time will FRANCHISEE terminate a written contract until proper notice has been given to SUBFRANCHISOR prior to termination.

XII. CONFIDENTIAL OPERATIONS MANUAL

SUBFRANCHISOR shall loan FRANCHISEE for the duration of this Agreement and any renewal one (1) copy of the Confidential Operations Manual, in any form, which will contain the standards, policies, procedures and rules and regulations established by International or its affiliates along with the requirements established by SUBFRANCHISOR (or the "Manual"), which may cover such items as general business methods, merchandising, financial reporting requirements, confidentiality agreements, plans and specification requirements, approved suppliers, etc. SUBFRANCHISOR and International have the right to modify the Manual from time to time upon notice to FRANCHISEE. The Manual will constitute a confidential trade secret of SUBFRANCHISOR, International and its affiliates and shall remain the property of International and its affiliates. The Manual cannot be photocopied, reproduced, or disseminated without SUBFRANCHISOR'S written consent. FRANCHISEE shall at all times insure that its copy of the Manual is kept current and up-to-date; and, in the event of any dispute as to the contents of the Manual, the terms of the SUBFRANCHISOR copy of the Manual maintained by SUBFRANCHISOR shall be controlling. Upon termination or expiration of this Agreement, FRANCHISEE shall return the copy of the Manual to SUBFRANCHISOR. FRANCHISEE agrees that it shall strictly comply with all of the mandatory requirements in the Manual and such compliance is an essential part of its obligations under this Agreement. FRANCHISEE shall at all times be responsible for complying with the mandatory portions of the Manual.

FRANCHISEE understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of Customers, and/or presently unforeseen technological innovations, the System may need to undergo changes in order that it best serve the interests of the FRANCHISEE, SUBFRANCHISOR and System. Subject to the other provisions of this Agreement, FRANCHISEE expressly agrees to abide by any such modifications, changes, additions, deletions and alterations including but not limited to the purchase of new and additional equipment, and acknowledge

that such modifications, changes, additions, deletions and alterations may require further expenditures by FRANCHISEE

XIII. TRANSFERABILITY OF INTEREST

A. By SUBFRANCHISOR. SUBFRANCHISOR is free to assign any or all of its rights and obligations under this Agreement, and upon such assignment SUBFRANCHISOR shall be relieved of any of the obligations under this Agreement so assigned, and all rights and obligations shall accrue to the successor or assignee.

B. By FRANCHISEE. SUBFRANCHISOR has the right to reasonably disapprove any person or entity would have actual, legal or effective control over the Business and shall have the right to approve any Transfer. Consent to a Transfer shall not be deemed a waiver of SUBFRANCHISOR'S right to consent to any subsequent Transfers. SUBFRANCHISOR will approve a sale, Transfer or change in ownership under the following conditions:

1. Governmental Compliance. The Transfer is conducted in compliance with applicable laws and regulations and the transferee has all permits and licenses necessary to operate the Business;

2. Prior Compliance. The FRANCHISEE has performed its obligations and duties under this Agreement and FRANCHISEE is not in default under this Agreement, or any other agreement with SUBFRANCHISOR;

3. Payments. The transferor has satisfied all of its monetary obligations to SUBFRANCHISOR, SUBFRANCHISOR'S affiliates and suppliers under this Agreement and all other agreements it has with SUBFRANCHISOR;

4. Release. The FRANCHISEE, including all officers, directors and shareholders (as well as all guarantors under this Agreement) must execute a general release, in the form which we approve, of any and all claims against SUBFRANCHISOR, SUBFRANCHISOR'S Affiliates, and their respective officers, directors, employees and agents;

5. Requirements of Transferee. The transferee meets the established standards for new franchisees, is of good moral character, has a good credit rating, sufficient financial resources to operate the business and competent qualifications. The transferee must execute a new Franchise Agreement with the standard terms and conditions then being offered in the FRANCHISEE'S state by SUBFRANCHISOR and the owners must execute a personal guarantee. Notwithstanding anything herein to the contrary, under no circumstances will SUBFRANCHISOR will be obligated to replace any customer account that have been transferred pursuant to the Transfer of Interest.

6. Transfer Fee. The transferee pays a transfer fee of the lesser of: (i) \$4,000; or (ii) 10% of the total sales price of the Interest being transferred including any down payments or amounts financed in lieu of the Franchise Fee, but in no event will the transfer fee be less than \$1,500;

7. Assumption of Liabilities. The transferee agrees to assume all liabilities and obligations from the prior operation of the Business, including the lease, and complies with other reasonable requirements SUBFRANCHISOR may impose;

8. Completion of Training and Experience of Transferee. The transferee and/or transferee's management team, including a designated manager, must successfully complete the initial training program. In addition, SUBFRANCHISOR can withhold consent if the transferee does not have adequate previous management experience, in SUBFRANCHISOR'S sole judgment, in order to fulfill the obligations of the FRANCHISEE;

9. Continuing Liability. If SUBFRANCHISOR approves an assignment, SUBFRANCHISOR shall have the discretion to require FRANCHISEE and the guarantors to remain liable for the full and faithful performance of the obligations of the assignee; and

10. Economically Reasonable Terms. Although SUBFRANCHISOR will not be required to determine the value of business upon a Transfer, if in SUBFRANCHISOR'S reasonable judgment, the purchase price or terms of the sale are not economically feasible to the proposed assignee, SUBFRANCHISOR can withhold its consent to such an assignment or Transfer. Further, SUBFRANCHISOR may, in good faith, notify FRANCHISEE, stating the reasons that SUBFRANCHISOR has elected to withhold approval of the proposed Transfer. Notwithstanding the foregoing, SUBFRANCHISOR'S approval of the Transfer shall not be deemed to imply or warrant that the purchase price or terms of sale are economically feasible, and SUBFRANCHISOR hereby disclaims any responsibility for making any such determination.

C. Death or Incapacity of FRANCHISEE. FRANCHISEE, by will or other written instrument, may appoint a designated heir to continue operation of the Franchise Business, upon FRANCHISEE'S death. Said designated heir must meet the qualifications of paragraph XIII.B. No fee will be charged on a Transfer pursuant to this paragraph. The Transfer of the FRANCHISEE'S Interest in this Agreement and in the Franchise Business to the FRANCHISEE'S heirs, personal representatives or conservators, as applicable, in the event of death or legal incapacity of the FRANCHISEE, shall not give rise to the SUBFRANCHISOR'S right of first refusal as set forth in paragraph XIII.D below, provided that the heirs, personal representatives or conservators, as applicable, meet SUBFRANCHISOR'S standards for new franchisees; execute the then-current form of Franchise Agreement; and, that a manager has, or within thirty days, shall have satisfactorily completed SUBFRANCHISOR'S Initial Training Program.

D. Right of First Refusal. Notwithstanding the foregoing, if FRANCHISEE receives a bona fide, executed, written offer to acquire an Interest from a responsible, fully disclosed purchaser, FRANCHISEE must submit a copy of the offer to SUBFRANCHISOR. FRANCHISEE must also provide SUBFRANCHISOR with any other information it requests to evaluate the offer. SUBFRANCHISOR has the right, exercisable by delivering written notice to the FRANCHISEE within thirty (30) days from the date of last delivery to SUBFRANCHISOR of the offer and any other documents requested by SUBFRANCHISOR, to acquire the Interest for the price and on the terms and conditions contained in the offer. Regardless of the terms of the offer, however, SUBFRANCHISOR may, in its discretion: substitute cash for any form of payment proposed in the offer; require the FRANCHISEE to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase," rather than a "stock purchase." SUBFRANCHISOR will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed sale and shall not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred.

If SUBFRANCHISOR declines to exercise its rights of first refusal, FRANCHISEE will have ninety (90) days after SUBFRANCHISOR declines or the right expires, whichever first occurs, to sell the

interest to said bona fide purchaser upon terms no more favorable than those offered to SUBFRANCHISOR, subject to compliance with paragraph XIII.B. After said ninety (90) days, or if the prospective purchaser does not acquire the franchise, FRANCHISEE must again comply with this paragraph and give SUBFRANCHISOR the first right to acquire the Interest prior to sale. The election by SUBFRANCHISOR not to exercise its right of first refusal as to any offer shall not affect its right of first refusal as to any subsequent offer.

XIV. INDEPENDENT CONTRACTOR/INDEMNIFICATION

SUBFRANCHISOR and FRANCHISEE are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between them, in any respect. FRANCHISEE shall conspicuously identify itself at the premises of the Business and in all dealings with the public as the owner of the business. SUBFRANCHISOR shall not be involved in the day-to-day management or control of the Business. Neither SUBFRANCHISOR nor FRANCHISEE shall make any agreements or representations in the name of or on behalf of the other that their relationship is other than franchisor and franchisee. Under no circumstances shall SUBFRANCHISOR be liable for any act, omission, debt, or other obligation of FRANCHISEE.

To the fullest extent permitted by law, FRANCHISEE, for itself and its owners, employees, agents, officers, directors, members, managers, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors"), agree, at their sole cost and expense, to indemnify, defend and hold harmless, and to reimburse on demand SUBFRANCHISOR, International and all entities related to SUBFRANCHISOR and International and their respective shareholders, directors, officers, members, managers, employees agents, partners, attorneys, licensees, affiliates successors and assigns ("Indemnified Parties") for and against any and all damages, losses, liabilities, bodily injury, property damage, obligations, penalties, fines, claims, litigation, demands, defenses, judgments, suit proceedings, administrative orders, consent agreements, costs, disbursements or expenses of any kind or any nature whatsoever, including without limitation, reasonable attorneys' and expert fees and disbursements arising out of or related to or in any way arising out of the acts or omissions of any Indemnitor, including without limitation (i) any act or omission, negligent or otherwise, of the Indemnitors or anyone directly or indirectly employed by them or anyone for whom they may be liable relative to the Business; (ii) any breach by the Indemnitors of any term or provision of this Agreement; and (iii) the cost, including, but not limited to reasonable attorney's fees, of enforcing this indemnification provision. The obligations of Indemnitors are joint and several.

This indemnification shall not be construed to indemnify an Indemnified Party to the extent such indemnification is prohibited by law, including, an indemnification of any Indemnified Party from its own negligence, if prohibited by law. To the extent indemnification of any party hereunder would be prohibited by law, this provision shall not apply to such party with respect to such otherwise indemnifiable act, but shall continue to be effective as to all other parties with respect to whom indemnification is not prohibited by applicable law.

XV. DISPUTE RESOLUTION

A. Mediation. Before any party may bring an action in court for any controversy, dispute or claim between SUBFRANCHISOR and FRANCHISEE arising from this Agreement or the franchise relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in _____, unless the parties mutually agree to another

location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. SUBFRANCHISOR and FRANCHISEE will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by the FRANCHISEE. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, SUBFRANCHISOR and FRANCHISEE agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by SUBFRANCHISOR and relating to SUBFRANCHISOR's trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by SUBFRANCHISOR for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. Litigation. Except as otherwise provided in this Agreement, all controversies, disputes or claims between SUBFRANCHISOR and FRANCHISEE arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court in _____ when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of _____ law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims SUBFRANCHISOR has relating to its trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by SUBFRANCHISOR for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in _____. Both parties agree to submit to the jurisdiction of the state and federal court in _____.

C. Arbitration. In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in _____ (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current

commercial arbitration rules of the American Arbitration Association ("AAA Rules"), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes SUBFRANCHISOR, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modifies or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, SUBFRANCHISOR may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not SUBFRANCHISOR was a party) will not be binding on SUBFRANCHISOR in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, SUBFRANCHISOR and FRANCHISEE will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. Dispute Resolution Fee. In the event that the FRANCHISEE or its guarantors have not complied with the provisions in this Section on Dispute Resolutions, FRANCHISEE shall reimburse SUBFRANCHISOR for all of its expenses incurred in curing the FRANCHISEE's breach (including, without limitation, SUBFRANCHISOR's attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay the SUBFRANCHISOR a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). FRANCHISEE acknowledges and agrees that the SUBFRANCHISOR will be damaged by such breach. FRANCHISEE agrees that a precise calculation of the full extent of the

damages that SUBFRANCHISOR will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. SUBFRANCHISOR has the right to collect these amounts in addition to exercising any and all other rights SUBFRANCHISOR may have for non-compliance under this Agreement.

XVI. MISCELLANEOUS PROVISIONS

A. Waiver. No waiver by SUBFRANCHISOR of any default of the FRANCHISEE shall constitute a waiver of any other default and shall not preclude SUBFRANCHISOR from thereafter requiring strict compliance with this Agreement.

B. Severability. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement, including but not limited to those relating to non-solicitation and non-competition shall be interpreted and applied consistent with the requirements of reasonableness and equity.

C. Injunctive Relief. In the event of any breach or threatened breach of this Agreement by any party, the other party shall immediately be entitled to injunctive relief, in addition to any other remedies available to it, (including a temporary restraining order, preliminary injunction and specific performance) without showing or proving any actual damage sustained and shall not thereby be deemed to have elected its only remedy to the exclusion of others. If SUBFRANCHISOR seeks injunctive relief, it shall not be required to post a bond.

D. Entire Agreement. This Agreement and all other written agreements related to this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations (if any) made by and between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement shall be of any force and effect; provided, however, that nothing in this or any related agreement is intended to disclaim SUBFRANCHISOR'S representations made in the franchise disclosure document that was furnished to FRANCHISEE in connection with the offering to operate the Business. No amendment to this Agreement is binding unless executed in writing by both parties.

E. Representative Capacity. In all of their dealings with FRANCHISEE, the officers, directors, employees and agents of SUBFRANCHISOR act only in their representative capacity for SUBFRANCHISOR, and not in any individual capacity.

F. Notice. Whenever notice is required under the terms of this Agreement, it shall be given in writing and sent by registered or certified mail, or by personal delivery to FRANCHISEE'S address and to SUBFRANCHISOR'S office set forth below the signature lines in this Agreement, or at such other address as designated in accordance with this Section. Receipt shall be deemed to have been made one (1) day after mailing or upon personal delivery, whichever first occurs.

G. Gender/Heading. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of the Agreement or any section, paragraph, or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender. Headings and paragraph titles are for convenience of reference only and shall not define, limit, or extend the scope or intent of this Agreement or any provision thereof.

H. Governing Law and Jurisdiction. FRANCHISEE acknowledges that this Agreement was accepted in the State of _____. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of _____ (without reference to its conflict of laws principles). SUBFRANCHISOR may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of _____, and FRANCHISEE and guarantors irrevocably submit to their jurisdiction and waive any objection to the application of _____ law or to the jurisdiction or venue in those _____ courts. If any valid applicable law or regulation [in effect at the time this Agreement is executed] of a governmental authority having jurisdiction over this Agreement limits SUBFRANCHISOR'S rights of rescission or termination or require longer notice periods than set forth herein, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon rescission or termination required by such laws or regulations. The provisions of this Agreement which conflict with the applicable law shall (only to the extent not in accordance with applicable law) be ineffective, and in their stead, SUBFRANCHISOR shall comply with applicable law respecting each of said matters. SUBFRANCHISOR shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto as a State Law Addendum as Exhibit III.

I. Effect. This Agreement shall be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, their permitted successors and permitted assigns.

J. Remedies. In addition to any other remedies to which it may be entitled, SUBFRANCHISOR shall be entitled without bond to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event FRANCHISEE actually or anticipatorily breaches this Agreement. If SUBFRANCHISOR incurs any attorney's fees or other expenses in seeking enforcement of this Agreement, FRANCHISEE shall be required to reimburse SUBFRANCHISOR for its reasonable costs and expenses (including, but not limited to attorney's fees) thereby incurred. No right or remedy conferred upon SUBFRANCHISOR is intended to be exclusive, and every such right or remedy shall be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination shall include a termination for any reason, expiration, cancellation, failure to renew, assignment or transfer.

K. No Warranty. FRANCHISEE acknowledges that, except as otherwise specifically stated herein, SUBFRANCHISOR has the absolute right to exercise its own judgment on various matters about this Agreement and the Manual, and has the absolute right to approve, disapprove, give its consent and refuse to consent to FRANCHISEE'S requests in its sole and absolute discretion. FRANCHISEE agrees that SUBFRANCHISOR'S action, refusal to act, approval, disapproval, consent, or refusal of consent is not, and shall not be deemed, a representation, warranty, certification or guarantee by SUBFRANCHISOR about that which is acted upon or refused consent, or about any appropriateness,

legality, profitability, or success related thereto. No SUBFRANCHISOR action, refusal to act, approval, disapproval, consent or refusal to consent is, or shall be deemed, a guarantee, warranty, or representation that the Business complies with, or meets any local, municipal, state, federal, or other laws or regulations relating to the offer of services or otherwise. If it is found that SUBFRANCHISOR wrongfully withheld any consent pursuant to this Agreement, FRANCHISEE'S sole remedy for such failure shall be to require SUBFRANCHISOR to grant such consent.

L. Receipt of Franchise Disclosure Document. FRANCHISEE acknowledges receipt of SUBFRANCHISOR'S franchise disclosure document along with this Agreement, at least fourteen (14) days before execution hereof or any payment to SUBFRANCHISOR. If any unilateral modifications have been made by SUBFRANCHISOR to this Agreement, FRANCHISEE acknowledges that it had at least seven (7) days to review them.

M. Joint and Several Liability. If two or more persons are the FRANCHISEE under this Agreement, their obligations and liabilities to SUBFRANCHISOR shall be joint and several.

N. Time is of the Essence. Time is of the essence of this Agreement.

O. Survival. FRANCHISEE'S obligations regarding trade secrets, non-competition and non-solicitation and indemnification, as well as accrued obligations of FRANCHISEE to SUBFRANCHISOR, shall survive any Transfer of Interest or the termination, expiration, assignment of this Agreement.

P. Payments from FRANCHISEE. SUBFRANCHISOR has the sole discretion to apply any payments by FRANCHISEE to any past due indebtedness of FRANCHISEE for any fees, expenses, purchases from SUBFRANCHISOR or its Affiliates, interest or any other indebtedness. Neither SUBFRANCHISOR nor any of its Affiliates are required to accept payments after same are due or extend credit or otherwise finance FRANCHISEE'S operation of the franchise.

Q. Limitation on Liens. FRANCHISEE shall not grant a security interest, pledge, or place a lien upon FRANCHISEE'S interest in this Agreement or in the Business or in the assets used in the business, except that FRANCHISEE shall be permitted to grant a security interest in such furniture, fixtures, and equipment to secure FRANCHISEE'S obligation to the seller of or lender for such furniture, fixtures, and equipment to secure any indebtedness relating to the business and FRANCHISEE shall be permitted to assign its accounts receivable in connection with any third party financing of employee payroll.

R. Day-to-Day Control. FRANCHISEE has the sole rights and responsibilities for the manner and means by which the day-to-day operation of the Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to SUBFRANCHISOR, these rights and responsibilities include the employment, supervision, setting the conditions of employment and discharge for its employees at the Business, daily maintenance, safety concerns, and the achievement of conformity with the System.

SUBFRANCHISOR'S retention and exercise of the right to approve certain matters, to inspect the Business and its operation and to enforce its rights, exists only to the extent necessary to protect SUBFRANCHISOR'S interest in the System and Marks for the benefit of SUBFRANCHISOR, its Affiliates and all SUBFRANCHISOR Franchisees. Neither the retention nor the exercise is for the

purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to FRANCHISEE, nor shall they be construed to do so.

S. Third Party Beneficiary. FRANCHISEE acknowledges and agrees that all of SUBFRANCHISOR's rights and all of FRANCHISEE'S obligations under this Agreement insure to the benefit of International and that it has a third-party beneficiary interest in this Agreement. International has the right, but not the obligation, to enforce any provision of this Agreement if SUBFRANCHISOR fails to properly and promptly do so. Upon termination or expiration of the Term of the SUBFRANCHISOR Franchise Agreement between SUBFRANCHISOR and International for any reason, this Agreement will remain in effect, and SUBFRANCHISOR'S interest in this Agreement may be automatically assigned to and assumed by International at its sole discretion. FRANCHISEE agrees to be bound by the assignment upon receipt of notice from International of the effective date of the assignment.

XVII. WARRANTIES AND REPRESENTATIONS OF FRANCHISEE

A. FRANCHISEE and its guarantors have been advised to make an independent investigation of SUBFRANCHISOR'S operations. SUBFRANCHISOR has not and does not represent that FRANCHISEE can expect to attain a specific level of sales, profits, or earnings. FRANCHISEE and its guarantors have been advised to obtain independent professional advice regarding this franchise. FRANCHISEE and its guarantors understand that it may sustain losses as a result of the operation or the closing of the business. FRANCHISEE and its guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on FRANCHISEE'S skills, abilities, initiative, and hard work.

B. FRANCHISEE and its guarantors represent and warrant that the execution, delivery and performance of this Agreement by FRANCHISEE and the Guarantee and Assumption of Obligations by the guarantors do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation executive order 1224, signed on September 23, 2001 (the "Order"), FRANCHISEE is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, FRANCHISEE does not and hereafter will not engage in any terrorist activity. In addition, FRANCHISEE is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity. Finally, FRANCHISEE is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

XVIII. CAVEAT

THE SUCCESS OF THE BUSINESS IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. SUBFRANCHISOR DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE BUSINESS AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR WARRANTIES.

FRANCHISEE UNDERSTANDS AND AGREES THAT SUBFRANCHISOR HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE ACKNOWLEDGES THAT UNLESS AND UNTIL SUBFRANCHISOR SIGNS THIS FRANCHISE AGREEMENT, FRANCHISEE IS NOT A FRANCHISE AND MAY NOT RELY UPON BECOMING A FRANCHISEE.

XIX. NON-LIABILITY OF SUBFRANCHISOR'S AFFILIATES

SUBFRANCHISOR is the only entity obligated to FRANCHISEE hereunder. FRANCHISEE may not look to International or any of its affiliates or related companies, other business entities or individuals for performance of this Agreement.

XX. LIMITATION OF LEGAL ACTIONS

A. IN NO EVENT WILL SUBFRANCHISOR BE LIABLE TO FRANCHISEE FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR SUBFRANCHISOR'S RELATIONSHIP WITH FRANCHISEE.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN FRANCHISEE AND SUBFRANCHISOR (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE WAIVES ANY RIGHT TO PROCEED AGAINST SUBFRANCHISOR (AND ITS AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. FRANCHISEE WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR SUBFRANCHISOR'S RELATIONSHIP WITH FRANCHISEE, UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH FRANCHISEE KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

E. SUBFRANCHISOR MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF SUBFRANCHISOR'S OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT FRANCHISEE PAID TO SUBFRANCHISOR WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE OF ANY PROPER CLAIM IS RECEIVED BY SUBFRANCHISOR.

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below their names.

SUBFRANCHISOR

Name:

By:_____

Address of SUBFRANCHISOR:

Date:_____

FRANCHISEE

Name:

By:_____

Address of FRANCHISEE:

Date:_____

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by _____ ("SUBFRANCHISOR") in favor of _____ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to SUBFRANCHISOR, its Affiliates (as hereinafter defined), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement, including, but not limited to those relating to trade secrets, non-solicitation and non-competition provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks, indemnification, consequences of termination, expiration or Transfer of Interest to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. The GUARANTORS further hereby personally and unconditionally guarantee all debts and obligations FRANCHISEE incurs to SUBFRANCHISOR, its successors, assigns, affiliated entities, parent corporation, and subsidiaries ("Affiliates"), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from SUBFRANCHISOR and its Affiliates. Each of the undersigned waives:

- (1) acceptance and notice of acceptance by SUBFRANCHISOR or Affiliates of the foregoing undertakings;
- (2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;
- (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;
- (4) any right he or she may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;
- (5) all rights to payments and claims for reimbursement or subrogation which any of the GUARANTORS may have against the FRANCHISEE arising as a result of the GUARANTORS' execution of and performance under this guaranty; and
- (6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

- (1) his or her direct and immediate liability under this guaranty shall be joint and several;
- (2) he or she shall render any payment or performance required under the Agreement upon demand if the FRANCHISEE fails or refuses punctually to do so;
- (3) such liability shall not be contingent upon or conditioned upon pursuit by SUBFRANCHISOR or Affiliates of any remedies against the FRANCHISEE or any other person; and

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which SUBFRANCHISOR or Affiliates may from time to time grant to the FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

If SUBFRANCHISOR or any of the Affiliates are required to enforce this Guarantee and Assumption of Obligations in any judicial proceeding or appeal thereof, the GUARANTORS shall reimburse SUBFRANCHISOR and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', 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 incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guarantee and Assumption of Obligations.

The undersigned Guarantors also recognize that certain disputes relating to the Franchise Agreement are to be resolved by arbitration and hereby consent to such arbitration. The terms contained in the Franchise Agreement and this Guarantee and Assumption of Obligations constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name: _____
Date: _____
Ownership % _____
Address: _____

Signature _____

Print Name: _____
Date: _____
Ownership % _____
Address: _____

Signature _____

Print Name: _____
Date: _____
Ownership % _____
Address: _____

Signature _____

EXHIBIT I
PAYMENT OF THE INITIAL FRANCHISE FEE

In accordance with the provisions of Section III of this Agreement, the Initial Franchise Fee is payable in the following manner and in the amount set forth below:

☐ **Cash Option: - New Franchisee**

\$ _____

☐ **Cash Option: - Existing Technician Program Franchisee in good standing**

\$ _____

☐ **Financed Option – Existing Technician Program Franchisee in good standing**

\$ _____

The following is the date the Business began operations: _____
("Area")

EXHIBIT II
PROMISSORY NOTE AND GUARANTEE

\$ _____

_____, 20__

PROMISSORY NOTE

For value received, the undersigned promise to pay to the order of _____, _____, without interest (except in the event of default) the principal sum of _____ (\$_____), said principal to be paid in equal monthly payments of [1/20 of the difference between the Initial Franchise Fee (including finance fees less Technician Credit) and the down payment*] or [1/20 of amount of Monthly Contract Revenue x 200%**]. The first payment shall be due upon the 15th day of the month [ninety (90) days after execution of the Franchise Agreement*] or [the first full month after the undersigned provided services to the new customer account**] and shall continue on the 15th day of each month for a period of twenty (20) months. _____ may withhold the monthly Note payment from the amount of billings it collects for the undersigned pursuant to Section VI.D. of the Franchise Agreement.

If there shall be a default made in the payment of any of said debt when due, the holder of the note may at its option declare all unpaid indebtedness evidenced by this note immediately due and payable, and the undersigned agrees during the period of delinquency, to pay interest on the unpaid balance of the loan at the rate of eighteen percent (18%) per annum on principal, or the highest rate allowable by law. Further, the undersigned agrees to pay all costs of collection, including a reasonable attorney's fee. Failure at times to exercise such option shall not constitute a waiver of the right to exercise it later.

The makers, sureties, endorsers and guarantors of this note hereby severally waive demand, presentment for payment, notice of non-payment, protest, notice of protest and diligence in bringing suit against any party hereto. This note may be pre-paid in whole or in part at any time without penalty.

Notwithstanding anything contained herein to the contrary, the outstanding balance due on this Note shall be immediately due and payable upon the occurrence of any of the following:

- A. An assignment or Transfer by the undersigned of any Interest in the Franchise Agreement.
- B. The sale, transfer, or assignment of the major portion of the assets of the undersigned.
- C. If more than 10% of the stock, partnership interest, or membership interest in the undersigned is acquired by anyone other than the principal stockholder, partner or member as the case may be.
- D. A default by the undersigned under the Franchise Agreement.

Notwithstanding anything herein to the contrary, any assignment or sale described in paragraphs A, B, and C, will not be considered a default under the Franchise Agreement so long as the said assignment or sale is made in compliance with the terms of the Franchise Agreement.

* Terms if this note is to finance the Initial Franchise Fee

** Terms if this note is to finance the Account Sales Fee

PROMISSORY NOTE GUARANTEE

As an inducement to _____ ("SUBFRANCHISOR"), to defer payment of fees pursuant to the Franchise Agreement which _____ ("FRANCHISEE") owes in accordance with the terms of the Promissory Note of even date herewith to which this Guarantee is attached, each of the undersigned ("GUARANTOR"), hereby guarantees the performance of all obligations of FRANCHISEE and agree to timely perform and observe all the terms, covenants and conditions to be performed by FRANCHISEE under the Promissory Note.

This Guarantee is given as a condition of and in consideration of SUBFRANCHISOR deferring payment of certain amounts due to SUBFRANCHISOR, which amounts are evidenced by the foregoing promissory note.

The obligations of GUARANTOR are direct and may be enforced immediately without SUBFRANCHISOR being required to resort to any other right, remedy or security and this Guarantee shall be enforceable immediately against GUARANTOR, without the necessity for any suit or proceedings on SUBFRANCHISOR's part of any kind or nature whatsoever against FRANCHISEE, and without the necessity of any notice of non-payment, non-performance or non-observance or the continuance of any such default or of any notice of acceptance of this Guarantee or of SUBFRANCHISOR's intention to act in reliance herein or of any other notice or demand to which GUARANTOR might otherwise be entitled, all of which GUARANTOR hereby expressly waives.

The validity of this Guarantee and the obligations of GUARANTOR hereunder shall in no manner be terminated, affected, or impaired by reason of the assertion or the failure to assert by SUBFRANCHISOR against FRANCHISEE, any of the rights or remedies reserved to SUBFRANCHISOR pursuant to the provisions of the Promissory Note.

This Guarantee shall be absolute, unconditional and irrevocable.

This Guarantee shall be a continuing Guarantee, and (whether or not GUARANTOR shall have notice or knowledge of any of the following), the liability and obligations of GUARANTOR hereunder shall be absolute and unconditional irrespective of:

- (a) any modification of, or supplement to, or extension or renewal of the Promissory Note, the Franchise Agreement, or any assignment, sale, or transfer thereof;
- (b) any exercise or non-exercise of any right, power, remedy or privilege under or in respect of the Promissory Note or this Guarantee or any waiver, consent or approval by SUBFRANCHISOR with respect to any of the covenants, terms, conditions or agreements contained in the Promissory Note or any indulgences, forbearance or extensions of time for performance or observance allowed to FRANCHISEE from time to time, at any time and for any length of time;
- (c) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition or liquidation or similar proceedings relating to FRANCHISEE, or its properties or creditors;

(d) any impairment, modification, change, release or limitation of liability or obligation of FRANCHISEE under the Promissory Note (including, but not limited to, any disaffirmation or abandonment by a trustee of FRANCHISEE), resulting from the operation of any present or future provision of the Bankruptcy Abuse Prevention and Consumer Protection Reform Act of 2005 or any other similar federal or state statute, or from the decisions of any court; or

(e) any other circumstances which might otherwise constitute a defense available to, or a discharge of, the FRANCHISEE in respect of the Promissory Note or the GUARANTOR in respect of this Guarantee.

The undersigned Guarantors also recognize that certain disputes relating to the Franchise Agreement may be resolved by arbitration and hereby consent to such arbitration. The terms contained in the Franchise Agreement, the Promissory Note and this Promissory Note Guarantee constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on _____, 20__.

Print Name: _____
Signature _____
Date: _____
Address: _____

Print Name: _____
Signature _____
Date: _____
Address: _____

Print Name: _____
Signature _____
Date: _____
Address: _____

EXHIBIT III
STATE LAW ADDENDA

EXHIBIT IV
OF THE SUBFRANCHISOR MASTER AGREEMENT
FORM FRANCHISE AGREEMENT – CORPORATE

This is a template of the current Franchise Agreement for the Corporate Program. The provisions marked in italics are the current Buildingstars International, Inc.'s prices. You are required to charge at least these amounts. Subfranchisor must have this Franchise Agreement reviewed by its own attorneys and must submit all of their changes to Buildingstars International, Inc. for its prior written consent to these changes.

BUILDINGSTARS FRANCHISE AGREEMENT
CORPORATE PROGRAM

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BUILDINGSTARS FRANCHISE AGREEMENT
CORPORATE PROGRAM

Agreement entered into this _____ day of _____, 20__, by and between _____ an _____ (hereinafter referred to as "SUBFRANCHISOR"), and _____, (hereinafter referred to as "FRANCHISEE");

WHEREAS, Buildingstars International, Inc., a Missouri corporation ("International") is in the business of granting subfranchises to sell, train and assist franchise in the operation of a Business (as defined below) providing cleaning and janitorial services within a particular area, in accordance with the Marks and the System described below;

WHEREAS, International has granted SUBFRANCHISOR the right to be a Subfranchisor in accordance with the terms of a Subfranchisor Master Agreement ("Subfranchisor Master Agreement");

WHEREAS, FRANCHISEE desires to participate in the use of the System in connection with the operation of a cleaning service business under the Marks; and

WHEREAS, FRANCHISEE understands that SUBFRANCHISOR offers different levels of franchise programs, and that this franchise is under the "Corporate Program".

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

I. DEFINITIONS

For purposes of this Agreement, the following terms shall have the meaning as set forth below and the definitions constitute an integral part of this Agreement:

A. "Business" means the cleaning business that FRANCHISEE will operate under this Agreement using the System and Marks.

B. "Customer" means any existing customers or prospective customers (of SUBFRANCHISOR, its affiliates, FRANCHISEE, or any other franchisee) with whom FRANCHISEE or its employees or agents have had direct or indirect contact or about whom FRANCHISEE or its employees or agents have learned information by virtue of: (1) communications with SUBFRANCHISOR, its affiliates or other franchisees of SUBFRANCHISOR; (2) the operation of the Business; or (3) the transfer or termination of this Agreement, and in addition, "Customer" shall include any affiliate, successor in interest, subsidiary, sibling company, or parent company of any such customer or prospective customer.

C. "Gross Sales" means the total money or property earned by FRANCHISEE or derived from or in connection with the operation of the Business, including all fees and other charges for every type of service performed and goods and services sold. Gross Sales will be calculated at the time the services or products from which they were derived are delivered or rendered. The term does not include applicable sales, use or service taxes and any refunds and allowances actually given to Customers.

D. "FRANCHISEE" shall be deemed to include: (a) all persons and their spouses owning any interest in FRANCHISEE if it is a corporation or a limited liability company; (b) all partners and their spouses owning any interest in FRANCHISEE if it is a partnership; and (c) all of the individuals and their spouses owning any interest in FRANCHISEE if it is a sole proprietorship. For purposes of determining ownership in a franchise, the interests owned by a husband and wife shall be considered one interest, and both husband and wife shall be obligated hereunder, regardless of whether the interest is owned by just one spouse or both spouses.

E. "Interest" means: (a) this Agreement or the rights under this Agreement; (b) the rights in the Business; (c) an individual's rights as an owner of the Business (including any owner's stock, partnership interest, limited liability company, or other ownership interest); (d) any option, call, warrant, conversion rights or rights to acquire any equity or voting interest in FRANCHISEE; (e) any security interest, lien, pledge, mortgage, or other encumbrance of any of the foregoing Interest; or (f) any right to control, operate or manage the Business.

F. "Marks" means such service marks, trademarks, trade dress, trade names and any marks which may be considered confusingly similar thereto, as may presently exist, or which may be modified, changed, or acquired by International and licensed to SUBFRANCHISOR to sublicense to FRANCHISEE for use in connection with the operation of the Business as contemplated by this Agreement. Currently, the Marks include "Buildingstars".

G. "Monthly Contract Revenues" means total amount due from a customer account derived from the sale of goods or the performance of any cleaning services or cleaning related activity, less any applicable taxes imposed on the sale of goods or services.

H. "Principal Owner" means the FRANCHISEE if FRANCHISEE is an individual or more than one individual, the shareholder(s) of FRANCHISEE if FRANCHISEE is a corporation, the partner(s) owning the partnership if FRANCHISEE is a partnership, or the member(s) and/or manager if the FRANCHISEE is a limited liability company.

I. "Service Providers" means any other franchisees of SUBFRANCHISOR.

J. "Specialty Work" means work that is above and beyond the scope of the monthly janitorial services, such as carpet cleaning, floor refinishing, window cleaning and special projects.

K. "System" means the method of operating a quality cleaning service business pursuant to this Agreement which has been licensed to SUBFRANCHISOR to be sublicensed to FRANCHISEE. This includes confidential operating procedures, cleaning and operational methods, methods and techniques for financial controls, accounting and reporting, personnel management, sales marketing and advertising, trade secrets and the proprietary know-how developed by International and its affiliates to integrate the services necessary to operate the Business any of which may be changed, improved, modified and further developed by International and its affiliates from time to time.

L. "Transfer" means and includes any voluntary or involuntary, direct or indirect, assignment, sale, gift conveyance, or other disposition of an Interest including without limitation: (a) transfer of any capital stock, partnership interest, limited liability interest or other ownership Interest of FRANCHISEE or its owners; (b) merger, consolidation or issuance of additional stock or ownership

interests; (c) transfer in bankruptcy or dissolution of marriage or otherwise by operation of law or by order of court; (d) transfer to a personal representative upon disability or transfer upon the death of a majority owner; (e) the grant or creation of any lien or encumbrance (f) any sale, lease, sublease, or other transfer or disposition of any of the assets used in the performance of the Business, whether now owned or hereafter acquired, except in the normal and ordinary course of business; or (g) any change of control or management of the Business.

II. GRANT

A. Area. Subject to the terms and conditions of this Agreement, SUBFRANCHISOR hereby grants to FRANCHISEE the nonexclusive right and license to use the System and Marks in connection with the operation of the Business under the “Corporate Program”. FRANCHISEE will operate the Business only within the metropolitan area listed in Exhibit I attached hereto _____ (“Area”). FRANCHISEE shall not interfere with, service, or solicit Customers of SUBFRANCHISOR, International and any of their affiliates, or their franchisees, independent contractors or licensees.

B. Rights Reserved by SUBFRANCHISOR, International and their Affiliates. SUBFRANCHISOR retains the right to operate and to franchise or license to third parties the right to operate businesses using the System and Marks anywhere within the Area. International and its affiliates retain the right to operate and to franchise or license to third parties the right to operate businesses using the System and Marks anywhere out of the Area. International and its affiliates retain the right to operate or grant franchises and licenses similar to or the same as the Business under different Marks or under systems different than the System anywhere, including within and outside of the Area. International and their affiliates are also authorized to sell some or all of the products and services authorized for sale by the Business in any channel of distribution, including but not limited to the wholesale sales of products and/or to provide management and/or consulting services using the System and/or the Marks within or outside of the Area.

III. INITIAL FRANCHISE FEE

The Initial Franchise Fee consists of two separate fees: a fixed fee (“Base Fee”) and a variable fee (“MCR Fee”). The Base Fee is \$6,995. The MCR Fee is 300% of the Monthly Contract Revenue. The minimum MCR Fee is \$30,000 (\$10,000 Monthly Contract Revenue x 300%).

If FRANCHISEE is not already an On-Site Manager Program franchisee, FRANCHISEE must pay the Initial Franchise Fee in full when this Agreement is signed. If FRANCHISEE is in good standing under its On-Site Manager Program Franchise Agreement, the initial franchise fee paid under the On-Site Manager Program Franchise Agreement will be credited against the Initial Franchise Fee as well as Account Sales Fees paid under the On-Site Manager Program (“On-Site Credit”). FRANCHISEE will either pay the balance of the Initial Franchise Fee upon execution of this Agreement or pay a portion of the Initial Franchise Fee and sign a promissory note for the balance upon execution of this Agreement.

The following outlines the calculation and payment of the Initial Franchise Fee without deducting any On-Site Credits;

Initial Franchise Fee- Cash

<i>Examples of Monthly Contract Revenue</i>	<i>Rate</i>	<i>MCR Fee</i>	<i>Base Fee</i>	<i>Initial Franchise Fee (lump sum)</i>
\$10,000	300%	\$30,000	\$6,995	\$36,995
\$15,000	300%	\$45,000	\$6,995	\$51,995
\$20,000	300%	\$60,000	\$6,995	\$66,995

Initial Franchise Fee - Financed

If financed, FRANCHISEE must make a minimum down payment of \$6,995 upon the execution of this Agreement and execute a Promissory Note for the amount financed. The Promissory Note will provide for equal payments for a period of 20 months. The Promissory Note and Guarantee will contain substantially the same terms and conditions as are set forth in Exhibit II of this Agreement. Exhibit I will set forth the manner of payment of the Initial Franchise Fee.

The following chart outlines examples of the financed options of the Initial Franchise Fee.

<i>Examples of Monthly Contract Revenue</i>	<i>Initial Franchise Fee (Including Finance Fees less On-Site Credit)</i>	<i>Minimum Down Payment</i>	<i>Amount Financed</i>	<i>Number of Months</i>	<i>Monthly Payment Amount</i>
\$10,000	\$46,995	(\$6,995)	\$40,000	20	\$2,000
\$15,000	\$66,995	(\$6,995)	\$60,000	20	\$3,000
\$20,000	\$86,995	(\$6,995)	\$80,000	20	\$4,000

Even as a franchisee in the On-Site Manager Program, there is no assurance that a Corporate Program franchise will be offered.

The Initial Franchise Fee is fully earned when paid and non-refundable.

IV. OTHER FEES

A. Royalty Fee. FRANCHISEE shall pay to SUBFRANCHISOR, monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), a Royalty Fee equal to ten percent (10%) of Gross Sales from the Business throughout the term of this Agreement. For example, the Royalty Fee for February is payable by March 15th. SUBFRANCHISOR will withhold the Royalty Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D below. No part of the Royalty Fee is refundable. Notwithstanding the foregoing, FRANCHISEE shall pay a Royalty Fee of thirty percent (30%) instead of ten percent (10%) on the Gross Sales attributable to Specialty Work.

B. Non-Performance Fee. In order to encourage full attention to customer needs, a Non-Performance Fee will be charged if SUBFRANCHISOR'S standards have not been followed resulting in a

Customer complaint in which SUBFRANCHISOR intervenes to resolve. If SUBFRANCHISOR receives a bona fide complaint from a Customer, SUBFRANCHISOR will first offer FRANCHISEE an opportunity to remedy the Customer's complaint. If FRANCHISEE remedies the complaint within a twenty-four (24) hour period after SUBFRANCHISOR is notified of the Customer's complaint, SUBFRANCHISOR will not charge FRANCHISEE a Non-Performance Fee. However, if after the twenty-four (24) hour period the Customer's complaint is not adequately remedied, SUBFRANCHISOR has the right, but not the obligation to remedy the complaint and charge FRANCHISEE a Non-Performance Fee of \$25 per hour per person needed to resolve the complaint, plus any other actual out of pocket expenses incurred. SUBFRANCHISOR will withhold the Non-Performance Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE.

C. Account Sales Fee. If FRANCHISEE requests new customer accounts from SUBFRANCHISOR or if FRANCHISEE is willing to accept a new customer account from SUBFRANCHISOR, FRANCHISEE must pay SUBFRANCHISOR an Account Sales Fee of *four hundred percent (400 %)* of the Monthly Contract Revenue which is generated from the new customer account. The Account Sales Fee is payable in full even if FRANCHISEE loses the new customer account for any reason, however, SUBFRANCHISOR will replace the lost new customer account only under the terms and conditions set forth in Section VI.J. below.

The Account Sales Fee is payable in cash or in the following manner:

1. *FRANCHISEE may request new customer accounts in increments of \$1,000 of Monthly Contract Revenue. At such time as FRANCHISEE submits said request, FRANCHISEE shall pay SUBFRANCHISOR \$200 per \$1,000 Monthly Contract Revenue it requested. This will serve as the first monthly payment under the Promissory Note that finances the Account Sales Fee. The amount of the Promissory Note will be 400% of the Monthly Contract Revenue. The Promissory Note will be payable without interest in 20 equal monthly installments. For example, if FRANCHISEE requests new customer accounts which would generate \$2,000 in Monthly Contract Revenue, it would pay \$400 (1/20 of \$2,000 x 400%) ("Monthly Payment") and sign a Promissory Note guaranteed by the Guarantors under this Agreement which will contain substantially the same terms and conditions as set forth in Exhibit III attached hereto. The second monthly payment will be due after the first full month FRANCHISEE has provided service to said new customer account. SUBFRANCHISOR may withhold the monthly Promissory Note payments from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D below. A default under the Promissory Note shall also be deemed a default under this Agreement.*

2. SUBFRANCHISOR may, but is not required to, offer FRANCHISEE new customer accounts. If FRANCHISEE decides to accept the new customer account, which decision is solely within the FRANCHISEE'S discretion, FRANCHISEE must either pay the Account Sales Fee in cash or execute a Promissory Note guaranteed by the Guarantors under this Agreement substantially in the form set forth in Exhibit III for the amount of the Account Sales Fee. The Promissory Note is payable without interest in twenty (20) monthly installments, with the first installment due after the first full month FRANCHISEE has provided service to said new customer account. SUBFRANCHISOR may withhold the monthly Promissory Note payments from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D. below. A default under the Promissory Note shall also be deemed a default under this Agreement.

If FRANCHISEE is a Conversion Franchisee, the payment of the outstanding Account Sales Fee

owed by FRANCHISEE under its On-Site Manager Program Franchise Agreement will be described in Exhibit II attached hereto.

3. In the event that FRANCHISEE finds its own new customer account and submits the proposal to said new customer which is accepted, FRANCHISEE is not required to pay an Account Sales Fee for said new customer account, unless SUBFRANCHISOR has already been in contact with said new customer.

D. Administration Fee. FRANCHISEE shall pay to SUBFRANCHISOR monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), an Administration Fee equal to *four and one-half percent (4.5%)* of the Gross Sales from the Business throughout the term of this Agreement. SUBFRANCHISOR will withhold the Administration Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D. below. No part of the Administration Fee is refundable.

E. Insurance Program Fee. If FRANCHISEE elects to participate in the insurance program developed for SUBFRANCHISOR and its franchisees, FRANCHISEE shall pay to SUBFRANCHISOR monthly (by the fifteenth (15th) day of the month following the month in which the sales were invoiced), an Insurance Program Fee. The Insurance Program Fee is currently *three and one-half percent (3 ½ %)* of Gross Sales from the Business and is subject to change. SUBFRANCHISOR will withhold the Insurance Program Fee from the amount of billings SUBFRANCHISOR collects for the FRANCHISEE, as more fully described in Section VI.D. below. No part of the Insurance Program Fee is refundable. SUBFRANCHISOR makes this program available to qualified franchisees and will continue to do so in its sole discretion, but assumes no liability in connection therewith.

The cost of the Insurance Program Fee are subject to change. SUBFRANCHISOR reserves the right to change, modify, or discontinue the Insurance Program at any time. SUBFRANCHISOR further reserves the right to terminate FRANCHISEE'S right to remain in the Insurance Program at any time upon prior written notice to FRANCHISEE, for any reason, including, but not limited to FRANCHISEE'S failure to comply with any of the terms of this Agreement.

F. Customer Development Fee. If, within one year after termination, expiration or transfer of this Agreement, FRANCHISEE or any employee or affiliate of FRANCHISEE shall perform for any Customer, services similar to those to be performed under this Agreement but performed outside of this Agreement, FRANCHISEE shall pay to SUBFRANCHISOR a fee equal to 3 times the monthly amount agreed to be paid to FRANCHISEE, its employee or affiliate of FRANCHISEE, for such services.

V. TERM

The term of this Agreement shall be for a period of five (5) years from the date of final execution, unless sooner terminated in accordance with this Agreement. If FRANCHISEE is in full compliance with the terms of this Agreement, FRANCHISEE shall have the right to renew for three (3) additional terms of five (5) years each, provided that FRANCHISEE is not in default under this Agreement at the time of each renewal, FRANCHISEE executes the most current franchise agreement being utilized by SUBFRANCHISOR and FRANCHISEE pays SUBFRANCHISOR a renewal fee of \$2,000. Notwithstanding the foregoing, SUBFRANCHISOR may, in its discretion, refuse to renew the Franchise if FRANCHISEE has been notified of defaults (even if subsequently cured) under the Franchise Agreement more than two (2) times during the initial term or more than three (3) times during any

renewal term, even if FRANCHISEE is not in default at the time of such renewal. The then current franchise agreement may contain significantly different terms than this Agreement. On renewal, SUBFRANCHISOR is under no obligation to provide FRANCHISEE with any new customer accounts. FRANCHISEE agrees to give SUBFRANCHISOR not less than one hundred twenty (120) days written notice of its desire to renew the franchise, prior to the end of the initial term or the renewal term. In the event that SUBFRANCHISOR elects not to renew, SUBFRANCHISOR shall give FRANCHISEE written notice within ninety (90) days prior to the expiration of this Agreement.

Notwithstanding anything herein to the contrary, in the event that a new franchise agreement is not executed by both parties at the expiration of this Agreement or any renewal term and SUBFRANCHISOR has not given FRANCHISEE notice of its intent not to renew, this Agreement shall continue in accordance with its terms on a month to month basis with either party having the right to terminate on thirty (30) days prior written notice to the other party.

VI. OBLIGATIONS OF SUBFRANCHISOR

A. Initial Training. SUBFRANCHISOR will provide an initial training program for the operation of the Business using the System and Marks for one of the Principal Owners and one other person. The initial training program is furnished after this Agreement is executed and prior to the opening of the Business and will be furnished at such time and place as SUBFRANCHISOR may designate. FRANCHISEE shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending this program. If FRANCHISEE'S Principal Owner does not satisfactorily complete the training program, SUBFRANCHISOR shall have the right to terminate this Agreement. Satisfactory completion of the training program is, however, no assurance of the success of the Business.

B. Refresher Training. SUBFRANCHISOR may provide additional or refresher training programs from time to time at a place and time as may be designated by SUBFRANCHISOR. FRANCHISEE shall pay all transportation, lodging, meals and other expenses incurred by it and its employees in attending such programs and SUBFRANCHISOR shall have the right to charge a reasonable fee for such refresher training programs.

C. Continuing Advisory Assistance. SUBFRANCHISOR will make available such continuing advisory assistance in the operation of the franchise, rendered in such manner and available from time to time, as SUBFRANCHISOR may deem appropriate. SUBFRANCHISOR reserves the right to charge a reasonable fee for such assistance as well as to be compensated for any travel expenses including but not limited to transportation, lodging, meals and other expenses SUBFRANCHISOR'S employees incur providing such Advisory Assistance.

D. Management Services SUBFRANCHISOR will provide FRANCHISEE with billing and collection services on its behalf. However, SUBFRANCHISOR is not responsible if the Customer fails to pay nor is SUBFRANCHISOR required to commence any further action other than as set forth herein if they do not pay. FRANCHISEE is responsible for any and all collection activities if a Customer is delinquent in payment.

a. Authorization to SUBFRANCHISOR. FRANCHISEE hereby authorizes SUBFRANCHISOR to bill each Customer on a scheduled basis, accept payments from customer accounts, collect accounts receivable, and maintain revenue records. SUBFRANCHISOR will provide Customer imprinted invoices, envelopes and postage. In addition, SUBFRANCHISOR will provide

ongoing phone contact and reminder notices, both mailed and faxed to delinquent Customers on a monthly basis. Once a month SUBFRANCHISOR will provide FRANCHISEE a Monthly Revenue Statement. FRANCHISEE hereby authorizes SUBFRANCHISOR to collect cash and other forms of payment from accounts to which FRANCHISEE has rendered services or products, endorse FRANCHISEE'S name on and deposit checks, sign its name on liens, and take any other action necessary to carry out the terms of this Agreement.

FRANCHISEE further authorizes SUBFRANCHISOR to deduct from payments SUBFRANCHISOR collects from the Customers the fees described in Sections III and IV of this Agreement and any other amounts due to SUBFRANCHISOR, any authorized insurance payments, and any out of pocket costs (including but not limited to attorney's fees and court costs) incurred by SUBFRANCHISOR in enforcing payment of accounts by Customers, FRANCHISEE or FRANCHISEE'S guarantors. SUBFRANCHISOR will collect all payments actually received and disburse the amount due to FRANCHISEE in accordance with the procedures set forth in the Confidential Operations Manual.

b. Collections. FRANCHISEE must pay for all reasonable attorneys' fees, court costs, expenses, and out-of-pocket costs incurred to enforce collection from Customers. If a Customer is delinquent in payment, FRANCHISEE is responsible for any and all collection activities. SUBFRANCHISOR is not obligated to hire attorneys, commence litigation, or do any acts (other than to send scheduled statements) in order to enforce payment of accounts by Customers. The only collection activities SUBFRANCHISOR is required to provide are ongoing phone contact and reminder notices both mailed and faxed to delinquent Customers on a monthly basis for such time as SUBFRANCHISOR deems appropriate.

c. Application of Payments. FRANCHISEE agrees to immediately deliver to SUBFRANCHISOR any and all money collected from its Customers.

d. Taxes. FRANCHISEE is and will continue to be responsible for complying with all local, state and federal tax requirements including but not limited to income tax, sales tax, use tax or any other tax required along with the proper reporting requirements.

E. Offering Period for Initial Customer Accounts. SUBFRANCHISOR shall offer FRANCHISEE initial customer accounts totaling at least Ten Thousand Dollars (\$10,000). The period of time in which SUBFRANCHISOR will offer FRANCHISEE the initial customer accounts is called the "Initial Customer Accounts Offering Period" or "ICA Offering Period" and it begins with the start of operations as described in Section VII.A. The ICA Offering Period will be ninety (90) days for the first \$3,000 in Contract Revenue and an additional 30 day period for each additional \$1,000 in Monthly Contract Revenue.

FRANCHISEE will then follow the procedure set forth in the Confidential Operations Manual for accepting or rejecting said customer accounts. Once SUBFRANCHISOR has offered FRANCHISEE customer accounts in the total amount requested by FRANCHISEE which corresponds to the Initial Franchise Fee paid by FRANCHISEE, regardless of whether the FRANCHISEE accepts these accounts, SUBFRANCHISOR'S obligations to provide initial customer accounts as provided for herein shall be deemed satisfied.

Notwithstanding anything herein to the contrary, if FRANCHISEE is converting its franchise

from an On-Site Manager Program franchise, any customer accounts which FRANCHISEE continues to service from the On-Site Manager Program will be applied to fulfill the Monthly Contract Revenue which FRANCHISEE has chosen.

F. New Customer Accounts. SUBFRANCHISOR may offer new customer accounts or increase the existing customer accounts to FRANCHISEE if FRANCHISEE is in full compliance with the terms of this Agreement. FRANCHISEE acknowledges that SUBFRANCHISOR has no obligation to offer new customer accounts or increase an existing customer account. If SUBFRANCHISOR offers FRANCHISEE a new customer account, FRANCHISEE must follow the procedures set forth in the Confidential Operations Manual for rejecting or accepting the customer account and pay an Account Sales Fee as set forth herein. FRANCHISEE is under no obligation to accept any customer accounts.

FRANCHISEE may request new customer accounts and pay the Account Sales Fee which is described in Section IV.C above. SUBFRANCHISOR will use its best efforts to provide the new customer accounts within ninety (90) days of the submission of the request and payment by FRANCHISEE as provided above and SUBFRANCHISOR will have additional thirty (30) day periods after the initial ninety (90) days to provide the new customer accounts for each additional \$1,000 of new customer accounts ("New Customer Accounts Offering Period" or "NCA Offering Period"). For Example:

Monthly Contract Revenue	NCA Offering Period (begins at the submission of Request for New Customer Accounts)
\$1,000	90 days
\$2,000	120 days
\$3,000	150 days

For all new customer accounts, FRANCHISEE has a thirty (30) day trial period. Within said thirty (30) day period, if FRANCHISEE does not want to accept the new customer account, FRANCHISEE must do the following: (i) give SUBFRANCHISOR notice in writing of its intent to cancel said account no later than the 30th day after FRANCHISEE begins servicing the new customer account; and (ii) continue to service the new customer account until it can be transferred to another franchisee to the satisfaction of SUBFRANCHISOR and new customer. Upon the successful transfer of the new customer account to another franchisee, SUBFRANCHISOR will credit FRANCHISEE'S next Monthly Revenue Statement in the amount of the Account Sales Fee which FRANCHISEE has paid for said new customer account and SUBFRANCHISOR will cancel the Promissory Note for said Account Sales Fee.

Notwithstanding anything herein to the contrary, FRANCHISEE does not have the right to cease servicing a new customer account if any of the following conditions exist: (i) FRANCHISEE is not in full compliance with the terms of this Franchise Agreement; (ii) FRANCHISEE has not properly serviced (in a professional, timely and efficient manner) said new customer account; or (iii) SUBFRANCHISOR has received any reports of missed cleanings, theft, low quality service or a request of a change in franchisee from the new customer.

G. Inspections of Customer Premises. SUBFRANCHISOR may make periodic quality control and customer relations visits to each customer account location of FRANCHISEE.

H. Discontinue Right to Customer Account. SUBFRANCHISOR retains the right to

discontinue allowing FRANCHISEE to service a Customer Account at any time if SUBFRANCHISOR, in its sole discretion, determines that FRANCHISEE is not adequately servicing the customer account. Factors which SUBFRANCHISOR considers include, but are not limited to the following: customer complaints, unresponsiveness to Customer or SUBFRANCHISOR, allegations by Customer of theft or breakage, lateness or failure to complete the job in a professional manner. In such event, SUBFRANCHISOR does not have any obligation to replace said Customer Account with another.

I. Right to Audit. SUBFRANCHISOR may, from time to time, cause one or more complete audits to be made of the affairs and records relating to the operations of the Business. Upon request by SUBFRANCHISOR, FRANCHISEE shall make such books, records and information available to SUBFRANCHISOR or its designated representative at all reasonable times for review and audit by SUBFRANCHISOR at FRANCHISEE'S place of business. If it is found that FRANCHISEE under-reported Gross Sales, FRANCHISEE will reimburse SUBFRANCHISOR for the amount of the Account Sales Fees, Administration Fees, Royalty Fees and Insurance Program Fees, if applicable, that would have been billed had billings been reported accurately, plus interest on those amounts at the rate of the lesser of one and one-half percent (1-1/2%) per month or the maximum legal rate in the jurisdiction where the Business is located. In addition, in the event that an audit by SUBFRANCHISOR results in a determination that any or all of the Account Sales Fee, Administration Fees, Royalty Fees and Insurance Program Fees, if applicable, paid to SUBFRANCHISOR are deficient (underpaid) by more than two percent (2%), the FRANCHISEE shall promptly pay to SUBFRANCHISOR any amounts shown to be due and all costs and expenses incurred by SUBFRANCHISOR in conducting the subsequent audit to determine that the FRANCHISEE is reporting correctly (not the audit which disclosed the original deficiency), including salaries of SUBFRANCHISOR'S representatives, travel costs, room and board and audit fees. Nothing contained herein shall constitute an agreement by SUBFRANCHISOR to accept any payments after the same are due or commitment by SUBFRANCHISOR to extend credit to or otherwise finance the FRANCHISEE'S operation of the Business. The obligations of this provision survive termination or expiration of the Agreement.

J. Replacement of Customer Accounts. So long as FRANCHISEE is in compliance with the Franchise Agreement, SUBFRANCHISOR will replace any initial customer account or new customer account upon the occurrence of any of the following events, if any such event occurs within the first six (6) months from the date FRANCHISEE began servicing the lost Customer:

1. The Customer ceases to do business or is insolvent or bankrupt; or
2. The Customer moves outside of the Territory.

In such event, SUBFRANCHISOR will offer FRANCHISEE a new customer account or increase an existing customer account with Monthly Contract Revenue of at least an equal dollar amount to the lost account's Monthly Contract Revenue. FRANCHISEE will not be entitled to any refund or reduction in Account Sales Fees already paid. In addition, FRANCHISEE will be required to continue to pay on the outstanding Account Sales Fee due in accordance with the Promissory Note.

VII. OBLIGATIONS OF FRANCHISEE

A. Business Opening. FRANCHISEE must begin operations of the Business within forty-five (45) days after the Principal Owner successfully completes the Initial Training Program. The FRANCHISEE is deemed to have begun operations of the Business when:

1. One of the Principal Owners of FRANCHISEE has successfully completed the Initial Training Program;
2. FRANCHISEE has all necessary licenses and permits;
3. FRANCHISEE has provided proof of insurance coverage as required herein;
4. FRANCHISEE has all necessary and required materials and supplies for the proper operation of the Business; and
5. FRANCHISEE is in full compliance with this Agreement.

B. Use of Marks and System. FRANCHISEE agrees not to adopt the name “Buildingstars” as part of its corporate name with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed by SUBFRANCHISOR to FRANCHISEE). FRANCHISEE agrees, during the term of this agreement, to operate, advertise and promote the Business under the name “Buildingstars” without prefix or suffix and to adopt and use the Marks and System licensed hereunder solely in the manner prescribed by SUBFRANCHISOR. FRANCHISEE must file an assumed or fictitious name filing where required by applicable law and always use the words d/b/a after FRANCHISEE'S legal name.

C. Standards of Operation.

1. FRANCHISEE agrees to comply with SUBFRANCHISOR'S written policies, practices, procedures, regulations and standards, whether set forth in the Confidential Operations Manual or in other materials supplied to FRANCHISEE by SUBFRANCHISOR which may be changed or modified from time to time.

2. FRANCHISEE shall use all equipment, products and supplies in the operation of the Business that meet SUBFRANCHISOR'S standards and specifications as set forth in the Confidential Operations Manual.

3. FRANCHISEE shall continuously and prominently display the Marks in connection with the Business, and will not take or fail to take any action, the result of which might detract from the public image of SUBFRANCHISOR, the Business, the System or the Marks. FRANCHISEE shall not display or permit to be displayed at the Business any business name or service not authorized hereunder.

4. FRANCHISEE shall at all times maintain minimum levels of inventory and supplies in the amount and type as may be directed by SUBFRANCHISOR from time to time or as may be specified in the Confidential Operations Manual.

5. All of FRANCHISEE'S business dealings will be governed by the highest professional standards of honesty, integrity, fair dealing and ethical conduct. FRANCHISEE will do nothing that would tend to discredit, dishonor, reflect adversely upon, or in any manner injure the reputation of SUBFRANCHISOR, its other franchisees and its Affiliates. FRANCHISEE shall pay when due all of its own obligations including but not limited to taxes whatsoever incurred with the purchase and operation of the Business.

6. FRANCHISEE shall at all times faithfully, honestly and diligently perform the obligations hereunder, use its best efforts to promote and enhance the Business, and shall not engage in any business or other activity that will conflict with the FRANCHISEE'S obligations hereunder. FRANCHISEE or its Principal Owner agrees to participate personally in the direct operation of the Business on a full time basis.

7. FRANCHISEE agrees to and shall take all steps as are necessary to ensure that its employees treat all Customers fairly and provide services hereunder in an honest, ethical, and nondiscriminatory manner. Further, FRANCHISEE shall not withhold any material information from its Customers or attempt to sell any service to them that FRANCHISEE believes, in its good faith estimation, is not needed.

8. FRANCHISEE shall not advertise in a deceptive, misleading, or unethical manner; shall only make those promises, representations, and guarantees to Customers, and others at the Business authorized by SUBFRANCHISOR; preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as SUBFRANCHISOR may establish from time to time in the Confidential Operations Manual.

9. FRANCHISEE recognizes that it is not permitted to use the System or Marks in connection with the sale of any products or services other than the cleaning business. If a Customer requests that FRANCHISEE render any services or sell any products that are not of the type that is normally rendered in connection with the System, FRANCHISEE must first notify SUBFRANCHISOR and obtain approval from SUBFRANCHISOR. SUBFRANCHISOR will not unreasonably object to FRANCHISEE'S request provided that the services do not interfere with the services that FRANCHISEE renders in connection with the franchise, the services and products are in no way associated with the Marks and System, FRANCHISEE is capable of providing the products and services in a good and workmanlike manner, and the Customer is fully apprised that the services or products are not being rendered in connection with the franchise. SUBFRANCHISOR retains the right to object to any future requests and the failure to object to any request shall not prohibit SUBFRANCHISOR from objecting to any future requests.

10. In the event that FRANCHISEE wishes to advertise its Business, FRANCHISEE must submit all of its own advertising and sale promotion materials (including Internet advertising) to SUBFRANCHISOR for prior consent. If SUBFRANCHISOR does not consent to the advertising within 20 days after receipt of the advertising, said advertising is deemed acceptable. FRANCHISEE shall not advertise or use in advertising or other form of promotion, the Marks without the appropriate copyright, trademark, and service mark registration symbols for those marks which are registered and without SUBFRANCHISOR'S consent.

D. Licensure; Compliance with Laws. At all times FRANCHISEE shall comply with all federal, state, municipal, and local laws, rules, regulations, ordinances, and codes applicable and related to this Agreement, the Business, and all aspects of the conduct of the Business including but not limited to the Americans with Disabilities Act ("ADA") and OSHA in all respects, and nothing contained herein or in the Confidential Operations Manual shall be construed as or implied as imposing any obligation on SUBFRANCHISOR or its Affiliates in relation to the ADA or OSHA. FRANCHISEE shall obtain all licenses and permits required by any applicable federal, state, municipal, and local law, rule, regulation ordinance and code. FRANCHISEE shall make timely filings of all tax returns and shall pay when due all taxes levied or assessed on, and related to this Agreement and the Business. At no time is

SUBFRANCHISOR required to inform FRANCHISEE of any federal, state, municipal, or local law, rule, regulation, ordinance code, or tax.

E. Insurance. FRANCHISEE must purchase and continuously maintain during the term of this Agreement at a minimum, the insurance coverages that SUBFRANCHISOR requires and must furnish to SUBFRANCHISOR evidence of such insurance as SUBFRANCHISOR shall reasonably request, together with information concerning claims and losses under such insurance. All policies of insurance required to be provided and maintained by FRANCHISEE by this Agreement must name SUBFRANCHISOR, International and their designated affiliates and their successors and assigns as additional insureds (without obligation to pay the premium or any deductible amounts, all of which will be paid by FRANCHISEE), and must be carried with such responsible insurance companies and be in such form as is reasonably satisfactory to SUBFRANCHISOR. SUBFRANCHISOR has the right to require FRANCHISEE to increase the types and amounts of insurance coverage as SUBFRANCHISOR may, in its sole discretion, reasonably require. Note that the insurance required by SUBFRANCHISOR is the minimum insurance requirements and FRANCHISEE should consult with its own insurance agent to determine if the kinds and amounts of coverage are adequate to protect FRANCHISEE'S interests. SUBFRANCHISOR makes no representation, express or implied, that the policies and amounts are sufficient for FRANCHISEE'S needs. SUBFRANCHISOR may, in its sole option and from time to time, make insurance coverage available to FRANCHISEE. If FRANCHISEE is eligible and wishes to participate in such insurance coverage, FRANCHISEE will be required to pay an Insurance Program Fee that is described in Section IV.E above.

If FRANCHISEE fails to obtain or maintain adequate insurance, SUBFRANCHISOR may, in its sole discretion, obtain insurance for FRANCHISEE in FRANCHISEE'S name and FRANCHISEE shall reimburse SUBFRANCHISOR for the costs of obtaining said insurance. In addition, SUBFRANCHISOR may charge FRANCHISEE \$100 for the first day and \$25 a day for each additional day FRANCHISEE does not have at least the minimum amount of insurance SUBFRANCHISOR requires. Regardless of the insurance amounts SUBFRANCHISOR requires, it shall be the responsibility of FRANCHISEE to maintain adequate insurance coverage at all times during the term of and after the expiration of this Agreement. Failure of FRANCHISEE to maintain coverage shall not relieve it of any contractual responsibility or obligation or liability under this Agreement.

F. Cooperation for Financial Performance Representations. FRANCHISEE shall maintain its books and records in accordance with generally accepted accounting principles, consistently applied. If SUBFRANCHISOR at any time desires to utilize financial performance representation or similar document in connection with the sale of franchises, FRANCHISEE agrees to provide SUBFRANCHISOR, at no cost, with such reasonable information as SUBFRANCHISOR requires from FRANCHISEE in order to properly prepare such documents, and shall permit SUBFRANCHISOR to utilize such information as it deems necessary.

G. Innovations. All ideas, concepts, techniques or materials concerning the Business, whether or not protectable intellectual property and whether created by FRANCHISEE or its owners or employees, must be promptly disclosed to International and will be deemed to be International's sole and exclusive property, part of the System, and works made-for-hire for International. To the extent any item does not qualify as a "work made-for-hire" for International, FRANCHISEE must assign ownership of that item and all related rights to that item, to International and must take whatever action (including signing assignments or other documents) International requests to show International's ownership or help International obtain intellectual property rights in the item. However, if this provision is found to be

invalid or unenforceable, FRANCHISEE grants to International a worldwide, perpetual, non-exclusive and fully paid license to use and sublicense the use of the ideas, concepts, techniques or materials.

H. Financial Records and Reports. FRANCHISEE agrees to furnish to SUBFRANCHISOR financial reports as shall be requested by SUBFRANCHISOR from time to time pursuant to or in connection with this Agreement or as specified in the Confidential Operations Manual. FRANCHISEE shall establish a business checking account and will continue to maintain a business checking account throughout the term of this Agreement.

VIII. PROPRIETARY MARKS

A. Right to Use Marks. FRANCHISEE acknowledges that "Buildingstars" is a valid service and/or trademark, which is licensed to SUBFRANCHISOR by International. FRANCHISEE recognizes that valuable goodwill is attached to the Marks, and that it will use the same only in the manner and to the extent specifically licensed by this Agreement. Any goodwill arising out of FRANCHISEE'S use of the Marks inures to the benefit Buildingstars, Inc. FRANCHISEE further acknowledges that the right to use said Marks and the grant contained in this Agreement is nonexclusive. Any unauthorized use of the Marks by the FRANCHISEE in any medium whatsoever is a breach of this Agreement and an infringement of the rights of SUBFRANCHISOR, Buildingstars, Inc., and its affiliates. FRANCHISEE agrees that the unauthorized use of the Marks will constitute irreparable harm to Buildingstars, Inc. and its affiliates, and FRANCHISEE expressly waives any requirement that SUBFRANCHISOR, Buildingstars, Inc. and its affiliates post security in order to obtain injunctive relief in connection with such use. All provisions of this Agreement applicable to the Marks apply to any additional trademarks, service marks, and commercial symbols hereafter authorized for use by and licensed to the FRANCHISEE.

B. Contest of Marks. FRANCHISEE will not directly or indirectly contest or aid in contesting the validity or ownership of the Marks, trade secrets, methods, procedures and advertising techniques which are part of the System, or contest SUBFRANCHISOR's, International's and its affiliates' right to register, use or license others to use such names and Marks, trade secrets, methods, procedures and techniques. FRANCHISEE will not at any time (whether during the term of this Agreement or after expiration or termination thereof) directly or indirectly commit an act of infringement. FRANCHISEE agrees to promptly notify SUBFRANCHISOR of any claim, demand, or suit based upon or arising from any attempt by anyone else to use the Marks, or any colorable variation thereof. SUBFRANCHISOR, International and their affiliates shall have the sole discretion to determine if they will defend the use of the Marks, and they are not obligated to defend the Marks. SUBFRANCHISOR, International and its affiliates have the right to control any administrative proceeding or litigation involving the Marks. FRANCHISEE shall execute any and all instruments and documents, render assistance, and do such acts as may, in the opinion of SUBFRANCHISOR'S International's or its affiliates' counsel, be necessary or advisable to protect the interests of SUBFRANCHISOR, International or its affiliates in any such litigation, or proceedings, or in the Marks.

C. Change of Marks. SUBFRANCHISOR shall have the right to change the Marks to be used by FRANCHISEE at any time and for any reason it deems appropriate. FRANCHISEE shall pay the costs associated with such change and shall make such necessary changes promptly.

IX. TRADE SECRETS AND CONFIDENTIAL INFORMATION

FRANCHISEE shall not, during the term of this Agreement, or after the transfer, termination or

expiration, communicate or divulge to anyone, any information or knowledge concerning the products, services, standards, procedures, techniques, sales information, profit margins, marketing procedures, expansion plans, Customers, rates, fees and terms, databases, or such other information that gives SUBFRANCHISOR, International and its affiliates and FRANCHISEE a competitive advantage over those who do not know it, and other information or material which SUBFRANCHISOR may designate as confidential, nor shall FRANCHISEE disclose or divulge in whole or in part any trade secrets or operating procedures of SUBFRANCHISOR, International, and its affiliates, customer lists, customer contracts, sales and promotional information, employee lists, supplier and vendor information, information regarding real property management companies or commercial real estate owners affiliated with or related to any Customer, customer account, or any commercial real estate for which SUBFRANCHISOR its affiliates, FRANCHISEE or any other franchisee has provided commercial cleaning services; pricing information; financial information furnished or disclosed to FRANCHISEE by SUBFRANCHISOR, International or its affiliates and any other such information, unless such information is generally known and in the public domain, and except to the extent necessary to operate the Business ("Confidential Information"). FRANCHISEE will exercise the highest degree of diligence and make every effort to maintain the absolute confidentiality of all trade secrets and proprietary rights during and after the term of this Agreement.

X. NON- COMPETITION AND NON-SOLICITATION

A. Non-Competition. During the term of this Agreement and for a period of two (2) years after the expiration, Transfer or termination of this Agreement for any reason, FRANCHISEE will not directly or indirectly, by itself or through corporations, partnerships, trusts, associations, joint ventures, limited liability companies, or other entities or otherwise perform any services for, engage in or acquire, be an employee of, have any financial interest in, loan money to, or have any interest based on profits or revenues of, any cleaning service business or janitorial business within the Area or within any 10 mile area where SUBFRANCHISOR or any Affiliate, franchisee or licensee of SUBFRANCHISOR is operating.

B. Non-Solicitation. FRANCHISEE agrees that during the term of this Agreement and for one (1) year after the transfer, expiration or termination for any reason of this Agreement or the entry of a final order of a court of competent jurisdiction enforcing this covenant, whichever is later, FRANCHISEE and any of its associates and relatives, shall not, directly or indirectly, for FRANCHISEE or for any other person or entity (except SUBFRANCHISOR or International), whether as an individual or as an owner, employee, agent, officer, director, partner, member, lender, consultant, shareholder, member, manager, advisor, investor, trustee, or in any other capacity or position:

1. Contact, solicit, attempt to contact or solicit, or participate or aid with the contact or solicitation of or provide or attempt to provide (or advise others of the opportunity to provide directly or indirectly any cleaning or janitorial services to any Customer for any reason other than providing services pursuant to this Agreement, including but not limited to notifying any Customer of FRANCHISEE'S new affiliation or employment;

2. Contact or solicit, attempt to contact or solicit, or participate or aid in the contact or solicitation of, any Service Provider for the purpose of inducing or encouraging him, her or it to terminate or materially alter their employment, engagement, franchise relationship or other business relationship with SUBFRANCHISOR, any affiliate, International or its affiliates or other franchisee.

3. Do or take any action to circumvent or otherwise attempt to take away or interfere with or jeopardize the business relationship between the Customer and SUBFRANCHISOR. FRANCHISEE acknowledges and agrees any interference with the Customer's business or the relationship between SUBFRANCHISOR and Customers is in direct violation of this provision.

SUBFRANCHISOR intends to restrict the activities of the FRANCHISEE under Sections IX and X of this Agreement only to the extent necessary for the protection of SUBFRANCHISOR's legitimate business interests. For the sake of clarity, nothing herein is to restrict FRANCHISEE from providing janitorial/cleaning services to any entity or person that is not a Customer; provided however, that the foregoing shall not alter FRANCHISEE's obligations, including but not limited to Section IX above, under this Agreement. The foregoing covenants shall be construed as severable and independent and shall be interpreted and applied consistent with the requirements of reasonableness and equity. In the event a court of competent jurisdiction shall determine the business, time, or geographic limitations contained in this Agreement are illegal, invalid or unenforceable, then, the court so holding shall reduce the limitation necessary to render such restriction enforceable by such court. SUBFRANCHISOR shall have the right to reduce the scope of any covenant contained in Sections IX and X, without FRANCHISEE'S consent, effective immediately upon receipt by FRANCHISEE of written notice thereof; and FRANCHISEE shall comply with any covenant as so modified. In addition to any other remedies available at law or equity, SUBFRANCHISOR shall have the right to injunctive relief for a violation or threatened violation of the foregoing. FRANCHISEE acknowledges that the restrictions imposed in this Section are reasonable and their enforcement will not cause an undue burden upon FRANCHISEE'S ability to earn a livelihood.

The terms of this Section X are assignable by SUBFRANCHISOR and shall inure to the benefit of SUBFRANCHISOR, as well as its successors and assigns. In the event of any assignment, sale, merger or change in ownership or structure of SUBFRANCHISOR, the resulting entity shall step into the place of SUBFRANCHISOR, without any additional consent of or notice to FRANCHISEE, as if the term SUBFRANCHISOR were defined in this Agreement to include such entity.

XI. DEFAULT AND TERMINATION

A. Termination by SUBFRANCHISOR.

1. 30 Day Opportunity to Cure SUBFRANCHISOR may at its option, and without prejudice to any other rights or remedies provided for in this Agreement or at law or in equity, terminate this Agreement for "good cause". (Provided that state law permits SUBFRANCHISOR to terminate earlier if the "good cause" constitutes a default which is not curable). Without limitation as to other situations, good cause for termination also exists if FRANCHISEE or any guarantor of this Agreement:

- (1) Does not perform any and all of the lawful terms, conditions, and obligations of this Agreement, or the Confidential Operations Manual; or
- (2) Commits any other act which constitutes good cause under applicable state law or court decisions; or
- (3) Engages in any illegal, fraudulent, unfair or deceptive business practice, which, in the opinion of SUBFRANCHISOR, adversely affects the operation, maintenance, or goodwill of the franchise; or

(4) Fails to operate the Business for a period of three (3) consecutive days without justifiable cause; or

(5) Diverts or collects any fees from Customers in violation of Section VI.D, above which provide that Customer billings and collections are to be done by SUBFRANCHISOR; or

(6) Fails to properly service Customers in accordance with SUBFRANCHISOR'S standards and within the spirit and intent of this Agreement. (By way of illustration and not limitation, a failure to properly service Customers will occur if at least three Customer complaints are made regarding the services rendered by the Business within any consecutive ninety day period because of dissatisfaction with services provided by the Business.)

Subject to applicable law and except as otherwise provided in this Agreement, SUBFRANCHISOR will give the FRANCHISEE at least thirty (30) days prior written notice of termination, [unless a longer period of time is required or shorter period of time is permitted by applicable state law]. The notice shall state the reason(s) for termination and shall provide that the FRANCHISEE has thirty (30) days from the date of said notice to correct any claimed deficiency. If the deficiency is corrected within thirty (30) days, the notice shall be void. If the deficiency is not corrected within said thirty (30) day period, SUBFRANCHISOR may terminate this Agreement immediately upon written notice to FRANCHISEE.

2. 10 Day Opportunity to Cure SUBFRANCHISOR may also terminate this Agreement for nonpayment of sums due to SUBFRANCHISOR or SUBFRANCHISOR'S Affiliates or suppliers; or failure of FRANCHISEE to open the Business in accordance with the time periods specified in this Agreement. If termination is based on the foregoing, the FRANCHISEE shall be entitled to written notice of default, but SUBFRANCHISOR shall [if permitted by applicable law] only be required to grant FRANCHISEE ten (10) days to remedy such default. If not cured within the applicable period, SUBFRANCHISOR shall have the right to terminate this Franchise Agreement to be effective no less than thirty (30) days after the original notice.

3. Without Opportunity to Cure. Notwithstanding anything contained herein to the contrary, if state law permits, SUBFRANCHISOR may terminate this Agreement immediately upon notice when the basis or grounds for cancellation is: (a) FRANCHISEE or its owners are convicted of a felony or any other criminal misconduct which materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (b) fraudulent activity which materially and adversely affects the operation, maintenance, reputation, or goodwill of the franchise; (c) abandonment of the franchise; (d) bankruptcy or insolvency of the FRANCHISEE; (e) the giving of more than two (2) no account or insufficient funds checks within a twelve-month period; or (f) any other act or omission which permits termination without notice and/or an opportunity to cure under applicable state law.

B. Termination by FRANCHISEE. FRANCHISEE must notify SUBFRANCHISOR in writing of any failure of SUBFRANCHISOR to perform any of SUBFRANCHISOR'S obligations pursuant to this Agreement. FRANCHISEE may terminate this Agreement if SUBFRANCHISOR shall materially default in performance of any terms and conditions in this Agreement, after giving SUBFRANCHISOR written notice within thirty (30) days thereof, and if the default has not been corrected within sixty (60) days thereafter.

C. Consequences of Termination. Upon termination or expiration of this Agreement, for any reason whatsoever, all of FRANCHISEE'S rights hereunder shall terminate. FRANCHISEE shall immediately thereafter discontinue use of all Marks, signs, colors, structures, printed goods and forms of advertising indicative of SUBFRANCHISOR'S business and return any copyrighted materials which have been provided to FRANCHISEE by SUBFRANCHISOR, and if SUBFRANCHISOR requests, shall assign its telephone numbers to SUBFRANCHISOR and execute any and all documents necessary to do so. Further, FRANCHISEE shall pay all amounts due to SUBFRANCHISOR, SUBFRANCHISOR'S Affiliates, and suppliers. Further, FRANCHISEE agrees to return any and all materials which contain Confidential Information in whatever form, including but not limited to the Confidential Operation Manual, to SUBFRANCHISOR immediately. FRANCHISEE'S obligations regarding Trade Secrets and Confidential Information and Non-Solicitation and Non-Competition shall remain in full force and effect in accordance with their terms, notwithstanding such termination.

FRANCHISEE will immediately cease providing services to all Customers and forfeit all rights it has to the customer accounts. Upon request of SUBFRANCHISOR, FRANCHISEE will assign to SUBFRANCHISOR any or all of FRANCHISEE'S customer contracts and SUBFRANCHISOR will have the right to either service the accounts or assign the servicing of the accounts to others. At no such time will FRANCHISEE terminate a written contract until proper notice has been given to SUBFRANCHISOR prior to termination.

XII. CONFIDENTIAL OPERATIONS MANUAL

SUBFRANCHISOR shall loan FRANCHISEE for the duration of this Agreement and any renewal one (1) copy of the Confidential Operations Manual in any form, which will contain the standards, policies, procedures and rules and regulations established by International or its affiliates along with the requirements established by SUBFRANCHISOR (the "Manual"), which may cover such items as general business methods, merchandising, financial reporting requirements, confidentiality agreements, plans and specification requirements, approved suppliers, etc. SUBFRANCHISOR and International have the right to modify the Manual from time to time upon notice to FRANCHISEE. The Manual will constitute a confidential trade secret of SUBFRANCHISOR, International and their affiliates and shall remain the property of SUBFRANCHISOR, International and its affiliates. The Manual cannot be photocopied, reproduced, or disseminated without SUBFRANCHISOR'S written consent. FRANCHISEE shall at all times insure that its copy of the Manual is kept current and up-to-date; and, in the event of any dispute as to the contents of the Manual, the terms of the SUBFRANCHISOR copy of the Manual maintained by SUBFRANCHISOR shall be controlling. Upon termination or expiration of this Agreement, FRANCHISEE shall return the copy of the Manual to SUBFRANCHISOR. FRANCHISEE agrees that it shall strictly comply with all of the mandatory requirements in the Manual and such compliance is an essential part of its obligations under this Agreement. FRANCHISEE shall at all times be responsible for complying with the mandatory portions of the Manual in all respects.

FRANCHISEE understands and agrees that due to changes in competitive circumstances, presently unforeseen changes in the needs of Customers, and/or presently unforeseen technological innovations, the System may need to undergo changes in order that it best serve the interests of the FRANCHISEE, SUBFRANCHISOR and System. Subject to the other provisions of this Agreement, FRANCHISEE expressly agrees to abide by any such modifications, changes, additions, deletions and alterations including but not limited to the purchase of new and additional equipment and acknowledge

that such modifications, changes, additions, deletions and alterations may require further expenditures by FRANCHISEE.

XIII. TRANSFERABILITY OF INTEREST

A. By SUBFRANCHISOR. SUBFRANCHISOR is free to assign any or all of its rights and obligations under this Agreement, and upon such assignment SUBFRANCHISOR shall be relieved of any of the obligations under this Agreement so assigned, and all rights and obligations shall accrue to the successor or assignee.

B. By FRANCHISEE. SUBFRANCHISOR has the right to reasonably disapprove any person or entity would have actual, legal or effective control over the Business and shall have the right to approve any Transfer. Consent to a Transfer shall not be deemed a waiver of SUBFRANCHISOR'S right to consent to any subsequent Transfers. SUBFRANCHISOR will approve a sale, Transfer or change in ownership under the following conditions:

1. Governmental Compliance. The Transfer is conducted in compliance with applicable laws and regulations and the transferee has all permits and licenses necessary to operate the Business;

2. Prior Compliance. The FRANCHISEE has performed its obligations and duties under this Agreement and FRANCHISEE is not in default under this Agreement, or any other agreement with SUBFRANCHISOR;

3. Payments. The transferor has satisfied all of its monetary obligations to SUBFRANCHISOR, SUBFRANCHISOR'S affiliates and suppliers under this Agreement and all other agreements it has with SUBFRANCHISOR;

4. Release. The FRANCHISEE, including all officers, directors and shareholders (as well as all guarantors under this Agreement) must execute a general release, in the form which we approve, of any and all claims against SUBFRANCHISOR, SUBFRANCHISOR'S Affiliates, and their respective officers, directors, employees and agents;

5. Requirements of Transferee. The transferee meets the established standards for new franchisees, is of good moral character, has a good credit rating, sufficient financial resources to operate the business and competent qualifications. The transferee must execute a new Franchise Agreement with the standard terms and conditions then being offered in the FRANCHISEE'S state by SUBFRANCHISOR and the owners must execute a personal guarantee. Notwithstanding anything herein to the contrary, under no circumstances will SUBFRANCHISOR will be obligated to replace any customer accounts that have been transferred pursuant to the Transfer of Interest.

6. Transfer Fee. The transferee pays a transfer fee of the lesser of: (i) \$4,000; or (ii) 10% of the total sales price of the Interest being transferred including any down payments or amounts financed in lieu of the Franchise Fee, but in no event will the transfer fee be less than \$1,500;

7. Assumption of Liabilities. The transferee agrees to assume all liabilities and obligations from the prior operation of the Business, including the lease, and complies with other reasonable requirements SUBFRANCHISOR may impose;

8. Completion of Training and Experience of Transferee. The transferee and/or transferee's management team, including a designated manager, successfully complete the initial training program. In addition, SUBFRANCHISOR can withhold consent if the transferee does not have adequate previous management experience, in SUBFRANCHISOR'S sole judgment, in order to fulfill the obligations of the FRANCHISEE;

9. Continuing Liability. If SUBFRANCHISOR approves an assignment, SUBFRANCHISOR shall have the discretion to require FRANCHISEE and the guarantors to remain liable for the full and faithful performance of the obligations of the assignee; and

10. Economically Reasonable Terms. Although SUBFRANCHISOR will not be required to determine the value of business upon a Transfer, if in SUBFRANCHISOR'S reasonable judgment, the purchase price or terms of the sale are not economically feasible to the proposed assignee, SUBFRANCHISOR can withhold its consent to such an assignment or Transfer. Further, SUBFRANCHISOR may, in good faith, notify FRANCHISEE, stating the reasons that SUBFRANCHISOR has elected to withhold approval of the proposed Transfer. Notwithstanding the foregoing, SUBFRANCHISOR'S approval of the Transfer shall not be deemed to imply or warrant that the purchase price or terms of sale are economically feasible, and SUBFRANCHISOR hereby disclaims any responsibility for making any such determination.

C. Death or Incapacity of FRANCHISEE. FRANCHISEE, by will or other written instrument, may appoint a designated heir to continue operation of the Franchise Business, upon FRANCHISEE'S death. Said designated heir must meet the qualifications of paragraph XIII.B. No fee will be charged on a Transfer pursuant to this paragraph. The Transfer of the FRANCHISEE'S Interest in this Agreement and in the Franchise Business to the FRANCHISEE'S heirs, personal representatives or conservators, as applicable, in the event of death or legal incapacity of the FRANCHISEE, shall not give rise to the SUBFRANCHISOR'S right of first refusal as set forth in paragraph XIII.D below, provided that the heirs, personal representatives or conservators, as applicable, meet SUBFRANCHISOR'S standards for new franchisees; execute the then-current form of Franchise Agreement; and, that a manager has, or within thirty days, shall have satisfactorily completed SUBFRANCHISOR'S Initial Training Program.

D. Right of First Refusal. Notwithstanding the foregoing, if FRANCHISEE receives a bona fide, executed, written offer to acquire an Interest from a responsible, fully disclosed purchaser, FRANCHISEE must submit a copy of the offer to SUBFRANCHISOR. FRANCHISEE must also provide SUBFRANCHISOR with any other information it requests to evaluate the offer. SUBFRANCHISOR has the right, exercisable by delivering written notice to the FRANCHISEE within thirty (30) days from the date of last delivery to SUBFRANCHISOR of the offer and any other documents requested by SUBFRANCHISOR, to acquire the Interest for the price and on the terms and conditions contained in the offer. Regardless of the terms of the offer, however, SUBFRANCHISOR may, in its discretion: substitute cash for any form of payment proposed in the offer; require the FRANCHISEE to include customary warranties and representations in the purchase agreement; and structure the transaction as an "asset purchase," rather than a "stock purchase." SUBFRANCHISOR will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed sale and shall not be obligated to comply with any part of the offer which directly or indirectly requires payment of any consideration other than a bona fide purchase price for the interest proposed to be transferred.

If SUBFRANCHISOR declines to exercise its rights of first refusal, FRANCHISEE will have ninety (90) days after SUBFRANCHISOR declines or the right expires, whichever first occurs, to sell the interest to said bona fide purchaser upon terms no more favorable than those offered to SUBFRANCHISOR, subject to compliance with paragraph XIII.B. After said ninety (90) days, or if the prospective purchaser does not acquire the franchise, FRANCHISEE must again comply with this paragraph and give SUBFRANCHISOR the first right to acquire the Interest prior to sale. The election by SUBFRANCHISOR not to exercise its right of first refusal as to any offer shall not affect its right of first refusal as to any subsequent offer.

XIV. INDEPENDENT CONTRACTOR/INDEMNIFICATION

SUBFRANCHISOR and FRANCHISEE are independent contractors, and no partnership, fiduciary, joint venture, or employment relationship exists between them, in any respect. FRANCHISEE shall conspicuously identify itself at the premises of the Business and in all dealings with the public as the owner of the business. SUBFRANCHISOR shall not be involved in the day-to-day management or control of the Business. Neither SUBFRANCHISOR nor FRANCHISEE shall make any agreements or representations in the name of or on behalf of the other that their relationship is other than franchisor and franchisee. Under no circumstances shall SUBFRANCHISOR be liable for any act, omission, debt, or other obligation of FRANCHISEE.

To the fullest extent permitted by law, FRANCHISEE, for itself and its owners, employees, agents, officers, directors, members, managers, parents, subsidiaries, affiliates, successors and assigns ("Indemnitors"), agree, at their sole cost and expense, to indemnify, defend and hold harmless, and to reimburse on demand SUBFRANCHISOR, International and all entities related to SUBFRANCHISOR and International and their respective shareholders, directors, officers, members, managers, employees agents, partners, attorneys, licensees, affiliates successors and assigns ("Indemnified Parties") for and against any and all damages, losses, liabilities, bodily injury, property damage, obligations, penalties, fines, claims, litigation, demands, defenses, judgments, suit proceedings, administrative orders, consent agreements, costs, disbursements or expenses of any kind or any nature whatsoever, including without limitation, reasonable attorneys' and expert fees and disbursements arising out of or related to or in any way arising out of the acts or omissions of any Indemnitor, including without limitation (i) any act or omission, negligent or otherwise, of the Indemnitors or anyone directly or indirectly employed by them or anyone for whom they may be liable relative to the Business; (ii) any breach by the Indemnitors of any term or provision of this Agreement; and (iii) the cost, including, but not limited to reasonable attorney's fees, of enforcing this indemnification provision. The obligations of Indemnitors are joint and several.

This indemnification shall not be construed to indemnify an Indemnified Party to the extent such indemnification is prohibited by law, including, an indemnification of any Indemnified Party from its own negligence, if prohibited by law. To the extent indemnification of any party hereunder would be prohibited by law, this provision shall not apply to such party with respect to such otherwise indemnifiable act, but shall continue to be effective as to all other parties with respect to whom indemnification is not prohibited by applicable law.

XV. DISPUTE RESOLUTION

A. Mediation. Before any party may bring an action in court for any controversy, dispute or claim between SUBFRANCHISOR and FRANCHISEE arising from this Agreement or the franchise

relationship set forth in this Agreement, the parties must first have a conference with each other to try to resolve the dispute. If this fails to bring about a resolution, the dispute will first be submitted to non-binding mediation (the "Mediation") in _____, unless the parties mutually agree to another location. The Mediation shall be conducted in accordance with then-current AAA mediation rules (the "AAA Mediation Rules") except to the extent the AAA Mediation Rules differ from the terms of this Agreement, in which event the terms of this Agreement shall be applied. Notwithstanding the foregoing, the mediation does not have to be conducted under the AAA. SUBFRANCHISOR and FRANCHISEE will select the mediator. If the parties cannot agree on the selection of a mediator, the mediation shall be conducted through the AAA who will make the selection of mediator using their rules and guidelines. The cost of the Mediation, including the mediator's fee and expenses, shall be paid by the FRANCHISEE. All negotiations and mediation proceedings (including without limitation, discovery conducted therein, as well as all statements and settlement offers made by either party or the mediator in connection with the Mediation) shall be strictly confidential, shall be considered as compromise and settlement negotiations for purposes of the Federal Rules of Evidence and state rules of evidence, and shall not be admissible or otherwise used in connection with any court or arbitration proceeding for any purpose. The mediator may not be called as a witness in any court or arbitration proceeding for any purpose. If the parties, after a good faith effort to settle the dispute using Mediation, are unable to reach settlement, SUBFRANCHISOR and FRANCHISEE agree that the dispute will be resolved according to the Sections below. Failure to submit the dispute to Mediation prior to commencing any litigation or arbitration proceeding shall be grounds for dismissal of the litigation or arbitration proceedings.

Notwithstanding the foregoing, the obligation of this Section to mediate will not be binding with respect to claims brought by SUBFRANCHISOR and relating to SUBFRANCHISOR's trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by SUBFRANCHISOR for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties.

B. Litigation. Except as otherwise provided in this Agreement, all controversies, disputes or claims between SUBFRANCHISOR and FRANCHISEE arising from this Agreement or the franchise relationship set forth in this Agreement shall be filed in the Federal District Court in _____ when the grounds set forth in 28 U.S.C. § 1332 are present. Both parties and each guarantor of this Agreement irrevocably submit to the jurisdiction of this court and waive any objection to the application of _____ law or to the jurisdiction or venue in this court. In the event that the above-referenced federal court does not have jurisdiction over the dispute, the parties shall submit to binding arbitration as provided below.

Notwithstanding the foregoing, any claims SUBFRANCHISOR has relating to its trademarks, service marks, patents, or copyrights, including the Marks; claims relating to any lease or sublease of any real property between the parties or their affiliated entities; or requests by SUBFRANCHISOR for temporary restraining orders, preliminary injunctions, permanent injunctions or other proceedings in a court of competent jurisdiction to obtain interim or permanent relief when deemed necessary by such court to preserve the status quo or prevent irreparable injury pending resolution of the actual dispute between the parties shall be brought in either federal or state courts in _____. Both parties agree to submit to the jurisdiction of the state and federal court in _____.

C. Arbitration. In the event that the federal court described above does not have subject matter jurisdiction over the dispute, the parties, subject to all other provisions above, will submit the dispute to binding arbitration conducted in _____ (unless the parties mutually agree otherwise). The arbitration proceeding will be conducted in accordance with the then current commercial arbitration rules of the American Arbitration Association (“AAA Rules”), except to the extent the AAA Rules differ from the terms of this Agreement, in which event the terms of this Agreement will apply. Notwithstanding the foregoing, the arbitration does not have to be conducted under the AAA. The arbitrator must be mutually selected by the parties and must have at least 5 years of substantial experience in franchise law. Each party will be limited to 25 document requests, 15 interrogatories and 1 deposition unless otherwise agreed to between the parties. For purposes of this Section, if any dispute that names, involves or includes SUBFRANCHISOR, its respective affiliates, officers, directors, agents, brokers or employees, such persons or entities shall also be included in and made party to the arbitration proceeding to the extent such parties consent to proceeding forward in arbitration.

The arbitrator will have the right to award or include in his award any relief which he deems proper in the circumstances, including money damages (with interest on unpaid amounts from date due), specific performance, and attorneys' fees and costs; however, the arbitrator will not be allowed to award or include in his award any punitive, exemplary, or consequential damages, to which the parties waive any right. The arbitrator, and not any federal, state, or local court or agency, shall have exclusive authority to resolve any dispute relating to the interpretation, applicability, or enforceability of this Section, including but not limited to, any claim that all or any part of this Section is void or voidable. The award and decision of the arbitrator will be conclusive and binding upon all parties, and judgment upon the award may be entered in any court of competent jurisdiction; however, the arbitrator may not under any circumstances: (1) stay the effectiveness of any pending termination of this Agreement; or (2) make any award which extends, modifies or suspends any lawful term of this Agreement. Each party waives any right to contest the validity or enforceability of the award of an arbitrator under this Section except to the extent permitted by applicable law. The arbitrator must submit a reasoned award and this award must be consistent with the terms of this Agreement. If the arbitrator's award is not reasoned or not consistent with the terms of this Agreement, then notwithstanding the foregoing, SUBFRANCHISOR may appeal the arbitration award in Federal or State Court. An arbitration award or decision entered in any other case (whether or not SUBFRANCHISOR was a party) will not be binding on SUBFRANCHISOR in any other dispute, will have no precedential value and cannot be used as evidence in any other proceeding.

The arbitrator will apply the provisions of any applicable statute of limitations. In connection with any arbitration proceeding, SUBFRANCHISOR and FRANCHISEE will submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates. Any of these compulsory claims which are not submitted or filed in the same proceeding in which they relate will be barred. This provision will continue in full force and effect subsequent to and notwithstanding the Transfer, or the termination or expiration of the term of this Agreement. Except as provided in subsection A. above, the arbitration will be conducted on an individual, not a class-wide basis. None of the parties to the arbitration will be entitled to consolidation of the arbitration proceedings with the proceedings of any third party, nor will the arbitrator or any court be empowered to order a consolidation of proceedings with any third party.

D. Dispute Resolution Fee. In the event that the FRANCHISEE or its guarantors have not complied with the provisions in this Section on Dispute Resolutions, FRANCHISEE shall reimburse

SUBFRANCHISOR for all of its expenses incurred in curing the FRANCHISEE's breach (including, without limitation, SUBFRANCHISOR's attorneys' fees and costs related to dismissing and responding to any improperly filed claim) and pay the SUBFRANCHISOR a Dispute Resolution Fee of \$50,000 ("Dispute Resolution Fee"). FRANCHISEE acknowledges and agrees that the SUBFRANCHISOR will be damaged by such breach. FRANCHISEE agrees that a precise calculation of the full extent of the damages that SUBFRANCHISOR will incur from the breach of the Dispute Resolution provisions of this Agreement are difficult to determine and all parties desire certainty in this matter and agree that the Dispute Resolution Fee provided herein is reasonable and constitute liquidated damages and not a penalty. SUBFRANCHISOR has the right to collect these amounts in addition to exercising any and all other rights SUBFRANCHISOR may have for non-compliance under this Agreement.

XVI. MISCELLANEOUS PROVISIONS

A. Waiver. No waiver by SUBFRANCHISOR of any default of the FRANCHISEE shall constitute a waiver of any other default and shall not preclude SUBFRANCHISOR from thereafter requiring strict compliance with this Agreement.

B. Severability. Should any provision of this Agreement be construed or declared invalid, such decision shall not affect the validity of any remaining portion which shall remain in full force and effect as if this Agreement had been executed with such invalid portion eliminated. If any restriction contained in this Agreement is deemed too broad to be capable of enforcement, a court of competent jurisdiction is hereby authorized to modify or limit such restriction to the extent necessary to permit its enforcement. All covenants contained in this Agreement, including but not limited to those relating to non-solicitation and non-competition shall be interpreted and applied consistent with the requirements of reasonableness and equity.

C. Injunctive Relief. In the event of any breach or threatened breach of this Agreement by any party, the other party shall immediately be entitled to injunctive relief, in addition to any other remedies available to it, (including a temporary restraining order, preliminary injunction and specific performance) without showing or proving any actual damage sustained and shall not thereby be deemed to have elected its only remedy to the exclusion of others. If SUBFRANCHISOR seeks injunctive relief, it shall not be required to post a bond.

D. Entire Agreement. This Agreement and all other written agreements related to this Agreement and expressly referenced in this Agreement, represent the entire understanding and agreement between the parties with respect to the subject matter of this Agreement, and supersedes all other negotiations, understandings and representations (if any) made by and between the parties. No representations, inducements, promises or agreements, oral or otherwise, if any, not embodied in this Agreement shall be of any force and effect; provided, however, that nothing in this or any related agreement is intended to disclaim SUBFRANCHISOR'S representations made in the franchise disclosure document that was furnished to FRANCHISEE in connection with the offering to operate the Business. No amendment to this Agreement is binding unless executed in writing by both parties.

E. Representative Capacity. In all of their dealings with FRANCHISEE, the officers, directors, employees and agents of SUBFRANCHISOR act only in their representative capacity for SUBFRANCHISOR, and not in any individual capacity.

F. Notice. Whenever notice is required under the terms of this Agreement, it shall be given

in writing and sent by registered or certified mail, or by personal delivery to FRANCHISEE'S address and to SUBFRANCHISOR'S office set forth below the signature lines in this Agreement, or at such other address as designated in accordance with this Section. Receipt shall be deemed to have been made one (1) day after mailing or upon personal delivery, whichever first occurs.

G. Gender/Heading. All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine, or neuter, as the context or sense of the Agreement or any section, paragraph, or clause herein may require, as if such words had been fully and properly written in the appropriate number and gender. Headings and paragraph titles are for convenience of reference only and shall not define, limit, or extend the scope or intent of this Agreement or any provision thereof.

H. Governing Law and Jurisdiction. FRANCHISEE acknowledges that this Agreement was accepted in the State of _____. Except to the extent that this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946 (Lanham Act, 115 U.S.C. 1051), this Agreement will be governed, to the extent permissible, by the laws of the State of _____ (without reference to its conflict of laws principles). SUBFRANCHISOR may institute any action arising out of or relating to this Agreement in any state or federal court of general jurisdiction in the State of _____, and FRANCHISEE and guarantors irrevocably submit to their jurisdiction and waive any objection to the application of _____ law or to the jurisdiction or venue in those _____ courts. If any valid applicable law or regulation [in effect at the time this Agreement is executed] of a governmental authority having jurisdiction over this Agreement limits SUBFRANCHISOR'S rights of rescission or termination or require longer notice periods than set forth herein, this Agreement shall be deemed amended to conform to the minimum notice periods or restrictions upon rescission or termination required by such laws or regulations. The provisions of this Agreement which conflict with the applicable law shall (only to the extent not in accordance with applicable law) be ineffective, and in their stead, SUBFRANCHISOR shall comply with applicable law respecting each of said matters. SUBFRANCHISOR shall not, however, be precluded from contesting the validity, enforceability, or applicability of such laws or regulations in any action relating to this Agreement or to its rescission or termination. If a state regulator requires an amendment to this Agreement, the amendment is attached hereto as a State Law Addendum as Exhibit IV.

I. Effect. This Agreement shall be binding upon and inure to the benefit of the parties, their legal representatives, heirs, administrators, executors, their permitted successors and permitted assigns.

J. Remedies. In addition to any other remedies to which it may be entitled, SUBFRANCHISOR shall be entitled without bond to entry of injunctive relief and orders of specific performance enforcing the provisions of this Agreement, in the event FRANCHISEE actually or anticipatorily breaches this Agreement. If SUBFRANCHISOR incurs any attorney's fees or other expenses in seeking enforcement of this Agreement, FRANCHISEE shall be required to reimburse SUBFRANCHISOR for its reasonable costs and expenses (including, but not limited to attorney's fees) thereby incurred. No right or remedy conferred upon SUBFRANCHISOR is intended to be exclusive, and every such right or remedy shall be cumulative and in addition to any other rights or remedies available under this Agreement, or otherwise. For purposes of this Agreement, a termination shall include a termination for any reason, expiration, cancellation, failure to renew, assignment or Transfer.

K. No Warranty. FRANCHISEE acknowledges that, except as otherwise specifically stated herein, SUBFRANCHISOR has the absolute right to exercise its own judgment on various matters about

this Agreement and the Manual, and has the absolute right to approve, disapprove, give its consent and refuse to consent to FRANCHISEE'S requests in its sole and absolute discretion. FRANCHISEE agrees that SUBFRANCHISOR'S action, refusal to act, approval, disapproval, consent, or refusal of consent is not, and shall not be deemed, a representation, warranty, certification or guarantee by SUBFRANCHISOR about that which is acted upon or refused consent, or about any appropriateness, legality, profitability, or success related thereto. No SUBFRANCHISOR action, refusal to act, approval, disapproval, consent or refusal to consent is, or shall be deemed, a guarantee, warranty, or representation that the Business complies with, or meets any local, municipal, state, federal, or other laws or regulations relating to the offer of services or otherwise. If it is found that SUBFRANCHISOR wrongfully withheld any consent pursuant to this Agreement, FRANCHISEE'S sole remedy for such failure shall be to require SUBFRANCHISOR to grant such consent.

L. Receipt of Franchise Disclosure Document. FRANCHISEE acknowledges receipt of SUBFRANCHISOR'S franchise disclosure document along with this Agreement, at least fourteen (14) days before execution hereof or any payment to SUBFRANCHISOR. If any unilateral modifications have been made by SUBFRANCHISOR to this Agreement, FRANCHISEE acknowledges that it had at least seven (7) days to review them.

M. Joint and Several Liability. If two or more persons are the FRANCHISEE under this Agreement, their obligations and liabilities to SUBFRANCHISOR shall be joint and several.

N. Time is of the Essence. Time is of the essence of this Agreement.

O. Survival. FRANCHISEE'S obligations regarding trade secrets, non-competition and non-solicitation and indemnification, as well as accrued obligations of FRANCHISEE to SUBFRANCHISOR, shall survive any Transfer of Interest or the termination, expiration or assignment of this Agreement.

P. Payments from FRANCHISEE. SUBFRANCHISOR has the sole discretion to apply any payments by FRANCHISEE to any past due indebtedness of FRANCHISEE for any fees, expenses, purchases from SUBFRANCHISOR or its Affiliates, interest or any other indebtedness. Neither SUBFRANCHISOR nor any of its Affiliates are required to accept payments after same are due or extend credit or otherwise finance FRANCHISEE'S operation of the franchise.

Q. Limitation on Liens. FRANCHISEE shall not grant a security interest, pledge, or place a lien upon FRANCHISEE'S interest in this Agreement or in the Business or in the assets used in the business, except that FRANCHISEE shall be permitted to grant a security interest in such furniture, fixtures, and equipment to secure FRANCHISEE'S obligation to the seller of or lender for such furniture, fixtures, and equipment to secure any indebtedness relating to the business and FRANCHISEE shall be permitted to assign its accounts receivable in connection with any third party financing of employee payroll.

R. Day-to-Day Control. FRANCHISEE has the sole rights and responsibilities for the manner and means by which the day-to-day operation of the Business is determined and conducted and for achieving its business objectives. Subject to any approval, inspection and enforcement rights reserved to SUBFRANCHISOR, these rights and responsibilities include the employment, supervision, setting the conditions of employment and discharge for its employees at the Business, daily maintenance, safety

concerns, and the achievement of conformity with the System.

FRANCHISEE is responsible for hiring and maintaining a staff of qualified and competent employees for its Business. FRANCHISEE is solely responsible for all its hiring decisions and for all obligations arising from FRANCHISEE's relationship with its employees, even if FRANCHISEE uses sample employment policies, procedures or examples that SUBFRANCHISOR makes available for FRANCHISEE's optional use. The use of any sample document by FRANCHISEE is not required by this Agreement. All documents are provided "as is" and SUBFRANCHISOR makes no warranty that the information and sample documents comply with applicable federal, state or local laws, regulations or ordinances where FRANCHISEE does business. The fact that SUBFRANCHISOR has shared this information and these sample forms/information with FRANCHISEE is not intended to be, nor is it, a requirement by SUBFRANCHISOR that FRANCHISEE must use this or a similar document or process in FRANCHISEE'S business. Further, providing sample documents is not intended to indicate in any way that SUBFRANCHISOR has the right to require that any franchisee use this or a similar document or process in their franchised business, as SUBFRANCHISOR does not have such rights to require use of these documents. SUBFRANCHISOR's rights to require use of specific items relate only to maintenance of brand standards and trademark protection as required by federal law. If use is required to protect brand standards or SUBFRANCHISOR's trademarks, such use will be identified as mandatory.

SUBFRANCHISOR'S retention and exercise of the right to approve certain matters, to inspect the Business and its operation and to enforce its rights, exists only to the extent necessary to protect SUBFRANCHISOR'S interest in the System and Marks for the benefit of SUBFRANCHISOR, its Affiliates and all SUBFRANCHISOR Franchisees. Neither the retention nor the exercise is for the purpose of establishing any control, or the duty to take control, over those matters which are clearly reserved to FRANCHISEE, nor shall they be construed to do so.

S. Third Party Beneficiary. FRANCHISEE acknowledges and agrees that all of SUBFRANCHISOR's rights and all of FRANCHISEE'S obligations under this Agreement insure to the benefit of International and that it has a third party beneficiary interest in this Agreement. International has the right, but not the obligation, to enforce any provision of this Agreement if SUBFRANCHISOR fails to properly and promptly do so. Upon termination or expiration of the Term of the SUBFRANCHISOR Franchise Agreement between SUBFRANCHISOR and International for any reason, this Agreement will remain in effect, and SUBFRANCHISOR'S interest in this Agreement may be automatically assigned to and assumed by International at its sole discretion. FRANCHISEE agrees to be bound by the assignment upon receipt of notice from International of the effective date of the assignment.

XVII. WARRANTIES AND REPRESENTATIONS OF FRANCHISEE

A. FRANCHISEE and its guarantors have been advised to make an independent investigation of SUBFRANCHISOR'S operations. SUBFRANCHISOR has not and does not represent that FRANCHISEE can expect to attain a specific level of sales, profits, or earnings. FRANCHISEE and its guarantors have been advised to obtain independent professional advice regarding this franchise. FRANCHISEE and its guarantors understand that it may sustain losses as a result of the operation or the closing of the business. FRANCHISEE and its guarantors understand that the business venture contemplated by this Agreement involves a high degree of financial risk and depends to a large degree on FRANCHISEE'S skills, abilities, initiative, and hard work.

B. FRANCHISEE and its guarantors represent and warrant that the execution, delivery and performance of this Agreement by FRANCHISEE and the Guarantee and Assumption of Obligations by the

guarantors do not and will not violate, conflict with or result in the breach of any term, condition or provision of any contract or agreement, or require the consent of any other person or entity.

C. Under applicable U.S. Law, including without limitation executive order 1224, signed on September 23, 2001 (the "Order"), FRANCHISEE is prohibited from engaging in any transaction with any person engaged in, or with a person aiding any person engaged in acts of terrorism as defined in the Order. Accordingly, FRANCHISEE does not and hereafter will not engage in any terrorist activity. In addition, FRANCHISEE is not affiliated with and does not support any individual or entity engaged in, contemplating, or supporting terrorist activity. Finally, FRANCHISEE is not acquiring the rights granted under this Agreement with the intent to generate funds to channel to any individual or entity engaged in, contemplating, or supporting terrorist activity, or to otherwise support or further any terrorist activity.

XVIII. CAVEAT

THE SUCCESS OF THE BUSINESS IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON, AS WELL AS OTHER FACTORS. SUBFRANCHISOR DOES NOT MAKE ANY REPRESENTATIONS OR WARRANTY AS TO THE POTENTIAL SUCCESS OF THE BUSINESS AND NO ONE IS AUTHORIZED TO MAKE ANY SUCH REPRESENTATIONS OR WARRANTIES.

FRANCHISEE UNDERSTANDS AND AGREES THAT SUBFRANCHISOR HAS NO OBLIGATION TO ACCEPT FRANCHISEE'S APPLICATION AND MAY REFUSE TO GRANT A FRANCHISE FOR ANY REASON, OR NO REASON, WITHOUT DISCLOSING THE BASIS FOR ITS DECISION. FRANCHISEE ACKNOWLEDGES THAT UNLESS AND UNTIL SUBFRANCHISOR SIGNS THIS FRANCHISE AGREEMENT, FRANCHISEE IS NOT A FRANCHISE AND MAY NOT RELY UPON BECOMING A FRANCHISEE.

XIX. NON-LIABILITY OF SUBFRANCHISOR'S AFFILIATES

SUBFRANCHISOR is the only entity obligated to FRANCHISEE hereunder. FRANCHISEE may not look to International or any of its affiliates or related companies, other business entities or individuals for performance of this Agreement.

XX. LIMITATION OF LEGAL ACTIONS

A. IN NO EVENT WILL SUBFRANCHISOR BE LIABLE TO FRANCHISEE FOR PROSPECTIVE PROFITS OR SPECIAL, INDIRECT, PUNITIVE OR CONSEQUENTIAL DAMAGES FOR ANY CONDUCT ARISING OUT OF THIS AGREEMENT OR SUBFRANCHISOR'S RELATIONSHIP WITH FRANCHISEE.

B. THE PARTIES WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY EITHER OF THEM RELATING TO OR ARISING OUT OF THIS AGREEMENT OR THE RELATIONSHIP OF THE PARTIES.

C. ANY DISAGREEMENT BETWEEN FRANCHISEE AND SUBFRANCHISOR (AND ITS AFFILIATES AND OWNERS) WILL BE CONSIDERED UNIQUE AS TO ITS FACTS AND MUST NOT BE BROUGHT AS A CLASS ACTION AND FRANCHISEE WAIVES ANY RIGHT

TO PROCEED AGAINST SUBFRANCHISOR (AND ITS AFFILIATES, STOCKHOLDERS, MEMBERS, MANAGERS, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS, SUCESSORS AND ASSIGNS) BY WAY OF CLASS ACTION, OR BY WAY OF A MULTI-PLAINTIFF, CONSOLIDATED OR COLLECTIVE ACTION.

D. FRANCHISEE WILL BE BARRED FROM BRINGING ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT OR SUBFRANCHISOR'S RELATIONSHIP WITH FRANCHISEE, UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED WITHIN ONE (1) YEAR FROM THE DATE ON WHICH FRANCHISEE KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THAT CLAIM.

E. SUBFRANCHISOR MAXIMUM AGGREGATE LIABILITY AND THE MAXIMUM AGGREGATE LIABILITY OF ANY OF SUBFRANCHISOR'S OFFICERS, OWNERS, DIRECTORS, MEMBERS, MANAGERS, EMPLOYEES, AFFILIATES, PARENTS OR SUBSIDIARIES RELATED TO ANY AND ALL CLAIMS RELATING TO OR ARISING FROM THIS AGREEMENT OR THE FRANCHISE RELATIONSHIP SET FORTH IN THIS AGREEMENT SHALL BE COLLECTIVELY LIMITED TO THE AMOUNT FRANCHISEE PAID TO SUBFRANCHISOR WITHIN THE PRIOR 12 MONTHS IMMEDIATELY BEFORE WRITTEN NOTICE.

[SIGNATURE PAGE TO FOLLOW]

THIS CONTRACT CONTAINS A BINDING ARBITRATION PROVISION WHICH MAY BE ENFORCED BY THE PARTIES.

IN WITNESS WHEREOF, the parties have executed this Agreement on the date set forth below their names.

By: _____
_____, _____

Address of SUBFRANCHISOR:

Date: _____

FRANCHISEE

Name:

By: _____

Address of FRANCHISEE:

Date: _____

GUARANTEE AND ASSUMPTION OF OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the "Agreement"), by _____ ("SUBFRANCHISOR") in favor of _____ ("FRANCHISEE"), each of the undersigned ("GUARANTORS") hereby personally and unconditionally guarantees to SUBFRANCHISOR, its Affiliates (as hereinafter defined), and their successors and assigns for the term of the Agreement and thereafter as provided in the Agreement, that FRANCHISEE shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and agrees to be personally bound by, and personally liable for the breach of each and every provision in the Agreement, including, but not limited to those relating to trade secrets, non-solicitation and non-competition provisions contained in the Agreement, as well as the provisions in the Agreement relating to the Marks, indemnification, consequences of termination, expiration or Transfer of Interest to the same extent as and for the same period of time as FRANCHISEE is required to comply with and abide by such covenants and provisions. The GUARANTORS further hereby personally and unconditionally guarantee all debts and obligations FRANCHISEE incurs to SUBFRANCHISOR, its successors, assigns, affiliated entities, parent corporation, and subsidiaries ("Affiliates"), as the case may be, as a result of any obligations under the Agreement and as a result of purchases of products or services from SUBFRANCHISOR and its Affiliates. Each of the undersigned waives:

(1) acceptance and notice of acceptance by SUBFRANCHISOR or Affiliates of the foregoing undertakings;

(2) notice of demand for payment of any indebtedness or nonperformance of any obligations hereby guaranteed;

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right he or she may have to require that an action be brought against FRANCHISEE or any other person as a condition of liability;

(5) all rights to payments and claims for reimbursement or subrogation which any of the GUARANTORS may have against the FRANCHISEE arising as a result of the GUARANTORS' execution of and performance under this guaranty; and

(6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that:

(1) his or her direct and immediate liability under this guaranty shall be joint and several;

(2) he or she shall render any payment or performance required under the Agreement upon demand if the FRANCHISEE fails or refuses punctually to do so;

(3) such liability shall not be contingent upon or conditioned upon pursuit by SUBFRANCHISOR or Affiliates of any remedies against the FRANCHISEE or any other person; and

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or the indulgence which SUBFRANCHISOR or Affiliates may from time to time grant to the FRANCHISEE or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be continuing and irrevocable during the term of the Agreement.

If SUBFRANCHISOR or any of the Affiliates are required to enforce this Guarantee and Assumption of Obligations in any judicial proceeding or appeal thereof, the GUARANTORS shall reimburse SUBFRANCHISOR and Affiliates for its costs and expenses, including, but not limited to, reasonable accountants', 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 incurred prior to, in preparation for or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guarantee and Assumption of Obligations.

The undersigned Guarantors also recognize that certain disputes relating to the Franchise Agreement are to be resolved by arbitration and hereby consent to such arbitration. The terms contained in the Franchise Agreement and this Guarantee and Assumption of Obligations constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on the same day and year as the Agreement was executed.

Print Name: _____
Date: _____
Ownership % _____
Address: _____

Signature _____

Print Name: _____
Date: _____
Ownership % _____
Address: _____

Signature _____

Print Name: _____
Date: _____
Ownership % _____
Address: _____

Signature _____

EXHIBIT I
PAYMENT OF INITIAL FRANCHISE FEE

In accordance with the provisions of Section III of this Agreement, the Initial Franchise Fee is payable in the following amount set forth below:

☐ Cash Option - New Franchisee

\$ _____

☐ Cash Option - Existing On-Site Manager Program Franchisee in good standing

\$ _____

☐ Financed Option – Existing On-Site Manager Program Franchisee in good standing

\$ _____

The following is the date the Business began operations: _____ (“Area”).

EXHIBIT II
COMPUTATION OF DOWN PAYMENT

DOWN PAYMENT (Minimum) \$ _____

LESS CREDITS:

(Account Sales Fees paid in full under the On-Site Manager Program) \$ _____

(Account Sales Fees paid under the On-Site Manager Program where there is an outstanding balance, for customer accounts which are still being serviced by FRANCHISEE). \$ _____

Total Credits \$ _____

BALANCE \$ _____

If the total credits are less than the down payment, FRANCHISEE must pay the difference to SUBFRANCHISOR upon the execution of this Franchise Agreement.

If the total credits are greater than the down payment, SUBFRANCHISOR will apply the amount in excess of the down payment to the outstanding Account Sales Fees under FRANCHISEE'S On-Site Manager Program Franchise Agreement that are represented by Promissory Notes ("Account Sales Notes") in the following manner:

- The excess will be applied to as many Account Sales Notes in order to pay these Account Sales Notes off in full; and
- FRANCHISEE will execute a new Promissory Note for the total outstanding amount of the remaining Account Sales Notes. The Promissory Note will be in the form set forth in Exhibit III of the Franchise Agreement however it will be payable for no more than 18 months.

FRANCHISEE
Name:

By: _____

By: _____

Date: _____

Date: _____

EXHIBIT III
PROMISSORY NOTE AND GUARANTEE

\$ _____

_____, 20__

PROMISSORY NOTE

For value received, the undersigned promise to pay to the order of _____, at _____, without interest (except in the event of default) the principal sum of _____ (\$_____), said principal to be paid in equal monthly payments of [1/20 of the difference between the Initial Franchise Fee (including financed fees less On-Site Credit and any other adjustments) and the down payment*] or [1/20 of amount of Monthly Contract Revenue x 400%**]. The first payment shall be due upon the 15th day of the month [ninety (90) days after execution of the Franchise Agreement*] or [the first full month after the undersigned provided services to the new customer account**] and shall continue on the 15th day of each month for a period of twenty (20) months. _____ may withhold the monthly Note payment from the amount of billings it collects for the undersigned pursuant to Section VI.D. of the Franchise Agreement.

If there shall be a default made in the payment of any of said debt when due, the holder of the note may at its option declare all unpaid indebtedness evidenced by this note immediately due and payable, and the undersigned agrees during the period of delinquency, to pay interest on the unpaid balance of the loan at the rate of eighteen percent (18%) per annum on principal, or the highest rate allowable by law. Further, the undersigned agrees to pay all costs of collection, including a reasonable attorney's fee. Failure at times to exercise such option shall not constitute a waiver of the right to exercise it later.

The makers, sureties, endorers and guarantors of this note hereby severally waive demand, presentment for payment, notice of non-payment, protest, notice of protest and diligence in bringing suit against any party hereto. This note may be pre-paid in whole or in part at any time without penalty.

Notwithstanding anything contained herein to the contrary, the outstanding balance due on this Note shall be immediately due and payable upon the occurrence of any of the following:

- A. An assignment or transfer by the undersigned of any interest in the Franchise Agreement.
- B. The sale, transfer, or assignment of the major portion of the assets of the undersigned.
- C. If more than 10% of the stock, partnership interest, or membership interest in the undersigned is acquired by anyone other than the principal stockholder, partner or member as the case may be.
- D. A default by the undersigned under the Franchise Agreement.

Notwithstanding anything herein to the contrary, any assignment or sale described in paragraphs A, B, and C, will not be considered a default under the Franchise Agreement so long as the said assignment or sale is made in compliance with the terms of the Franchise Agreement.

* Terms if this note is to finance the Initial Franchise Fee

** Terms if this note is to finance the Account Sales Fee

PROMISSORY NOTE GUARANTEE

As an inducement to _____ (“SUBFRANCHISOR”), to defer payment of fees pursuant to the Franchise Agreement which _____ (“FRANCHISEE”) owes in accordance with the terms of the Promissory Note of even date herewith to which this Guarantee is attached, each of the undersigned (“GUARANTOR”), hereby guarantees the performance of all obligations of FRANCHISEE and agree to timely perform and observe all the terms, covenants and conditions to be performed by FRANCHISEE under the Promissory Note.

This Guarantee is given as a condition of and in consideration of SUBFRANCHISOR deferring payment of certain amounts due to SUBFRANCHISOR, which amounts are evidenced by the foregoing promissory note.

The obligations of GUARANTOR are direct and may be enforced immediately without SUBFRANCHISOR being required to resort to any other right, remedy or security and this Guarantee shall be enforceable immediately against GUARANTOR, without the necessity for any suit or proceedings on SUBFRANCHISOR'S part of any kind or nature whatsoever against FRANCHISEE, and without the necessity of any notice of non-payment, non-performance or non-observance or the continuance of any such default or of any notice of acceptance of this Guarantee or of SUBFRANCHISOR'S intention to act in reliance herein or of any other notice or demand to which GUARANTOR might otherwise be entitled, all of which GUARANTOR hereby expressly waives.

The validity of this Guarantee and the obligations of GUARANTOR hereunder shall in no manner be terminated, affected, or impaired by reason of the assertion or the failure to assert by SUBFRANCHISOR against FRANCHISEE, any of the rights or remedies reserved to SUBFRANCHISOR pursuant to the provisions of the Promissory Note.

This Guarantee shall be absolute, unconditional and irrevocable.

This Guarantee shall be a continuing Guarantee, and (whether or not GUARANTOR shall have notice or knowledge of any of the following), the liability and obligations of GUARANTOR hereunder shall be absolute and unconditional irrespective of:

- (a) any modification of, or supplement to, or extension or renewal of the Promissory Note, the Franchise Agreement, or any assignment, sale, or transfer thereof;
- (b) any exercise or non-exercise of any right, power, remedy or privilege under or in respect of the Promissory Note or this Guarantee or any waiver, consent or approval by SUBFRANCHISOR with respect to any of the covenants, terms, conditions or agreements contained in the Promissory Note or any indulgences, forbearance or extensions of time for performance or observance allowed to FRANCHISEE from time to time, at any time and for any length of time;
- (c) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition or liquidation or similar proceedings relating to FRANCHISEE, or its properties or creditors;
- (d) any impairment, modification, change, release or limitation of liability or obligation of FRANCHISEE under the Promissory Note (including, but not limited to, any disaffirmation or abandon-

ment by a trustee of FRANCHISEE), resulting from the operation of any present or future provision of the Bankruptcy Abuse Prevention and Consumer Protection Reform Act of 2005 or any other similar federal or state statute, or from the decisions of any court; or

(e) any other circumstances which might otherwise constitute a defense available to, or a discharge of, the FRANCHISEE in respect of the Promissory Note or the GUARANTOR in respect of this Guarantee.

The undersigned Guarantors also recognize that certain disputes relating to the Franchise Agreement may be resolved by arbitration and hereby consent to such arbitration. The terms contained in the Franchise Agreement and this Guarantee and Assumption of Obligations constitute the entire agreement between the parties, and there are no representations, inducements, promises, or agreements, oral or otherwise, between the parties not embodied herein

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed their signatures on _____, 20__.

Print Name: _____
Signature _____
Date: _____
Address: _____

Print Name: _____
Signature _____
Date: _____
Address: _____

Print Name: _____
Signature _____
Date: _____
Address: _____

EXHIBIT IV
STATE LAW ADDENDA

EXHIBIT V
OF THE SUBFRANCHISOR MASTER AGREEMENT
STATE LAW ADDENDUM

CALIFORNIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

The Franchise Agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The Franchise Agreement requires application of the laws of Missouri. This provision may not be enforceable under California law.

Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. The Federal Bankruptcy Code also provides rights to franchisee concerning termination of the Franchise Agreement upon certain bankruptcy-related events. If the Franchise Agreement is inconsistent with the law, the law will control.

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

Franchisor shall postpone the payment of the franchise fee until all of its pre-opening obligations have been met and the franchisee is open for business.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

BUILDINGSTARS INTERNATIONAL, INC.

By:_____

By:_____

Name:_____

Name:_____

Its:_____

Its:_____

Date:_____

Date:_____

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in section 19 and 20 of the Illinois Franchise Disclosure Act.

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

BUILDINGSTARS INTERNATIONAL, INC.

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

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.

Nothing in the Franchise Agreement prevents the franchisee from bringing a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

Nothing in the Franchise Agreement operates to reduce the 3-year statute of limitations afforded to a franchisee for bringing a claim arising under the Maryland Franchise Registration and Disclosure Law. Further, any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

The Federal Bankruptcy laws may not allow the enforcement of the provisions for termination upon bankruptcy of the franchisee.

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.

Section 22(A), Section 22(B), and Section 22(D) are deleted from the Franchise Agreement.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

[Signature page to follow]

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

BUILDINGSTARS INTERNATIONAL, INC.

By:_____

By:_____

Name:_____

Name:_____

Its:_____

Its:_____

Date:_____

Date:_____

MINNESOTA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 4 which requires that except for certain specified cases, that franchisee be given 180 days' notice for non-renewal of this Franchise Agreement.

The Minnesota Department of Commerce requires that franchisor indemnify franchisees whose franchise is located in Minnesota against liability to third parties resulting from claims by third parties that the franchisee's use of franchisor's trademarks ("Marks") infringe upon the trademark rights of the third party. Franchisor does not indemnify against the consequences of a franchisee's use of franchisor's trademark but franchisor shall indemnify franchisee for claims against franchisee solely as it relates to franchisee's use of the Marks in accordance with the requirements of the Franchise Agreement and franchisor's standards. As a further condition to indemnification, the franchisee must provide notice to franchisor of any such claim immediately and tender the defense of the claim to franchisor. If franchisor accepts tender of defense, franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 – 80C.22.

With respect to franchises governed by Minnesota Franchise Law, franchisor shall comply with Minn. Stat. Sec. 80C.14, subd. 3 which requires that except for certain specified cases, a franchisee be given 90 days' notice of termination (with 60 days to cure). Termination of the franchise by the franchisor shall be effective immediately upon receipt by franchisee of the notice of termination where its grounds for termination or cancellation are: (1) voluntary abandonment of the franchise relationship by the franchisee; (2) the conviction of the franchisee of an offense directly related to the business conducted according to the Franchise Agreement; or (3) failure of the franchisee to cure a default under the Franchise Agreement which materially impairs the goodwill associated with the franchisor's trade name, trademark, service mark, logo type or other commercial symbol after the franchisee has received written notice to cure of at least twenty-four (24) hours in advance thereof.

According to Minn. Stat. Sec. 80C.21 in Minnesota Rules or 2860.4400J, the terms of the Franchise Agreement shall not in any way abrogate or reduce your rights as provided for in Minn. Stat. 1984, Chapter 80C, including the right to submit certain matters to the jurisdiction of the courts of Minnesota. In addition, nothing in this Franchise Agreement shall abrogate or reduce any of franchisee's rights as provided for in Minn. Stat. Sec.

80C, or your rights to any procedure, forum or remedy provided for by the laws of the State of Minnesota.

Any claims franchisee may have against the franchisor that have arisen under the Minnesota Franchise Laws shall be governed by the Minnesota Franchise Law.

The Franchise Agreement contains a waiver of jury trial provision. This provision may not be enforceable under Minnesota law.

Franchisee consents to the franchisor seeking injunctive relief without the necessity of showing actual or threatened harm. A court shall determine if a bond or other security is required.

The Franchise Agreement contains a liquidated damages provision. This provision may not be enforceable under Minnesota law.

Any action pursuant to Minnesota Statutes, Section 80C.17, Subd. 5 must be commenced no more than 3 years after the cause of action accrues.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

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.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

BUILDINGSTARS INTERNATIONAL, INC.

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

NEW YORK ADDENDUM TO FRANCHISE AGREEMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

Any provision in the Franchise Agreement that is inconsistent with the New York General Business Law, Article 33, Section 680 - 695 may not be enforceable.

Any provision in the Franchise Agreement requiring franchisee to sign a general release of claims against franchisor does not release any claim franchisee may have under New York General Business Law, Article 33, Sections 680-695.

The New York Franchise Law shall govern any claim arising under that law.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

BUILDINGSTARS INTERNATIONAL, INC.

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

VIRGINIA ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

“According 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 ground 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.”

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.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

BUILDINGSTARS INTERNATIONAL, INC.

By:_____

By:_____

Name:_____

Name:_____

Its:_____

Its:_____

Date:_____

Date:_____

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

1. Notwithstanding anything to the contrary contained in the Franchise Agreement and Aggregate Reporting Addendum attached as Exhibit H to the Franchise Agreement, to the extent that the Franchise Agreement or Aggregate Reporting Addendum contains provisions that are inconsistent with the following, such provisions are hereby amended:

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

2. Use of Franchise Brokers. The franchisor does not use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

3. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

4. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

BUILDINGSTARS INTERNATIONAL, INC.

By: _____
Name: _____
Its: _____
Date: _____

By: _____
Name: _____
Its: _____
Date: _____

WISCONSIN ADDENDUM TO FRANCHISE AGREEMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

1. Notwithstanding anything to the contrary contained in the Franchise Agreement, to the extent that the Franchise Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended:

To the extent any of the provisions regarding notice of termination or change in dealership are in conflict with Section 135.04 of the Wisconsin Fair Dealership Law, the Wisconsin law shall apply.

2. Any capitalized terms that are not defined in this Addendum shall have the meaning given them in the Franchise Agreement.

3. Except as expressly modified by this Addendum, the Franchise Agreement remains unmodified and in full force and effect.

This Addendum is being entered into in connection with the Franchise Agreement. In the event of any conflict between this Addendum and the Franchise Agreement, the terms and conditions of this Addendum shall apply.

IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the date Franchisor signs below.

FRANCHISOR:

FRANCHISEE:

BUILDINGSTARS INTERNATIONAL, INC.

By:_____

By:_____

Name:_____

Name:_____

Its:_____

Its:_____

Date:_____

Date:_____

EXHIBIT B

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EXHIBIT C
STATE LAW ADDENDA

CALIFORNIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the California Franchise Investment Law, Cal. Corp. Code §§ 31000-31516 or the California Franchise Relations Act, Cal. Bus. & Prof. Code §§20000-20043 applies, the terms of this Addendum apply.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AND COMPLAINTS CONCERNING THE CONTENTS OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPL.CA.GOV.

SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

Item 3, Additional Disclosure:

Neither we nor any person described in Item 2 of the Disclosure Document is subject to any currently effective order of any National Securities Association or National Securities Exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq. suspending or expelling such persons from membership in such association or exchange.

Item 6, Additional Disclosure:

The highest interest rate allowed by law in California is 10% annually.

Item 17, Additional Disclosures:

The franchise agreement requires franchisee to execute a general release of claims upon renewal or transfer of the franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order there under is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

The franchise agreement requires application of the laws of Missouri. This provision may not be enforceable under California law.

Under California Civil Code §1671, certain liquidated damages clauses are unenforceable.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. §101 et seq.)

The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

Exhibit I, Additional Disclosure:

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 registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 17, Additional Disclosures. The following statements are added to Item 17:

Illinois law governs the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

Franchisee Acknowledgment / Compliance Certification:

The representations under this Franchise Acknowledgment/Compliance Certification are not intended, nor shall they act as a release, estoppel or waiver of any liability incurred under the Illinois Franchise Disclosure Act.

Exhibit I, Additional Disclosure:

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.

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Maryland Franchise Registration and Disclosure Law, Md. Code Bus. Reg. §§14-201 – 14-233 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Our termination of the Franchise Agreement because of your bankruptcy may not be enforceable under applicable federal law (11 U.S.C.A. 101 et seq.).

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

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

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

Franchisee Acknowledgment / Compliance Certification:

All representations requiring prospective to assets 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.

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.

MINNESOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Minnesota Franchise Act, Minn. Stat. §§80C.01 – 80C.22 applies, the terms of this Addendum apply.

State Cover Page and Item 17, Additional Disclosures:

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside of Minnesota, requiring waiver of a jury trial or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Disclosure Document shall abrogate or reduce any of your rights as provided for in Minn. Stat. Sec. 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

Franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. A court will determine if a bond is required.

Item 6, Additional Disclosure:

NSF checks are governed by Minn. Stat. 604.113, which puts a cap of \$30 on service charges.

Item 13, Additional Disclosures:

The Minnesota Department of Commerce requires that a franchisor indemnify Minnesota Franchisees against liability to third parties resulting from claims by third parties that the franchisee's use of the franchisor's trademark infringes upon the trademark rights of the third party. The franchisor does not indemnify against the consequences of a franchisee's use of a franchisor's trademark except in accordance with the requirements of the franchise agreement, and as the condition to an indemnification, the franchisee must provide notice to the franchisor of any such claim immediately and tender the defense of the claim to the franchisor. If the franchisor accepts tender of defense, the franchisor has the right to manage the defense of the claim, including the right to compromise, settle or otherwise resolve the claim, or to determine whether to appeal a final determination of the claim.

Item 17, Additional Disclosures:

Any condition, stipulation or provision, including any choice of law provision, purporting to bind any person who, at the time of acquiring a franchise is a resident of the State of Minnesota or in the case of a partnership or corporation, organized or incorporated under the laws of the State of Minnesota, or purporting to bind a person acquiring any franchise to be operated in the State of Minnesota to waive compliance or which has the effect of waiving compliance with any provision of the Minnesota Franchise Law is void.

We will comply with Minn. Stat. Sec. 80C.14, subds. 3, 4 and 5, which requires, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure), 180 days notice for nonrenewal of the Franchise Agreement, and that consent to the transfer of the franchise will not be unreasonably withheld.

Minnesota Rule 2860.4400D prohibits a franchisor from requiring a franchisee to assent to a general release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01 – 80C.22.

The limitations of claims section must comply with Minn. Stat. Sec. 80C.17, subd. 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.

NEW YORK ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the New York General Business Law, Article 33, §§680 - 695 applies, the terms of this Addendum apply.

Cover Page, Additional Disclosure.

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT C 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 THAT ANYTHING IN THE 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

Item 3, Additional Disclosure.

The last sentence in Item 3 is deleted and replaced with the following:

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 routing 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 Rev. April 18, 2023 2 defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association

or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

Item 4, Additional Disclosure. Item 4 is deleted and replaced with the following:

Neither we nor any of our predecessors, affiliates, or officers, during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the Bankruptcy Code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within one year after the officer or general partner of the franchisor held this position in the company or partnership.

Item 5, Additional Disclosures.

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

Item 17, Additional Disclosures.

The following is added to the Summary sections of Item 17(c) and 17(m): 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 Section 687.4 and 687.5 be satisfied.

The Summary section of Item 17(d) is deleted and replaced with the following language: You may terminate the agreement on any grounds available by law.

The following is added to the Summary section of Item 17(j): No assignment will be made except to an assignee who in good faith and judgment of the franchisor is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

The following is added to the Summary sections of Items 17(v) and 17(w): The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

NORTH DAKOTA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the North Dakota Franchise Investment Law, N.D. Cent. Code, §§51-19-01 – 51-19-17 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures. The following statements are added to Item 17:

Any provision requiring franchisees to consent to the jurisdiction of courts outside North Dakota or to consent to the application of laws of a state other than North Dakota may be unenforceable under North Dakota law. Any mediation or arbitration will be held at a site agreeable to all parties. If the laws of a state other than North Dakota govern, to the extent that such law conflicts with North Dakota law, North Dakota law will control.

Any general release the franchisee is required to assent to as a condition of renewal is not intended to nor shall it act as a release, estoppel or waiver of any liability franchisor may have incurred under the North Dakota Franchise Investment Law.

Covenants not to compete during the term of and upon termination or expiration of the franchise agreement are enforceable only under certain conditions according to North Dakota law. If the Franchise Agreement contains a covenant not to compete that is inconsistent with North Dakota law, the covenant may be unenforceable.

The Franchise Agreement includes a waiver of exemplary and punitive damages. This waiver may not be enforceable under North Dakota law.

The Franchise Agreement stipulates that the franchisee shall pay all costs and expenses incurred by franchisor in enforcing the agreement. For North Dakota franchisees, the prevailing party is entitled to recover all costs and expenses, including attorneys' fees.

The Franchise Agreement requires the franchisee to consent to a waiver of trial by jury. This waiver may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement state that franchisee must consent to the jurisdiction of courts outside that State of North Dakota. That requirement may not be enforceable under North Dakota law.

The Franchise Disclosure Document and Franchise Agreement may require franchisees to consent to termination or liquidated damages. This requirement may not be enforceable under North Dakota law.

The Franchise Agreement requires the franchisee to consent to a limitation of claims within one year. To the extent this requirement conflicts with North Dakota law, North Dakota law will apply.

VIRGINIA ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Virginia Retail Franchising Act, Va. Code §§13.1-557 – 13.1-574 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

Any provision in any of the contracts that you sign with us which provides for termination of the franchise upon the bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. 101 et. seq.).

“According 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.”

Exhibit I, Additional Disclosure:

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.

WASHINGTON ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Washington Franchise Investment Protection Act, Wash. Rev. Code §§19.100.010 – 19.100.940 applies, the terms of this Addendum apply.

Item 17, Additional Disclosure:

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

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

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

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

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

Use of Franchise Brokers. The franchisor does not use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a

franchise broker about a franchise. Do your own investigation by contacting the franchisor's current and former franchisees to ask them about their experience with the franchisor.

Exhibit J. Additional Disclosure:

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.

WISCONSIN ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

To the extent the Wisconsin Franchise Investment Law, Wis. Stat. §§553.01 – 553.78 or Wisconsin Fair Dealership Law, Wis. Stat. §§135.01 – 135.07 applies, the terms of this Addendum apply.

Item 17, Additional Disclosures:

For all franchisees residing in the State of Wisconsin, we will provide you at least 90 days' prior written notice of termination, cancellation or substantial change in competitive circumstances. The notice will state all the reasons for termination, cancellation or substantial change in competitive circumstances and will provide that you have 60 days in which to cure any claimed deficiency. If this deficiency is cured within 60 days, the notice will be void. If the reason for termination, cancellation or substantial change in competitive circumstances is nonpayment of sums due under the franchise, you will have 10 days to cure the deficiency.

For Wisconsin franchisees, Ch. 135, Stats., the Wisconsin Fair Dealership Law, supersedes any provisions of the Franchise Agreement or a related contract which is inconsistent with the Law.

EXHIBIT D

LIST OF SUBFRANCHISORS

Company	Contact	Address	City, State, ZIP	Phone
Buildingstars of New York	Mike Romanelli	875 Mamaroneck Ave, Unit 406	Mamaroneck, NY 10543	914-358-4320
Buildingstars of Austin	Amy C. Wright	8906 Wall Street, Suite 401	Austin, TX 78754	512-925-0750

LIST OF AFFILIATE MASTER FRANCHISORS

Buildingstars Management Inc.'s regional metropolitan area operations:

Contact	Address	City, State, Zip	Phone
Ryan McIntire	11209 N. Tatum Blvd., Suite 210	Phoenix, AZ 85208	602-369-4589
Kayla Dawson	28050 US Hwy 19N, Suite 405	Clearwater, FL 33761	813-475-6909
Mike Shanus	3330 Cumberland Blvd.	Atlanta, GA 30339	770-933-6854
Kelly Wineinger	902 Morse Ave.	Schaumburg, IL 60193	630-737-0681
Brian Jeffrey Corrigan, Jr.	7300 W. 110th Street, 7th Floor	Overland Park, KS 66210	913-242-3951
Ryan Lemmon	33 Worthington Access Dr.	St. Louis, MO 63043	314-991-3356
Travis Griesbach	197 State Route 18 S., # 300, South Wing	East Brunswick, NJ 08816	732-215-9321
Ryan Clay	2500 Regency Pkwy	Cary, NC 27518	919-353-2082
Michael Grasso	434 Crompton Street	Charlotte, NC 28273	704- 408-9220
Jeff Lewis	681 Andersen Drive, Suite 110	Pittsburgh, PA 15220	412-852-5159
William Pearson	9005 Overlook Blvd, Suite 150	Brentwood, TN 37027	615-979-6121
Joel David Euresti	3200 Wilcrest Dr., Ste. 340	Houston, TX 77042	713-335-0274
Rob Mashigian	2435 North Central Expressway, 12th Floor	Richardson, TX 75080	469-482-9339
Sherry Davis	40 NE Loop, Ste. 100	San Antonio, TX 78216*	830-260-5683

*Opened in 2024

Note: Regional Managers who operate the Affiliate Subfranchises listed above may have certain rights to purchase the Affiliate Subfranchises from us

LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM

(The list of franchisees which have been terminated, cancelled, transferred, not renewed or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the Application Date.) If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

None

EXHIBIT E
AUDITED FINANCIAL STATEMENTS

**BUILDINGSTARS INTERNATIONAL, INC.
AND SUBSIDIARIES**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Years Ended December 31, 2023, 2022 and 2021

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Buildingstars International, Inc.

Opinion

We have audited the accompanying consolidated financial statements of Buildingstars International, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023, 2022 and 2021, and the related consolidated statements of income, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Buildingstars International, Inc. and Subsidiaries as of December 31, 2023, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Buildingstars International, Inc. and Subsidiaries, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards in the United States of America, we:

Exercise professional judgment and maintain professional skepticism throughout the audit.

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Buildingstars International, Inc.'s internal control. Accordingly, no such opinion is expressed.

Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Buildingstars International, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

The image shows a handwritten signature in black ink. The letters 'UHY' are written in a large, stylized, cursive font, followed by 'LLP' in a smaller, more standard cursive font.

St. Louis, Missouri
March 13, 2024

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	December 31,		
	2023	2022	2021
ASSETS			
CURRENT ASSETS			
Cash	\$ 4,106,102	\$ 2,863,264	\$ 4,149,743
Accounts receivable	3,857,717	3,666,318	4,858,741
Notes receivable	1,894,350	1,379,360	1,572,124
Prepaid expenses and other	368,669	325,894	200,484
Total current assets	<u>10,226,838</u>	<u>8,234,836</u>	<u>10,781,092</u>
PROPERTY AND EQUIPMENT	<u>28,489</u>	<u>48,276</u>	<u>432,521</u>
OTHER ASSETS			
Due from related parties	509,542	646,430	643,802
Right-of-use asset - finance	577,771	566,597	-
Right-of-use asset - operating	1,250,416	546,656	-
Goodwill	700,971	807,268	212,124
Other	35,727	41,871	21,669
	<u>3,074,427</u>	<u>2,608,822</u>	<u>877,595</u>
	<u>\$ 13,329,754</u>	<u>\$ 10,891,934</u>	<u>\$ 12,091,208</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
CURRENT LIABILITIES			
Current portion of long-term debt	\$ -	\$ -	\$ 188,690
Current portion of finance lease obligation	187,703	218,930	-
Current portion of operating lease obligation	382,518	306,932	-
Accounts payable	3,992,944	3,649,729	3,479,938
Accrued expenses	1,404,337	1,242,805	1,063,913
Deferred franchise sales revenue	1,791,976	1,303,103	1,472,401
Due to related parties	12,090	219,947	86,628
Total current liabilities	<u>7,771,568</u>	<u>6,941,446</u>	<u>6,291,570</u>
LONG-TERM LIABILITIES			
Long-term debt	-	-	120,854
Finance lease obligation	371,548	303,135	-
Operating lease obligation	869,598	243,591	-
	<u>1,241,146</u>	<u>546,726</u>	<u>120,854</u>
STOCKHOLDER'S EQUITY			
Common stock - no par value;			
authorized and issued - 30,000 shares	500	500	500
Paid-in capital	1,386,511	1,386,511	1,386,511
Retained earnings	2,930,029	2,016,751	4,291,773
	<u>4,317,040</u>	<u>3,403,762</u>	<u>5,678,784</u>
	<u>\$ 13,329,754</u>	<u>\$ 10,891,934</u>	<u>\$ 12,091,208</u>

See notes to consolidated financial statements.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2023	2022	2021
REVENUE	\$ 76,205,348	\$ 70,164,196	\$ 63,186,280
COST OF REVENUE	<u>55,325,794</u>	<u>50,810,089</u>	<u>45,245,924</u>
GROSS MARGIN	<u>20,879,554</u>	<u>19,354,107</u>	<u>17,940,356</u>
OPERATING EXPENSES			
General and administrative expenses	12,509,619	11,453,047	10,204,617
Depreciation and amortization	<u>469,583</u>	<u>387,132</u>	<u>307,150</u>
	12,979,202	11,840,179	10,511,767
OTHER INCOME			
Employee retention credit, net	<u>327,366</u>	<u>-</u>	<u>-</u>
NET INCOME	<u>\$ 8,227,718</u>	<u>\$ 7,513,928</u>	<u>\$ 7,428,589</u>

See notes to consolidated financial statements.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY
Years Ended December 31, 2023, 2022 and 2021

	Common Stock	Paid-In Capital	Retained Earnings	Total
Balance at January 1, 2021	\$ 500	\$ 1,386,511	\$ 4,936,315	\$ 6,323,326
Net Income	-	-	7,428,589	7,428,589
S Corporation Distributions	-	-	(8,073,131)	(8,073,131)
Balance at December 31, 2021	500	1,386,511	4,291,773	5,678,784
Net Income	-	-	7,513,928	7,513,928
S Corporation Distributions	-	-	(9,788,950)	(9,788,950)
Balance at December 31, 2022	500	1,386,511	2,016,751	3,403,762
Net Income	-	-	8,227,718	8,227,718
S Corporation Distributions	-	-	(7,314,440)	(7,314,440)
Balance at December 31, 2023	<u>\$ 500</u>	<u>\$ 1,386,511</u>	<u>\$ 2,930,029</u>	<u>\$ 4,317,040</u>

See notes to consolidated financial statements.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2023	2022	2021
OPERATING ACTIVITIES			
Net income	\$ 8,227,718	\$ 7,513,928	\$ 7,428,589
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	469,583	387,132	307,150
Gain on sale of right-of-use asset - finance	(151,292)	(41,623)	-
Noncash lease expense	37,321	3,867	-
Changes in			
Accounts receivable	(191,399)	1,192,423	(1,321,505)
Notes receivable	(514,990)	192,764	(240,188)
Prepaid expenses and other	(42,775)	(125,410)	11,553
Other assets	6,144	(20,202)	(1,258)
Accounts payable	343,215	169,791	635,049
Accrued expenses	161,532	173,546	172,560
Deferred franchise sales revenue	488,873	(169,298)	228,957
Net cash provided by operating activities	<u>8,833,930</u>	<u>9,276,918</u>	<u>7,220,907</u>
INVESTING ACTIVITIES			
Purchase of property and equipment	-	(23,004)	(10,729)
Acquisition of business	-	(682,738)	-
Proceeds from sale of property and equipment	-	21,520	-
Repayment from (advances to) related parties	(70,969)	130,691	(175,933)
Net cash used by investing activities	<u>(70,969)</u>	<u>(553,531)</u>	<u>(186,662)</u>
FINANCING ACTIVITIES			
Payment of long-term debt	-	-	(196,835)
Payment of finance lease obligations	(205,683)	(220,916)	-
S Corporation distributions	(7,314,440)	(9,788,950)	(8,073,131)
Net cash used by financing activities	<u>(7,520,123)</u>	<u>(10,009,866)</u>	<u>(8,269,966)</u>
NET INCREASE (DECREASE) IN CASH	1,242,838	(1,286,479)	(1,235,721)
CASH, Beginning	<u>2,863,264</u>	<u>4,149,743</u>	<u>5,385,464</u>
CASH, Ending	<u>\$ 4,106,102</u>	<u>\$ 2,863,264</u>	<u>\$ 4,149,743</u>
SUPPLEMENTAL DISCLOSURES			
Interest paid	<u>\$ 31,858</u>	<u>\$ 49,522</u>	<u>\$ 37,528</u>
Noncash investing and financing activities			
Right-of-use asset obtained through operating leases	<u>\$ 1,105,970</u>	<u>\$ 947,983</u>	<u>\$ -</u>
Right-of-use asset obtained through finance leases	<u>\$ 345,408</u>	<u>\$ 859,681</u>	<u>\$ -</u>
Purchase of vehicles through capital leases	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,842</u>
Trade-in value received from sale of vehicles	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,843</u>

See notes to consolidated financial statements.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Company's consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Business Activity

Buildingstars International, Inc. (the Company) began operations in 2009 and is a wholly-owned subsidiary of Facility Brands, Inc. (Facility Brands). The Company is in the business of selling master janitorial franchises that, in turn, sell and service janitorial sub-franchises to individuals throughout the United States of America. These Buildingstars franchises deliver high quality facility services to customers in a variety of markets. The Company currently has master franchises in Austin, Texas and Hudson Valley, New York.

The Company has two wholly-owned subsidiaries. As a company-owned master franchise, Buildingstars Management sells commercial cleaning unit franchises in the St. Louis, Chicago, Phoenix, Houston, Pittsburgh, New Jersey, Tampa, Atlanta, Nashville, Dallas, Charlotte, Kansas City, and Raleigh-Durham metropolitan areas. Buildingstars Operations is the operating company for Buildingstars Management. Together, these companies provide the framework for unit franchisees to offer commercial cleaning services to the general public. This framework consists of managerial expertise, support, training and use of registered trademark.

Entities Under Common Control

With respect to entities under common control, the Company has elected to apply the alternative accounting and disclosures provided to private companies by generally accepted accounting principles related to entities under common control. Accordingly, the entities disclosed in Note 8 have not been evaluated under the specific guidance for variable interest entities.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated 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.

Cash

The Company from time to time during the year may have bank balances in excess of its insured limits. Management has deemed this as a normal business risk.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Company generates accounts receivable in the normal course of business. The Company grants credit to franchisees and customers throughout the United States and does not require collateral to secure accounts receivable.

Accounts Receivable

Accounts receivable are carried net of allowance for credit losses. The allowance for credit losses is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors.

Changes in the allowance for credit losses are as follows:

	As of and for the Years Ended December 31,		
	2023	2022	2021
Balance at beginning of year	\$ 168,319	\$ 89,927	\$ 28,000
Amounts written off	(71,467)	(12,828)	(48,579)
Amounts Recovered	5,600	1,350	4,073
Provision for credit losses	<u>22,770</u>	<u>89,870</u>	<u>106,433</u>
Balance at end of year	<u>\$ 125,222</u>	<u>\$ 168,319</u>	<u>\$ 89,927</u>

Notes Receivable

Notes receivable consist of non-interest promissory notes from franchisees for the payment of initial franchise fees and account sales fees. Payment terms are monthly ranging from 12 to 20 months and withheld from the franchisee's monthly contract revenue. The allowance for credit losses related to notes receivable is not significant.

Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed primarily on the straight-line and accelerated methods over the estimated useful lives of the assets, ranging from three to ten years. Leasehold improvements are depreciated over the term of the lease.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Company determines if an arrangement is a lease at inception by determining whether the agreement conveys the right to control the use of the identified asset for a period of time, whether the Company has the right to obtain substantially all of the economic benefits from use of the identified asset, and the right to direct the use of the asset. Lease liabilities are recognized at the commencement date based upon the present value of the remaining future minimum lease payments over the lease term using the rate implicit in the lease or the risk-free rate. The risk-free rate is defined as the daily treasury par yield curve rate for a period of time that approximates the lease term. The Company's lease terms include options to renew or terminate the lease when it is reasonably certain that it will exercise the option.

The lease right-of-use assets are initially measured at the carrying amount of the lease liability and adjusted for any prepaid or accrued lease payments, remaining balance of lease incentives received, unamortized initial direct costs, or impairment charges relating to the right-of-use-asset. Certain leases contain escalation clauses, which are factored into the right-of-use asset where appropriate. Lease expense for minimum lease payments are recognized on straight-line basis over the lease term.

Variable lease expenses include payments based upon changes in a rate or index, such as consumer price indexes, as well as usage of the lease asset, utilities, real estate taxes, insurance and variable common area maintenance are expensed as incurred. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Goodwill

Goodwill is the excess of an acquired business over the fair value amounts assigned to identifiable assets acquired and liabilities assumed. The Company has elected to amortize goodwill on a straight-line basis over 10 years and to test goodwill for impairment at the reporting unit level. Goodwill is tested for impairment when a triggering event occurs that indicates the fair value of an entity (or reporting unit) may be below its carrying amount.

Asset Impairment Assessments

The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. Impairment is recognized to the extent that the sum of undiscounted estimated future cash flows expected to result from use of the assets is less than carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue

The Company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. In determining when and how revenue is recognized from contracts with customers, the Company performs the following five step analysis: (1) identification of contract with customer, (2) determination of performance obligations, (3) measurement of the transactions price, (4) allocation of the transaction price to the performance obligation, and (5) recognition of revenue when or as the Company satisfies each performance obligation.

Accounts receivable from contracts with customers were \$3,857,717, \$3,666,318, \$4,858,741, and \$3,537,236 at December 31, 2023, 2022, 2021, and 2020, respectively.

Janitorial Services

The Company's primary source (90%) of revenue consists of janitorial services and sales of janitorial supplies. Revenue from services is recognized when the services are performed and supply and equipment sales when the products are delivered. Customers are billed monthly for services and supplies, if applicable, and generally have payment terms of 15 days. Payment terms may vary by the type and location of our customer. The term between invoicing and when payment is due is not significant and is less than one year.

Individual Franchises

Franchise revenue consists principally of continuing monthly fees based upon the franchisee's customer-level revenue. Franchise revenue also includes initial fees resulting from the sale of a franchise, finder fees for new accounts, and administrative fees. Revenue from sales of individual franchises is generally recognized when services to be provided by the Company have been performed over time. The unit franchise contract is for one to five years with a renewal option. The Company recognizes initial franchise fees when the franchisee has started the account. The Company-owned Master Franchise is obligated to offer the franchisee a minimum annual revenue base and on-going training and support. The Company-owned Master Franchise obtains customers under janitorial contracts and assigns them to the franchisees. The Company-owned Master Franchise also provides the franchisees with monthly billing and collection services on the assigned janitorial customers.

The Company-owned Master Franchise remits payments to the franchisee based upon the prior month's billings after deducting the franchise service fees of 10% to 30%, any financing payments due, and other incidental expenses. The net remittances are included in cost of sales in the consolidated financial statements. Total initial franchise fees, included in franchise revenue in the consolidated statements of income, totaled \$399,863, \$219,365, and \$276,937 for the years ended December 31, 2023, 2022 and 2021 respectively.

Master Franchises

Revenue from master franchises consist of initial master franchise fee, royalties and franchise sales fees, and revenue from other services provided to the master franchisees.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue (Continued)

Master Franchises (Continued)

The master franchise contract is for 20 years with a renewal option of 10 years. Initial master franchise fees are recognized upon execution of the master franchise agreement. Royalty and franchise sales fees are based on a percentage of certain monthly revenue categories set forth in the master franchise agreement, subject to annual minimum fees, and are recognized in the month they are earned.

Deferred Franchise Sales Revenue

Timing of revenue recognition may differ from the timing of invoicing to franchisees. Unearned revenue is recorded when revenue is recognized subsequent to billing.

Sales Tax

The Company has elected to present sales tax collected and remitted to a governmental authority in revenue and cost of revenue.

Advertising

Advertising costs are charged to general and administrative expenses when incurred and were \$377,307, \$328,491, and \$231,659 for the years ended December 31, 2023, 2022 and 2021, respectively.

Income Taxes

The Company has elected to be taxed as an S Corporation under the provisions of the Internal Revenue Code. As a result of this election, income of the Company is taxable to the stockholder of the parent company and no provision for income taxes has been made in the consolidated financial statements. The Company anticipates making future distributions to the parent company in amounts at least sufficient to pay taxes on the Company's taxable income.

Employee Retention Credit

The Employee Retention Credit (ERC), a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, was established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). The Company recorded \$327,366 of ERC credits net of direct consulting fees of \$54,343, during the year ended December 31, 2023.

Laws and regulations concerning government programs, including the ERC established by the CARES Act, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Company's claim to the ERC, and it is not possible to determine the impact, if any, this would have upon the Company.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncement

Effective January 1, 2023, the Company adopted accounting standards update ASU 2016-13 *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaced the incurred loss methodology with an expected loss methodology. There was no material impact to the consolidated financial statements as a result of the adoption of ASU 2016-13.

Subsequent Events

The Company has performed a review of events subsequent to the balance sheet date through March 13, 2024, the date the consolidated financial statements were available to be issued.

NOTE 2 — PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and consists of the following:

		December 31,	
	2023	2022	2021
Leasehold Improvements	\$ 5,135	\$ 5,135	\$ 5,135
Furniture and Fixtures	497,002	497,002	474,000
Equipment	42,539	42,539	42,539
Vehicles	-	-	894,037
	<u>544,676</u>	<u>544,676</u>	<u>1,415,711</u>
Less Accumulated Depreciation	<u>516,187</u>	<u>496,400</u>	<u>983,190</u>
	<u>\$ 28,489</u>	<u>\$ 48,276</u>	<u>\$ 432,521</u>

NOTE 3 — GOODWILL

Goodwill and accumulated amortization consists of the following:

		December 31,	
	2023	2022	2021
Goodwill	\$ 932,014	\$ 932,014	\$ 270,797
Less accumulated amortization	<u>231,043</u>	<u>124,746</u>	<u>58,673</u>
	<u>\$ 700,971</u>	<u>\$ 807,268</u>	<u>\$ 212,124</u>

Amortization expense was \$106,297, \$66,074, and \$27,080 for the years ended December 31, 2023, 2022 and 2021, respectively.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 3 — GOODWILL (Continued)

Future amortization expense of goodwill is as follows:

Year Ending December 31,	
2024	\$ 98,726
2025	89,928
2026	89,928
2027	89,928
2028	89,928
Thereafter	<u>242,533</u>
	<u>\$ 700,971</u>

NOTE 4 — LONG-TERM DEBT

Long-term debt consists of the following:

	December 31,		
	2023	2022	2021
Finance leases due through December 2024, payable in monthly installments totaling \$16,940 including interest at an average rate of 9.9%, secured by vehicles	\$ -	\$ -	\$ 309,544
Less current portion of long-term debt	<u>-</u>	<u>-</u>	<u>188,690</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,854</u>

NOTE 5 — LEASES

The Company leases certain office space and equipment from third parties and a related party. The Company leases vehicles under finance leases.

The components of lease costs are as follows:

	Year Ended December 31,		
	2023	2022	2021
Operating lease expense	\$ 185,279	\$ 175,866	\$ 240,460
Related party lease expense	257,551	257,551	257,551
Finance lease expense:			
Amortization of right-of-use assets	343,502	294,885	240,453
Interest on lease liabilities	<u>24,369</u>	<u>50,008</u>	<u>-</u>
	<u>\$ 810,701</u>	<u>\$ 778,310</u>	<u>\$ 738,464</u>

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 5 — LEASES (Continued)

Minimum future lease payments under non-cancellable operating and finance leases described above as of December 31 are as follows:

Year ending December 31,	Finance Leases	Third Party Operating Leases	Related Party Operating Leases	Total Operating Leases
2024	\$ 255,168	\$ 161,491	\$ 257,551	\$ 419,042
2025	225,451	88,087	237,551	325,638
2026	94,607	70,456	197,551	268,007
2027	8,923	18,442	197,551	215,993
2028	-	-	120,431	120,431
	<u>584,149</u>	<u>338,476</u>	<u>1,010,635</u>	<u>1,349,111</u>
Less: present value discount	<u>24,898</u>	<u>12,230</u>	<u>84,765</u>	<u>96,995</u>
Total lease liability	559,251	326,246	925,870	1,252,116
Less: Current portion of lease liability	<u>187,703</u>	<u>125,716</u>	<u>256,802</u>	<u>382,518</u>
Long-term lease liability	<u>\$ 371,548</u>	<u>\$ 200,530</u>	<u>\$ 669,068</u>	<u>\$ 869,598</u>

The weighted average remaining lease term and discount rates are as follows:

	Year Ended December 31,		
	2023	2022	2021
Weighted average lease term (years)			
Finance leases	1.36	1.69	-
Third party operating leases	2.42	2.78	-
Related party operating leases	4.29	1.86	-
Weighted average discount rate			
Finance leases	2.84%	2.80%	-
Third party operating leases	3.08%	1.22%	-
Related party operating leases	3.92%	0.94%	-

NOTE 6 — REVENUE

Disaggregation of revenues by timing of revenue recognition consists of the following:

	Years Ended December 31,		
	2023	2022	2021
Revenue Recognized Over Time	\$ 72,943,569	\$ 67,634,762	\$ 61,085,572
Revenue Recognized at a Point in Time	<u>3,261,779</u>	<u>2,529,434</u>	<u>2,100,708</u>
	<u>\$ 76,205,348</u>	<u>\$ 70,164,196</u>	<u>\$ 63,186,280</u>

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 7 — RETIREMENT PLAN

The Company has a 401(k) plan which covers eligible employees. Matching contributions to the plan are discretionary and were \$126,500, \$103,925, and \$95,193, for the years ended December 31, 2023, 2022 and 2021, respectively.

NOTE 8 — TRANSACTIONS WITH ENTITIES UNDER COMMON CONTROL

The Company purchases janitorial supplies from Green Sky SW. Total purchases from Green Sky SW were \$1,607,351, \$1,408,524, and \$1,105,181 for the years ended December 31, 2023, 2022 and 2021, respectively. Accounts payable was \$63,724, \$23,854, and \$93,823 to Green Sky SW at December 31, 2023, 2022 and 2021, respectively. Accounts receivable from Green Sky SW was \$34,911, \$56,265, and \$80,054 at December 31, 2023, 2022 and 2021, respectively.

The Company engages Infinite Pipeline for telemarketing services. Fees paid to Infinite Pipeline were \$1,355,156, \$1,002,470, and \$814,486 for the years ended December 31, 2023, 2022 and 2021, respectively. The Company utilizes Infinite Pipeline employees for supervisor support. Payroll and related expenses reimbursed to Infinite Pipeline were \$161,409, \$309,122, and \$279,561 for the years ended December 31, 2023, 2022 and 2021, respectively. Accounts payable was \$100,346, \$223,342, and \$160,832 to Infinite Pipeline at December 31, 2023, 2022 and 2021, respectively. The Company periodically advances funds to Infinite Pipeline, and related accounts receivable was \$383,204, \$347,067, and \$318,799 at December 31, 2023, 2022 and 2021, respectively.

Other amounts due from related parties with common ownership was \$86,978, \$86,128, and \$85,399 for the years ended December 31, 2023, 2022, and 2021, respectively. Other amounts due to related parties with common ownership were \$12,090, \$5,182, and \$6,909 at December 31, 2023, 2022 and 2021, respectively.

Facility Brands Facility (FBF) owns office buildings and leases these properties to the Company. Rent expense to FBF was \$257,551 for the years ended December 31, 2023, 2022 and 2021. The mortgage notes totaling approximately \$2,600,000 are secured by deeds of trust and security interests in substantially all of the Company's assets.

Net amounts due from FBF were \$14,995, \$144,560, and \$159,725 at December 31, 2023, 2022 and 2021, respectively.

Facility Brands has a revolving line of credit with maximum borrowings of \$500,000. The Company is a guarantor to the agreement. There were no outstanding borrowings at December 31, 2023.

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2023, 2022 and 2021

NOTE 9 — ACQUISITION OF BUSINESS

Effective June 28, 2022, Buildingstars International, Inc. and Impact Visions Ventures Inc., an unrelated master franchisee, agreed to terminate their master franchise agreement. Simultaneously, the parties entered into an asset purchase agreement whereby Buildingstars Management purchased certain assets, primarily consisting of customer contracts and sub-franchisee contracts, for a total purchase price of \$650,000.

This business unit is known as Buildingstars Charlotte. The purchase price was assigned to goodwill and fixed assets.

Effective July 14, 2022, Buildingstars Operations purchased a franchise from Ricardo Redd, a franchisee, in which the agreement released the franchisee from the franchise agreement and absolved the company from future claims. The total purchase price was \$32,738.

EXHIBIT F

UNAUDITED FINANCIAL STATEMENTS

IF UNAUDITED FINANCIAL STATEMENTS ARE INCLUDED IN THIS EXHIBIT, 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 EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET

	May 31, 2024
CURRENT ASSETS	
Cash	\$ 3,756,341
Accounts receivable	3,492,179
Notes receivable	2,042,753
Prepaid expenses and other	297,188
Total current assets	<u>9,588,461</u>
PROPERTY AND EQUIPMENT	<u>584,517</u>
OTHER ASSETS	
Due from related parties	553,031
Right-of-use asset - finance	469,260
Right-of-use asset - operating	1,255,411
Goodwill	656,681
Other	40,469
TOTAL OTHER ASSETS	<u>2,974,852</u>
TOTAL ASSETS	<u><u>\$ 13,147,830</u></u>
 LIABILITIES AND STOCKHOLDER'S EQUITY	
CURRENT LIABILITIES	
Current portion of long-term debt	\$ -
Current portion of finance lease obligation	88,126
Current portion of operating lease obligation	362,690
Accounts payable	4,183,090
Accrued expenses	1,527,708
Deferred franchise sales revenue	1,909,583
TOTAL CURRENT LIABILITIES	<u>8,071,197</u>
LONG-TERM LIABILITIES	
Long-term debt	-
Finance lease obligation	371,548
Operating lease obligation	903,460
TOTAL LONG-TERM LIABILITIES	<u>1,275,008</u>
STOCKHOLDER'S EQUITY	
Common stock - no par value; authorized and issued - 30,000 shares	500
Paid-in capital	1,386,511
Retained earnings	2,414,614
TOTAL STOCKHOLDER'S EQUITY	<u><u>3,801,625</u></u>
	<u><u>\$ 13,147,830</u></u>

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

For the 5 Months Ended May 31, 2024

REVENUE	\$ 33,302,752
COST OF REVENUE	24,667,397
GROSS MARGIN	<u>8,635,355</u>
 OPERATING EXPENSES	
General and administrative expenses	5,728,797
Depreciation and amortization	162,288
	<u>5,891,085</u>
 OTHER INCOME	<u>585,454</u>
 NET INCOME	<u><u>\$ 3,329,724</u></u>

BUILDINGSTARS INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
For the 5 Months Ended May 31, 2024

	Common Stock	Paid-In Capital	Retained Earnings	Total
Balance at December 31, 2023	500	1,386,511	2,930,029	4,317,040
Net Income			3,329,724	3,329,724
S Corporation Distributions			(3,845,139)	(3,845,139)
Balance at April 30, 2024	\$ 500	\$ 1,386,511	\$ 2,414,614	\$ 3,801,625

EXHIBIT G**LIST OF STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS**

STATE	STATE ADMINISTRATOR/AGENT	ADDRESS
California	Commissioner of Financial Protection and Innovation California Department of Financial Protection and Innovation	320 West 4 th Street, Suite 750 Los Angeles, CA 90013-2344 1-866-275-2677
Hawaii (State Administrator)	Commissioner of Securities Dept. of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch	335 Merchant Street Room 203 Honolulu, HI 96813
Illinois	Illinois Attorney General	500 South Second Street Springfield, IL 62706
Indiana (State Administrator)	Indiana Securities Commissioner Securities Division	302 West Washington Street, Room E111 Indianapolis, IN 46204
Indiana (Agent)	Indiana Secretary of State	302 West Washington Street, Room E018 Indianapolis, IN 46204
Maryland (State Administrator)	Office of the Attorney General Division of Securities	200 St. Paul Place Baltimore, MD 21202-2020
Maryland (Agent)	Maryland Securities Commissioner	200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Department of Attorney General Consumer Protection Division	G. Mennen Williams Building, 1 st Floor 525 West Ottawa Street Lansing, MI 48933
Minnesota	Commissioner of Commerce Minnesota Department of Commerce	85 7 th Place East, Suite 280 St. Paul, MN 55101-2198
New York (State Administrator)	NYS Department of Law Investor Protection Bureau	28 Liberty Street, 21 st Floor New York, NY 10005 212-416-8236
New York (Agent)	New York Department of State	One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 518-473-2492
North Dakota	Securities Commissioner (Agent) North Dakota Securities Department	600 East Boulevard Avenue State Capitol, 14th Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712
Rhode Island	Director, Department of Business Regulation, Securities Division	1511 Pontiac Avenue John O. Pastore Complex – Building 68-2 Cranston, RI 02920
South Dakota	Department of Labor and Regulation Division of Insurance – Securities Regulation	124 S. Euclid, Suite 104 Pierre, SD 57501
Virginia (State Administrator)	State Corporation Commission Division of Securities and Retail Franchising	1300 East Main Street, 9 th Floor Richmond, VA 23219 804-371-9051
Virginia (Agent)	Clerk of the State Corporation Commission	1300 East Main Street, 1st Floor Richmond, VA 23219-3630
Washington	Department of Financial Institutions Securities Division	150 Israel Road SW Tumwater, WA 98501 360-902-8760
Wisconsin	Commissioner of Securities	Department of Financial Institutions Division of Securities 4822 Madison Yards Way, North Tower Madison, WI 53705

EXHIBIT H
RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (the “**General Release**”) is made by the undersigned (hereinafter “**Releasor**”) for the benefit of Buildingstars International, Inc., a Missouri corporation (hereinafter, “**Franchisor**”), on this _____ day of _____, 20____.

RECITALS:

WHEREAS, Releasor is a Buildingstars International, Inc. franchisee and operates a Master Buildingstars business (the “**Master Franchised Business**”) pursuant to that certain franchise agreement dated _____ (the “**Subfranchisor Master Agreement**”);

WHEREAS, Releasor desires to renew its franchise with Franchisor or desires Franchisor’s consent to _____ in connection with the Subfranchisor Master Agreement; and

WHEREAS, certain states require certain changes be made to this General Release specific to such state.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound, Releasor hereby agrees, covenants and promises as follows:

1. Releasor, on behalf of itself and each of the persons and entities described in Section 2 hereof, hereby absolutely and forever releases, remises and discharges Franchisor and each of the persons and entities described in Section 3 hereof, from any and all claims, demands, damages, liabilities, costs (including, but not limited to reasonable attorneys’ fees, accounting fees or experts’ fees, and the costs of litigation, arbitration or other proceedings), expenses, liens, losses, charges, audits, investigations, injunctions, orders, rulings, subpoenas, controversies, obligations, debts, loans, interest, dues, accounts, awards, reckonings, bonds, bills, covenants, promises, undertakings, variances, trespasses, judgments, executions, sums of money owed, arbitrations, suits, decisions, proceedings, verdicts entered, issued, made or rendered and causes of action of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, which Releasor now has, owns or holds, or at any time heretofore ever had, owned or held, or could, shall or may hereafter have, own or hold, pertaining to, arising out of or in connection with the Subfranchisor Master Agreement, any related agreements or the franchisor-franchisee relationship between Releasor and Franchisor. Notwithstanding the foregoing, if this General Release is entered into in conjunction with the renewal, assignment or transfer of the Subfranchisor Master Agreement, the foregoing release shall not apply to any liability under the applicable state franchise law, if any.

2. Releasor hereby understands and agrees that this General Release shall extend to and be binding upon any and all of Releasor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters. If more than one party shall execute this General Release, the term “**Releasor**” shall mean and refer to each of the parties executing this General Release, and all such parties shall be bound by its terms, jointly and severally.

3. Releasor hereby understands and agrees that this General Release shall extend to and inure to the benefit of Franchisor and any and all of Franchisor’s past, present and future officers, directors, owners, employees, representatives, agents, trustees, successors, affiliates and assigns, and their respective insurers and underwriters.

4. Releasor hereby understands and agrees that this General Release supersedes any prior agreement, oral or written, with respect to its subject matter. Releasor understands and agrees that no representations, warranties, agreements or covenants have been made by Franchisor with respect to this General Release, other than those expressly set forth herein, and that in executing this General Release, Releasor is not relying upon any representations, warranties, agreements or covenants not expressly set forth in this General Release.

5. This General Release may not be changed except in a writing signed by the person(s) against whose interest such change shall operate. This General Release and all acts and transaction under it shall in all respects be interpreted, enforced and governed by the internal laws of the state in which Franchisor's principal place of business is located without regard to principles of conflicts of law

6. If any provision of this General Release is found or declared invalid or unenforceable by any arbitrator, court or other competent authority having jurisdiction, such finding or declaration shall not invalidate any other provision hereof and this General Release shall thereafter continue in full force and effect except that such invalid or unenforceable provision, and (if necessary) other provisions hereof, shall be reformed by such arbitrator, court or other competent authority so as to effect insofar as is practicable, the intention of the parties set forth in this General Release, provided that if such arbitrator, court or other competent authority is unable or unwilling to effect such reformation, the invalid or unenforceable provision shall be deemed deleted to the same extent as if it had never existed.

7. Releasor hereby certifies that Releasor has read all of this General Release and fully understands all of the same, and that Releasor has executed this General Release only after having received full legal advice and disclosure as to Releasor's rights from legal counsel of Releasor's choice.

IN WITNESS WHEREOF, each Releasor party hereto has executed this General Release effective as the day and year first above written.

RELEASOR:

By:_____

Name:_____

Title:_____

EXHIBIT I

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered, or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending
Minnesota	Pending
Virginia	Pending
Washington	Pending
Wisconsin	Pending

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 J

RECEIPT

This disclosure document summarizes provisions of the Subfranchisor Master Agreement and other information in plain language. Read this franchise disclosure document and all agreements carefully.

If Buildingstars International, Inc. offers you a franchise, Buildingstars International, Inc. 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. Under Iowa or Maine law, if applicable, Buildingstars International, Inc. must provide this disclosure document to you at your 1st personal meeting to discuss the franchise. Under Michigan law, if applicable, Buildingstars International, Inc. must provide this disclosure document to you at least 10 business days before you sign a binding agreement with, or make a payment to, Buildingstars International, Inc. or an affiliate in connection with the proposed franchise sale. Under New York or Rhode Island law, if applicable, Buildingstars International, Inc. must provide this disclosure document to you at the earliest of your 1st personal meeting to discuss the franchise or 10 business days before you sign a binding agreement with, or make a payment to, Buildingstars International, Inc. or an affiliate in connection with the proposed franchise sale.

If Buildingstars International, Inc. does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified in Exhibit G.

The name, principal business address and telephone number of each franchise seller offering the franchise: Christopher Blase, Buildingstars International, Inc., 33 Worthington Access Drive, St. Louis, MO 63043, (314) 991-3356.

Date of Issuance: June 20, 2024

See Exhibit G for our registered agents authorized to receive service of process.

I have received a disclosure document dated June 20, 2024, that included the following Exhibits:

- | | |
|------------------------------------|--------------------------------------|
| A. Subfranchisor Master Agreement | B. Table of Contents of Manual |
| I Development Area and Minimum | C. State Law Addenda |
| Development Obligation | D. List of Subfranchisors |
| II Form Franchise Agreements – | E. Audited Financial Statements |
| Technician | F. Unaudited Financial Statements |
| III Form Franchise Agreement – On- | G. List of State Agencies/Agents for |
| Site Manager | Service of Process |
| IV Form Franchise Agreement – | H. Release |
| Corporate | I. State Effective Dates |
| V State Law Addendum | J. Receipt |

Date

Signature

Printed Name

Disclosure # _____

KEEP THIS COPY FOR YOUR RECORDS.

RECEIPT

This disclosure document summarizes provisions of the franchise agreement and other information in plain language. Read this franchise disclosure document and all agreements carefully.

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| III Form Franchise Agreement – On-Site Manager | E. Audited Financial Statements |
| IV Form Franchise Agreement – Corporate | F. Unaudited Financial Statements |
| V State Law Addendum | G. List of State Agencies/Agents for Service of Process |
| | H. Release |
| | I. State Effective Dates |
| | J. Receipt |

Date

Signature

Printed Name

Disclosure # _____

Please sign this copy of the receipt, date your signature, and return it to Buildingstars International Inc., 33 Worthington Access Drive, St. Louis, MO 63043.