

FRANCHISE DISCLOSURE DOCUMENT

TRUE NORTH RESTORATION FRANCHISING LLC

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True North Restoration Franchising LLC offers franchises for the operation of a True North Restoration businesses, which offer fire, smoke, water, wind, and other damage restoration, residential and commercial cleaning, mitigation, repair and reconstruction, mold remediation, disinfection, deodorization, odor removal, roofing, asbestos abatement and bioremediation (trauma, crime scene, blood-borne pathogen cleaning) and related services (“True North Restoration Businesses”).

The total investment necessary to begin operation of one franchised True North Restoration Business ranges from \$115,030 to \$233,300. This includes \$49,500 that must be paid to the franchisor. The total investment necessary to enter into a Development Agreement to develop between two and five franchised True North Restoration Businesses ranges from \$269,560 to \$1,098,500. This includes \$89,500 to \$179,500 that must be paid to the franchisor.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact our Chief Operating Officer, Raymond Donat, at 720-316-6850.

The terms of your contract will govern your franchise relationship. Do not 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 “Buying a Franchise: A Consumer’s Guide,” 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, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

ISSUANCE DATE: October 8, 2025

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 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 the support to my business?	Item 21 or Exhibit E includes the 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 True North Restoration 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 True North Restoration franchisee?	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 franchisor or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

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

Special Risks to Consider About *This* Franchise

Certain states require that the following risks be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by litigation only in Colorado. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to litigate with the franchisor in Colorado than in your home state.
2. **Financial Condition.** The Franchisor's financial condition as reflected in its financial statements (see Item 21) calls into question the Franchisor's financial ability to provide services and support to you.
3. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the Franchise Agreement, even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets (perhaps including your house) at risk if your franchise fails.
5. **Sales Performance Requirement.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise and loss of your investment.

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.

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ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The Franchisor is True North Restoration Franchising LLC. For ease of reference, True North Restoration Franchising LLC will be referred to as “we,” “us,” or “our” in this Disclosure Document. We will refer to the person buying the franchise as “you” or “your” throughout this Disclosure Document, unless otherwise noted. If you are a corporation, partnership or limited liability company (“Business Entity”), certain provisions of the Franchise Agreement will also apply to your owners as noted in the Franchise Agreement.

True North Restoration Franchising LLC is a Colorado limited liability company formed on November 6, 2020. We currently conduct business under our company name and under the service mark and brand “True North Restoration®.” Our principal business address is 634 Trade Center Drive, Chesterfield, Missouri 63005. We have been offering franchises for True North Restoration Businesses since May 6, 2021. We do not operate any True North Restoration Businesses; however, our franchisees operated 18 True North Restoration Businesses as of December 31, 2024. Our agents for service of process are disclosed in Exhibit A.

Parents, Predecessors and Affiliates

Our parent, True North Ventures, LP, (“TNV”) is a Colorado limited partnership formed on April 15, 2021, and it shares our principal business address at 634 Trade Center Drive, Chesterfield, Missouri 63005. TNV has never offered franchises in any line of business.

Our affiliate and predecessor, Spectrum Cleaning and Restoration Network Denver CO LLC, (“Spectrum Denver”) previously operated two True North Restoration Businesses that were sold to our franchisees. Spectrum Denver has never offered franchises in any line of business.

The Franchise

We offer franchises for the establishment and operation of True North Restaurant Businesses (“each a “Business” and collectively, the “Businesses”) that offer fire, smoke, water, wind, and other damage restoration, residential and commercial cleaning, mitigation, repair and reconstruction, mold remediation, disinfection, deodorization, odor removal, roofing, asbestos abatement and bioremediation (trauma, crime scene, blood-borne pathogen cleaning) services (“True North Services” or “Services”) to residential and commercial customers (“Customers”). The Businesses use our service marks “TRUE NORTH”, TRUE NORTH RESTORATION” and related service marks and trademarks (“Marks”), as well as our proprietary business methods (“Licensed Methods”). The Businesses provide Services to a variety of Customers focusing on homeowners and businesses that require cleaning and restoration services following damage from fire, smoke, water, wind, mold or viral pathogens. The Services also include damage mitigation, reconstruction and repair services; construction cleanup services; decontamination services due to illegal drugs; disinfection to limit the survival of viruses; odor removal; and services related to those listed above, such as floor, carpet, drapery and upholstery cleaning. We reserve the right to modify the Services at any time. Our True North Restoration Franchise Agreement (“Franchise Agreement”), attached as Exhibit B, is signed for each True North Restoration franchise purchased. As a franchisee, you will receive the right to use our Marks and Licensed Methods to operate your True North Restoration Business within a geographic area (“Territory”) where you will market, advertise, and solicit Customers.

Market for the Services and Competition

The target market for the True North Services you will offer is homeowners, landlords, property management companies and businesses in your community. You will compete with a variety of other businesses and individuals that provide similar services in your market area. There are numerous enterprises and individuals in all areas of the United States providing some or all of the services you will offer through your True North Restoration Business, such as house cleaners, janitors, construction companies, licensed contractors, other franchise systems, and handyman service providers. The level of competition will vary depending on the geographic area and the type of Customer to whom the authorized products and services are offered. We encourage you to study your potential market and the competition that may already exist there. Sales of True North Services are not seasonal and occur year-round.

National Accounts

We have the right under the Franchise Agreement to enter into agreements with “National Accounts,” to provide services to Customers they refer to the True North Restoration Business network. A “National Account” is defined as a business or organization that: (1) conducts operations, directly or through agents, affiliates, independent contractors, franchisees or licensees, in two or more True North Territories in the United States in which we or our franchisees are operating True North Restoration Businesses; and (2) has a written contract or strategic alliance with us for the purpose of providing referrals or assignments of Customers in need of True North Services within such Territories. You may be eligible to participate in National Accounts in your Territory.

Our Multi-Unit Development Program

We offer qualified applicants the right to enter into a True North Restoration Development Agreement (the “Development Agreement”), attached as Exhibit C, to develop multiple True North Restoration Businesses within a designated geographic area (the “Development Area”). The scope and term of any Development Agreement and the exact number of Businesses to be developed depends on both your development plans and our evaluation of your financial capability and qualifications to develop and operate multiple Businesses within the Development Area. Under the Development Agreement, you must develop and operate an agreed upon number of True North Restoration Businesses located in the Development Area in accordance with a development schedule (the “Development Schedule”). You will not have the right to sell franchises under the Development Agreement. The size of the Development Area will vary depending on local market conditions and the number of Businesses you develop. The boundaries of the Development Area will be determined before you sign the Development Agreement. For each True North Restoration Business that you develop under the Development Agreement, you must sign our then-current form of Franchise Agreement, which may differ from the Franchise Agreement attached as Exhibit B. You will sign the Franchise Agreement for your first True North Restoration Business when you sign the Development Agreement.

If you are an existing franchisee in good standing whose Franchise Agreement expires while this Franchise Disclosure Document is effective, you may renew your franchise by signing a current Franchise Agreement and a Renewal Amendment to the Franchise Agreement (“Renewal Amendment”). A copy of the Renewal Amendment is attached to this Disclosure Document as Exhibit H. On renewal, you will conduct a review of your local market and the services offered by your Business, create a new business plan, upgrade, or refurbish equipment or products used in your Business and comply with any other requirements to renew.

Regulations

You must observe all rules and regulations that apply to the services offered by a True North Restoration Business in the state where your Business will be conducted. Some states or localities require permits or licenses to perform the services offered by a Business, such as obtaining and maintaining a contractor's license, which may be required to perform repairs or reconstruction. You are responsible for determining whether permits, licensing or other regulations exist and if so, how you will comply with them. We recommend that you consult with an attorney regarding federal, local, and state laws, rules and regulations that may affect the operation of your Business. Certain federal and state laws and regulations may apply to the services offered by the Business, including construction, HVAC, biohazard and mold remediation, asbestos abatement, hazardous material handling, lead paint testing, and environmental regulations that apply to the use of disinfectants or sanitizers.

You should also familiarize yourself with federal, state, or local laws of a more general nature that may affect the operation of your True North Restoration Business, such as employment, occupational safety and health (OSHA), wage and hour laws, and regulations governing the disposal of cleaning products and waste products. It will be your responsibility to comply with all laws that apply to your Business. If you are a Business Entity, you have the duty to maintain your Business Entity's good standing with the state where the Business Entity is formed to maintain the existence of the Business Entity. You must also abide by our data privacy policies set forth in our Operations Manual.

ITEM 2 BUSINESS EXPERIENCE

President and Chief Executive Officer: Justin Donat

Justin Donat has served as our President since November 2020, and as our Chief Executive Officer since January 2024, in Denver, Colorado. He also served as our Chief Executive Officer from January 2022 until March 2023, in Denver, Colorado. He has served as the Chief Executive Officer of our affiliate, Spectrum Denver, in Denver, Colorado, since February 2015. He and Raymond Donat are brothers.

Chief Operating Officer: Raymond Donat

Raymond Donat has served as our Chief Operating Officer since December 2023, located in Colorado Springs, Colorado. He served as our Director of Training from March 2023 to November 2023. He served as our Chief Operating Officer from November 2020 to March 2023. He served as the General Manager of a company-owned location, Spectrum Restoration d/b/a True North, located in Colorado Springs, Colorado, from July 2020 until October 2023. He served as the owner and General Manager of Spectrum Cleaning and Restoration - Southwest Missouri, LLC, located in Branson, Missouri, from December 2017 through June 2020. He and Justin Donat are brothers.

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

Franchise Fee

Except as noted below, you pay to us a non-refundable initial franchise fee of \$49,500 for franchise rights to your first Territory, which will be designated in the Franchise Agreement. The initial franchise fee is paid to us in full when you sign the Franchise Agreement.

If you own and operate a competing restoration business and wish to convert your existing business to a True North Restoration Business (“Conversion Franchise”), we will offer a 50% discount on the initial franchise fee for your first Territory.

If you qualify as a veteran of the United States’ armed forces, we will discount the initial franchise fee for your first Territory by \$5,000 (“Veteran’s Discount”).

The initial franchise fee is calculated based on a typical Territory containing a population of 250,000 to 350,000 potential customers (“Potential Customers”). We may sell a Territory with a population of as few as 100,000 Potential Customers in appropriate circumstances, but this does not reduce the initial franchise fee. The initial franchise fee is fully earned by us when you sign the Franchise Agreement and we do not refund it under any circumstances.

Opening Inventory of Uniforms. You must purchase uniforms from our online store prior to opening at an estimated cost of \$750 to \$1,000.

Pre-Opening Technology Fees. You will pay us and our designated suppliers monthly fees for software services that include a financial performance dashboard, website hosting, a tutorial on various tasks, customized project management and scheduling software, accounting tools and estimating software. Prior to opening, the fees that you will pay to us are estimated at \$60 to \$80.

Development Agreement

If you qualify to purchase franchise rights to develop multiple True North Restoration Businesses, you will sign a Development Agreement together with the Franchise Agreement for the first Business to be developed. When you sign the Development Agreement and first Franchise Agreement, you pay the initial franchise fee for the first Business to be developed under the Development Agreement, plus the full initial franchise fee for each additional Business to be developed under the Development Agreement. The initial franchise fee is \$49,500 for the first Business, \$40,000 for the second Business, \$35,000 for the third Business, \$30,000 for the fourth Business and \$25,000 for the fifth and each subsequent Business. There is no maximum number of Businesses that may be developed under the Development Agreement. The initial franchise fee is fully earned by us on receipt for the grant of development rights in the Development Area and is not refundable. You must sign the second and subsequent Franchise Agreements no later than the development deadline specified in the Development Agreement for each additional Business.

The Veteran’s Discount will apply to the initial franchise fee for the first Business developed under a Development Agreement, but not to the initial franchise fee for the second and subsequent Businesses.

All of the initial fees described in this Item 5 are nonrefundable. All franchisees currently acquiring a franchise pay the same franchise fees.

During our most recent fiscal year, all franchisees paid the same initial fees. We do not offer financing directly or indirectly for the initial fee.

**ITEM 6
OTHER FEES**

Type of Fee	Amount¹	Due Date	Remarks
Royalty	7% of monthly Gross Revenue from all services except reconstruction services; 2% of monthly Gross Revenue from reconstruction services	7th day of each month based on Gross Revenue in the preceding month	Reports are due each month even if no Royalty is owed. Royalties will be paid by electronic funds transfer. See Note 2 for a definition of Gross Revenue.
Brand Fee	1% to 2% of monthly Gross Revenue; currently 1% of Gross Revenue	7th day of each month based on Gross Revenue in the preceding month	Contributed to the Brand Fund and used for advertising, marketing and promoting True North Restoration Businesses. This fee is paid by electronic funds transfer.
Local Marketing Spend	The greater of 2% of monthly Gross Revenue or \$1,000 per month on average during a rolling 3 month period	You must begin spending this amount in the third month after the date your business opens (“Opening Date”)	
Regional Advertising Association ³	May vary, with recurring contributions up to 1% of Gross Revenue	Monthly or as directed by the Association	As of the date of this Disclosure Document, there were no Regional Advertising Associations established. If we form an Association in your area, we anticipate each member will contribute 1% of Gross Revenue. Local advertising expenditures will be reduced proportionally if you participate in an Association.
National Account Fee	5% of monthly Gross Revenue directly attributable to a National Account	7 th day of each month based on Gross Revenue in the preceding month if you receive revenue from National Account referrals	We reserve the right to charge fees to manage National Account referrals throughout the True North system. This fee is in addition to the Royalty fee for National Account referrals.

Type of Fee	Amount¹	Due Date	Remarks
Management Fee for Catastrophic Events	15% of monthly Gross Revenue directly attributable to a catastrophic event project that is managed by us. The management fee is in addition to the Royalty Fee.	7 th day of each month based on Gross Revenue in the preceding month if you receive revenue from catastrophic event projects managed by us	We reserve the right to charge fees and set rates in advance to manage jobs directly related to a catastrophic event anywhere in the United States.
Additional Assistance Fee	\$600 per person per day, plus travel and living expenses	As incurred	Payable if you request additional on-site assistance or if we require you to receive on-site assistance and if you send a new General Manager or other managers to the initial training program during the term of your franchise.
Technology Fee Paid to Us	\$173 to \$253 a month for various software services that we pass along to you	Monthly	The fee includes costs of website hosting, financial performance data software, Google, and access to Know How, an operational tutorial for a variety of tasks. Google access fees are per user. These fees are subject to change per the supplier(s). These fees are paid to us and we pass them through to our designated suppliers.
Electronic Mail Fee	Currently, \$21 per person each month	7 th day of each month, starting in the first full month after training is completed	The fee covers participation in our electronic mail system, web page for your business, website hosting, and technical support. The fee is paid to reimburse us for our costs from our vendors without mark-up.
Renewal Fee	\$5,000	On signing of successor Franchise Agreement	Fee is payable when successor Franchise Agreement is signed.

Type of Fee	Amount¹	Due Date	Remarks
Transfer Fee	\$10,000, plus \$2,500 for every undeveloped franchise under a Development Agreement and any broker fees incurred by us	Before the sale or transfer of your Business is effective	Payable when the Development Agreement, Franchise Agreement, interest in the Business or the franchise is transferred by you. The transferee is not charged an initial franchise fee.
Inspection and Audit Costs	Costs related to inspection or audit	As incurred	Payable only if you understate your Gross Revenue by 3% or more, fail to submit reports to us three times in a row or do not cooperate in an inspection or audit, including failing to have the books, records and other information regarding your Business available for audit or inspection.
Additional Training and Conventions	Additional training tuition may be required to cover our costs. We reserve the right to charge \$500 per person for the annual convention registration fee even if you do not attend.	As incurred; annual convention registration fee is due 60 days before the convention begins, if applicable	We may charge tuition for new mandatory training programs. You must pay for travel and living expenses for your employees while attending mandatory training sessions, meetings, and conventions. We reserve the right to require your attendance at one annual convention per year.
Extension Fee (Development Agreement)	\$5,000	As incurred	You may request up to 2 extensions of 6 months each of the Development Schedule under the Development Agreement. There is no charge for the first extension. The extension fee is payable for the second extension request.
Interest	Lesser of 18% per annum or highest rate allowed by law	As incurred	Begins to accrue the day after payments are due.
Costs and Attorneys' Fees	Will vary under the circumstances.	As incurred	Payable only if we are successful in a legal action. You also pay any collection agency fees due if collection actions are necessary.

Type of Fee	Amount¹	Due Date	Remarks
Indemnification	Will vary under the circumstances.	As incurred	You must reimburse us if we are held liable for claims arising from your Business.
Early Termination Damages	Amount of the average monthly Royalties that you owed for the one year period prior to termination, multiplied by the lesser of 48 months or the number of months remaining in the term of the Franchise Agreement	Within 30 days following termination	Payable if you default on your obligations and we terminate the Franchise Agreement prior to the expiration of the initial term of the Franchise Agreement.

1. Unless otherwise noted, all of the fees or charges described in this Item derive from the Franchise Agreement and are non-refundable and payable to us. We may waive or reduce a fee for a particular franchisee from time to time.
2. “Gross Revenue” are the aggregate amount received by the Business from, connected with, or related to the sale of True North Services to Customers and all other services or products and all business transacted in or through the Business, directly or indirectly, and including amounts received from participation in any optional programs, and excluding only: (i) the amount of any federal, state or local sales or excise taxes or other similar taxes, separately stated; (ii) the amount of any refunds to Customers; and (iii) other exclusions as may be authorized in writing by us. For clarification, “Gross Revenue” includes amounts received by you for True North Services provided to a general contractor where you are acting as a subcontractor.
3. We have the right to establish a Regional Advertising Association for an area that includes your Territory. In that situation, up to 1% of your Gross Revenue, the exact amount to be determined by the advertising association, must be paid by you to that Regional Advertising Association. Company-owned and affiliate-owned Businesses will contribute on the same basis as franchised Businesses and will have the same number of votes as franchised Businesses on any fees imposed by Associations. See Item 11.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT FRANCHISE AGREEMENT

Type of Expenditure*	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fee (See Note 1)	\$49,500	\$49,500	Lump Sum	On signing of Franchise Agreement	Us
Building and Improvements (See Note 2)	\$1,250	\$5,000	As incurred	Before Opening	Other Suppliers
Office Equipment, Supplies and Furnishings (See Note 3)	\$300	\$2,000	As incurred	Before Opening	Other Suppliers

Type of Expenditure*	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Vehicle (See Note 4)	\$1,000	\$40,000	As incurred	Before Opening	Other Suppliers
Computer Hardware, Software, Phone System and Related Equipment (See Note 5)	\$1,650	\$5,000	As incurred	Before Opening	Approved/Designated Suppliers, or Other Suppliers
Technology Fees (See Note 6)	\$2,331	\$2,901	As Agreed	Before Opening	Designated Suppliers, Other Suppliers, and Us
Opening Inventory of Cleaning Products, Supplies, Uniforms and Equipment (See Note 7)	\$31,500	\$45,000	Lump Sum when ordered	Before Opening	Designated Suppliers, Affiliates, or Us
Initial Training: Travel and Living Expenses (See Note 8)	\$1,500	\$3,000	As incurred	Before Opening	Other Suppliers
General Liability, Worker's Compensation and other Insurance (See Note 9)	\$5,000	\$7,500	As Agreed	Before Opening	Designated Suppliers or Other Suppliers
Grand Opening Marketing (See Note 10)	\$1,000	\$3,000	As Agreed	During the first 90 days after the Opening Date	Designated Suppliers or Other Suppliers
Online Marketing Services Startup Package (See Note 11)	\$11,399	\$11,399	As Agreed	Before Opening	Designated Suppliers
Licenses and Permits (See Note 12)	\$100	\$4,500	As Agreed	As Incurred	Other Suppliers
Certification(s) (See Note 13)	\$500	\$2,000	As Agreed	One Certification before Business Opens	Other Suppliers
Additional Funds for 3 months (See Note 14)	\$30,000	\$50,000	As Needed	As Incurred	Us and Other Suppliers
TOTAL ESTIMATED INITIAL INVESTMENT PER TERRITORY (See Note 15)	\$139,530	\$233,300			

Explanatory Notes

* All amounts paid to us are non-refundable. Third-party suppliers will determine whether payments to them are refundable.

Note 1. Initial Franchise Fee. The estimated initial investment includes the initial franchise fee for your first Business under a Franchise Agreement. Conversion franchisees will pay a discounted initial franchise fee of \$25,000.

Note 2. Building and Improvements. Typically, a True North Restoration Business will have approximately 1,500 to 2,500 square feet of office and warehouse space with a drive-in bay for vehicles to load and unload (“Business Location”). The lower estimate in the chart assumes that almost no changes are necessary to the space; the high-range estimate assumes some improvements will need to be made. The estimates in the above chart reflect the rent and minor improvements to average empty space based on the recommended Business size. Your actual costs for tenant finish for the Business Location will depend in large part on the square footage, initial condition and location of your Business Location; the site’s prior use; whether your landlord gives you a tenant finish allowance; as well as the overall costs in the market in which you are developing the Business Location. If you purchase property or a building, or both, for the Business, your additional costs will depend on the location and size of the land and building. We do not typically invest in the land and building for a True North Restoration Business. We are unable to estimate these costs due to the significant variances based on location and market conditions.

Note 3. Office Equipment, Supplies and Furnishings. This includes office furniture, tables and chairs, office supplies, furnishings and security equipment.

Note 4. Vehicle. You need at least one vehicle for the Business. Each vehicle must meet our standards, be in good condition, be painted according to our specifications or be wrapped with our proprietary vehicle wrap that includes the Marks. An existing vehicle can be converted for use in the Business or you can purchase or lease a new or used vehicle, so long as it meets our specifications.

Note 5. Computer Hardware, Software, Phone System, and Related Equipment. This item includes the estimated costs to purchase or lease a minimum of one laptop, one tablet, software, telephone system, photocopier/scanner, and accounting software. These costs include purchasing two cell phones and one tablet using a voice over Internet protocol (VOIP) telephone system. You must have a minimum of one telephone line dedicated solely to your True North Restoration Business and an employee (or a call center that meets our standards) answering your phone number at all times during regular business hours or engage a call center service to answer calls. This item includes payment for certain customized software and related hardware that you will use in the Business. You are required to have high-speed broadband access to the Internet installed at your Business Location. None of these payments are refundable once paid. Your costs may be higher if you decide to add more computers. All costs are paid directly to third party vendors before the Business opens.

Note 6. Technology Fees. You will pay us and our designated suppliers monthly fees for software services that include a financial performance dashboard, website hosting, a tutorial on various tasks, customized project management and scheduling software, accounting tools and estimating software. This amount covers the first three months of Technology Fees following the opening of the Business.

Note 7. Opening Inventory of Cleaning and Restoration Products, Supplies, Uniforms and Equipment. You must open with and maintain a minimum inventory of specific cleaning products, supplies and equipment, all of which you purchase from a designated supplier or from us or our affiliate. Uniforms must be purchased from our online store and will be worn by every employee while working.

Note 8. Initial Training: Travel and Living Expenses. Tuition for up to two individuals attending our initial training program is included in your initial franchise fee. You are responsible for all travel, lodging and living expenses associated with attendance at the initial training program and other training programs. You must also pay salaries of your employees who attend initial training.

Note 9. General Liability and Worker's Compensation Insurance. This estimate covers the cost of insurance premiums for a three month period after opening. The cost of the insurance premium will vary depending on the location and size of your Business Location premises and the number of employees. The cost of the insurance premium may also change periodically due to changes in insurance rates or due to your claims and loss history. See Item 8 for our insurance requirements.

Note 10. Grand Opening Marketing. You are required to spend a minimum of \$1,000 to \$3,000 on grand opening marketing to promote the opening of your Business within 90 days of the opening of your Business. You will pay a designated supplier for digital marketing materials during the first 90 days following the Opening Date. Other funds will be spent on marketing activities based on a Marketing Plan which may include local pay per click campaigns, local print or digital advertising, or local business memberships.

Note 11. Online Marketing Services Startup Package. Before the Business opens, you will pay \$4,199 to our designated supplier for a startup package of online marketing services, including the design and buildout of a website for the Business. Beginning in the first month after the Business opens, you will pay monthly fees of \$2,379 for the first three months, to the designated supplier for SEO and social media marketing services, website maintenance and updates.

Note 12. Licenses and Permits. You must acquire all licenses and permits necessary to operate a Business in your state, county, and municipality. We recommend that you retain an attorney, accountant or business advisor to assist you in establishing the Business and obtaining all necessary licenses and permits in every state, county and municipality in your Territory.

Note 13. Certification(s). At least one individual working full-time in your Business must successfully complete an IICRC certification for water damage remediation before you open your Business. The course must be taken from IICRC or another approved supplier.

Note 14. Additional Funds for 3 Months. This amount is an estimate of the additional funds necessary for the first three months of your Business operations. These expenses include employee payroll costs, but do not include any draw or salary or personal living expenses for you or the financing costs if you are borrowing money to fund your initial investment. This estimate also includes amounts incurred for three months' rent, office expenses, taxes, royalties, Brand Fees, costs for email communications, technical assistance, telephone service, credit card processing fees, legal fees, accounting fees, and other operational expenses. These expenses vary substantially from location to location.

Note 15. Total Estimated Initial Investment per Territory. We relied on our management's experience in operating and franchising True North Restoration Businesses to compile these estimates. We do not offer financing directly or indirectly for any part of the initial investment.

YOUR ESTIMATED INITIAL INVESTMENT

DEVELOPMENT AGREEMENT

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise Fees (See Note 1)	\$89,500	\$179,500	Lump Sum	Upon signing the Development Agreement	Us

Type of Expenditure	Amount (Low)	Amount (High)	Method of Payment	When Due	To Whom Payment Is To Be Made
Other Expenditures for developing 2 to 5 True North Restoration Businesses (less initial franchise fee for each True North Restoration Business) (See Note 2)	\$180,060	\$919,000	As disclosed in first table in this Item 7	As disclosed in first table in this Item 7	As disclosed in first table in this Item 7
TOTAL ESTIMATED INITIAL INVESTMENT	\$269,560	\$1,098,500			

Explanatory Notes

Note 1. Development Agreement – Initial Fees. The chart above estimates your initial investment to open two (low estimate) or five (high estimate) Businesses. When you sign a Development Agreement to open multiple Businesses, you will pay the initial franchise fee in the amount of \$49,500 for your first Business and a reduced initial franchise fee ranging from \$25,000 to \$40,000 for the second and each subsequent Business to be developed under the Development Agreement. The low estimate assumes you will enter into a Development Agreement requiring you to develop two Businesses and the high estimate assumes you will enter into a Development Agreement to develop five Businesses.

Note 2. Other Expenditures for Second and Subsequent True North Restoration Businesses. You will also incur the estimated initial investment in the first chart in this Item 7 for the second and each subsequent Business developed.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Operations

You must establish and operate your True North Restoration Business in compliance with your Franchise Agreement. You must purchase or lease one vehicle, cleaning and restoration equipment, cleaning and restoration products, tools, services and supplies used in or offered through your Business in compliance with the standards and specifications contained in the materials we provide to you. These materials consist of one or more manuals, technical bulletins, standard operating procedures, or other written materials, some or all of which may be web-based (we refer to all manuals and other written materials taken together, whether or not they are web-based, as our “Operations Manual”), which we may modify. We provide you with our standards and specifications for almost all of the services offered by your Business and for use of our Marks and Licensed Methods, inventory of cleaning products, tools, supplies, Customer service, employee training, equipment, computer hardware and software, marketing and advertising. After signing the Franchise Agreement and at your reasonable request, we will make available to you a list of our approved suppliers.

Purchases from Designated or Approved Sources

You will purchase cleaning and restoration equipment, cleaning products, computer hardware and software, an opening inventory of cleaning supplies and tools, and uniforms from approved or designated

suppliers. We reserve the right to require you to purchase branded cleaning and restoration products and equipment from approved or designated suppliers, or from us or one of our affiliates, if we develop our own line of cleaning or restoration products and/or equipment in the future. You must purchase from approved or designated suppliers, certain equipment, cleaning products/supplies, inventory of tools, uniforms, computer hardware and access to software you will use in your Business, including: (1) one computer and one tablet; (2) wraps for one or more vehicles that will be wrapped with branded advertising and used exclusively for the Business; (3) an opening inventory of equipment, cleaning and restoration products and tools; and (4) initial marketing materials. We reserve the right to negotiate buying programs with vendors for the items mentioned and require that you purchase these items through our buying programs. Buying programs may change and we reserve the right to designate additional or different items which must be purchased through us or another designated source. You are not required to purchase a vehicle from an approved or designated supplier, but your vehicle must meet our standards and specifications.

You must purchase or lease other equipment, products, supplies, or services used in or offered through your Business only of a type approved by us and only from other approved vendors who can supply these items in accordance with our standards and specifications.

Although not obligated to do so, we may negotiate purchase arrangements with other suppliers for the benefit of our franchisees. As of the date of this Disclosure Document, we do not require you to participate in any purchasing or distribution cooperatives. In addition to the buying programs, we have with various vendors for the items mentioned in the paragraphs above, we have a recommended list of vendors that provide goods and services to our franchisees. You should not rely on the continued availability of any particular pricing or distribution arrangement, or the availability of any particular product or brand, in deciding whether to purchase the franchise. We are not currently affiliated with any designated or approved suppliers. No franchisor officers own an interest in any of our designated or approved suppliers. Although we did not receive any monies in 2024, we reserve the right to receive rebates, incentives or overrides from third-party suppliers from whom you buy items. You do not receive a material benefit from us based on your use of any particular designated or approved source.

We estimate that the cost of the vehicle wrap, equipment, cleaning products, tools, supplies, marketing, software, computers, office equipment, and related costs, and all other items purchased from designated suppliers or in accordance with our standards and specifications will represent approximately 48% to 71% of your total purchases in connection with the establishment of your True North Restoration Business, and 20% to 35% of your overall purchases in operating your True North Restoration Business after it has been established. For the year ended December 31, 2024, we did not have any revenue from purchases made by our franchisees.

If you propose to purchase or lease any equipment, products, supplies or services for use in or sale through your Business of a type not previously approved by us, or purchase or lease these items from a supplier we have not approved, you must notify us in writing and obtain our approval in advance. We will notify you of our approval or disapproval of the item or supplier in writing within 30 days after our receipt of your request. We may withhold approval of the proposed new item or supplier for any reason; however, we will not unreasonably withhold our approval of a supplier of your choosing if the supplier meets our standards and specifications regarding the items to be supplied to you. We may require submission of sufficient specifications, information, or samples to determine whether the items or proposed suppliers of the items meet our standards and specifications. We will not make our criteria for approving suppliers available for you to review. We may revoke our approval of an item or a supplier that was previously approved, on 30 days written notice.

Marketing and Advertising

You must use templates for marketing on social media sites and other marketing materials to advertise the opening of your Business. We will provide templates for online ads at no charge. If you distribute marketing brochures or purchase print ads, you will pay to reproduce brochures and to place ads with outside marketing companies in your Territory. From time to time, you may be required to purchase marketing materials from us, our affiliate, or our designated vendor. All marketing and promotion of your Business must conform to our standards and specifications. At least 30 days before you use them, you must submit for our approval all advertising, marketing and promotional materials not prepared or previously approved by us, including materials you wish to use on social media, websites and other Internet sites. We require you to participate in electronic advertising by customizing web pages that are linked to our website and periodically sending out electronic marketing pieces to targeted Potential Customers in your Territory. We retain the right to develop and control all Internet advertising and communications, including social media, using our Marks. We reserve the right, upon 30 days prior written notice to you, to require that you participate in electronic advertising by creating, customizing or providing access to a linked webpage, electronic newsletters, or otherwise. All True North Restoration Businesses, including any owned by our affiliates, must participate in these programs or other promotions that we may adopt in the future.

Insurance

You must purchase and maintain insurance meeting the types and coverage amounts specified by us for your Business. You must obtain and provide us with proof of insurance from an approved or designated insurance company and you must maintain the following insurance coverages (i) comprehensive general liability, pollution liability, and professional liability insurance for the Business and its operations, with a limit of not less than \$1,000,000 combined single limit, or such greater limit as may be required as part of any lease agreement for the Business Location; (ii) unemployment insurance as required by applicable law; (iii) worker's compensation insurance with a broad form all-states endorsement coverage of at least \$500,000 or a higher amount if applicable law requires a higher amount; (iv) non-owned automobile liability insurance covering all employees with authority to operate a motor vehicle in an amount not less than \$1,000,000, and if the Business owns a vehicle, automobile liability insurance of at least \$1,000,000 combined single limit; (v) employment practices liability insurance with a minimum aggregate limit of \$100,000; and (vi) cyber-security coverage of not less than \$250,000. The required policies of insurance must list us as an additional insured and provide 30 days advance written notice to us of cancellation. If you choose to sign up for referrals from insurance company third-party administrators ("TPAs"), you will likely be required to obtain additional types of insurance, such as bailees' insurance for certain types of remediation.

If you fail to purchase or provide us evidence of this insurance, we have the right to remove your Business from our website, demand that you cease operations, terminate your franchise or we may obtain insurance on your behalf and you must reimburse us for the cost of insurance. We reserve the right to require you to change the type of insurance you are required to maintain and upon 60 days prior written notice to you, revise the required coverage limits.

ITEM 9
FRANCHISEE'S OBLIGATIONS

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

Obligation	Section in Agreement	Disclosure Document Item
(a) Site selection and acquisition/lease	Sections 3.1 and 5.1 of the Franchise Agreement; Section 5.3 of Development Agreement	Items 7 and 11
(b) Pre-opening purchases/leases	Section 5 of Franchise Agreement	Item 7
(c) Site development and other pre-opening requirements	Section 5 of Franchise Agreement	Items 7 and 11
(d) Initial and ongoing training	Section 6 of Franchise Agreement; Section 6 of Development Agreement	Item 11
(e) Opening	Section 5.8 of Franchise Agreement	Item 11
(f) Fees	Sections 3.4, 3.5, 4, 5.9, 6.5, 10.1e, 11 and 12 of Franchise Agreement; Section 4 and Section 5.2(c) of Development Agreement	Items 5, 6 and 7
(g) Compliance with standards and policies/Operations Manual	Sections 8, 10 and 13 of Franchise Agreement	Items 11 and 14
(h) Trademarks and proprietary information	Sections 10 and 14 of Franchise Agreement; Section 7 of Development Agreement	Items 13 and 14
(i) Restrictions on products/services offered	Sections 10.1d and 13 of Franchise Agreement	Item 16
(j) Warranty and customer service requirements	Section 9.1 of Franchise Agreement	Not applicable
(k) Territorial development and sales quotas	Section 10.1.1 of Franchise Agreement	Item 12
(l) Ongoing product/service purchases	Sections 10 and 13 of Franchise Agreement	Item 8
(m) Maintenance, appearance and remodeling requirements	Section 10.1 of Franchise Agreement	Item 8
(n) Insurance	Section 21 of Franchise Agreement	Items 7 and 8
(o) Advertising	Section 12 of Franchise Agreement	Items 6 and 11
(p) Indemnification	Section 19.3 of Franchise Agreement; Section 10.3 of Development Agreement	Item 6
(q) Owner's participation/management	Section 10.1h of Franchise Agreement	Item 15
(r) Records/reports	Section 15 of Franchise Agreement	Item 6

Obligation	Section in Agreement	Disclosure Document Item
(s) Inspections/audits	Sections 13.3 and 15.4 of Franchise Agreement	Item 6
(t) Transfer	Section 16 of Franchise Agreement; Section 8 of Development Agreement	Item 17
(u) Renewal	Section 17 of Franchise Agreement	Item 17
(v) Post-termination obligations	Section 18 of Franchise Agreement; Section 9 of Development Agreement	Item 17
(w) Non-competition covenants	Section 20 of Franchise Agreement; Section 11 of Development Agreement	Item 17
(x) Dispute resolution	Section 22 of Franchise Agreement; Section 13 of Development Agreement	Item 17
(y) Owner/Operator's Guaranty	Section 10.1j of Franchise Agreement; Exhibit II to Franchise Agreement; Exhibit II to Development Agreement	Item 15

ITEM 10 FINANCING

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

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

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

Pre-Opening Assistance

Before you open your Business, True North Restoration Franchising LLC, or our designee, will:

1. Designate your Territory and Development Area, if applicable. (Section 3.2, Franchise Agreement; Section 2.1, Development Agreement.)
2. Provide access to our confidential and proprietary online Operations Manual covering operating techniques, standards and specifications for services and products, administration, operations and methods of doing business, including all updates and revisions. (Section 8.1, Franchise Agreement.) The Operations Manual has a total of approximately 126 pages. This is an approximate number because it is a group of electronic documents made available on a secure website or file system. The Table of Contents for the Operations Manual is attached to this Disclosure Document as Exhibit E.
3. Provide our initial training program to you and your General Manager. (Sections 6.1 and 6.2, Franchise Agreement.)
4. Provide assistance and guidance regarding your grand opening marketing campaign and related issues, via teleconferences, electronic mail or other means. (Section 12.6, Franchise Agreement.)

5. Assist you in selecting and contracting with suppliers of the computer system, software, equipment, cleaning and restoration products, tools, and other items. (Section 7.1.d, Franchise Agreement.)

Ongoing Assistance

During the operation of your Business, True North Restoration Franchising LLC, or our designee, will:

1. Upon your reasonable request, consult with you by telephone or electronic mail regarding the continued operation and management of your Business. (Section 9.1.a, Franchise Agreement.)
2. Periodically make advertising and promotional materials available to you, either free of charge or at a price that covers our costs, at our option. (Section 9.1.b, Franchise Agreement.)
3. Provide you with news and updates regarding the cleaning and restoration industry in general and the True North Restoration Business in particular. (Section 9.1.c, Franchise Agreement.)
4. Provide training for your new management personnel at any time during the initial term of your Franchise Agreement upon payment of a training fee. (Section 9.1.d, Franchise Agreement.)
5. Provide continuing training, education or certification courses that we may develop regarding new services, software or products. (Section 9.1.e, Franchise Agreement.)
6. Provide email addresses, webpage and website hosting and maintenance for a monthly charge. (Section 9.1.f, Franchise Agreement.)
7. Provide guidance on how to target Potential Customers and referral sources in your Territory. We reserve the right to require all True North Restoration Businesses to use a centralized call center to handle inquiries in the future and to pay a designated supplier for call center services. (Section 9.1.g, Franchise Agreement.)
8. Provide various products and services as we may make them available to you periodically; for example, periodic conference calls, webinars, sales training, business development, training materials, information about certifications to add to the menu of services offered by your Business and access to TPAs and National Accounts from which you may obtain referrals to Potential Customers. If requested, we may suggest prices for the services you offer, but we do not set minimum or maximum prices at which you must sell services. These are examples of products and services we currently plan to offer, but we are not obligated to offer any of them. (Section 9.1.h, Franchise Agreement.)
9. If you desire additional assistance after your Business opens, we will, at our option, provide virtual assistance or send a representative to visit your Business Location and provide in-person assistance. Before the visit, we may require you to pay a daily fee for our services, in addition to reimbursing us for our expenses associated with the additional assistance. (Section 9.2, Franchise Agreement.)

Advertising Programs

Brand Fund. You pay us a Brand Fee each month of 1% to 2% of your Gross Revenue. As of the date of this Disclosure Document, we charge a 1% Brand Fee and have the right to raise the fee during the term of your Franchise Agreement in our discretion. The Brand Fee is placed in a segregated account (“**Brand Fund**”) used for marketing the True North Restoration Business system. Any interest that is earned from this account will become part of the Brand Fund. At your request, we will provide to you once during the calendar year, no later than 120 days after our fiscal year end, an unaudited financial statement for the funds in the Brand Fund for the previous fiscal year. All affiliate-owned Businesses pay Brand Fees

on an equal percentage basis with all franchised Businesses. During the fiscal year ended December 31, 2024, with the consent of our franchisees, we spent 100% of the contributions to the Brand Fund on software training for the System.

The Brand Fund is administered by us in our discretion. The Brand Fund may be used for creation, production (either through an advertising agency or in-house), or media placement of marketing materials; and these materials may be disseminated through television, radio, print, the Internet, or any other media we deem appropriate, in our discretion. The Brand Fund may also be used for preparing and producing social media marketing; video and audio and written advertising materials, including direct mail; sponsoring radio programs and other media advertising; administering multi-regional advertising programs; employing advertising agencies and in-house staff to assist therewith; customer loyalty programs; website, social media and other electronic advertising; and supporting public relations, market research and other advertising and marketing activities for True North Restoration Businesses.

The Brand Fund may borrow from us or other lenders to cover deficits or cause the Brand Fund to invest any surplus for future use. Any amounts remaining in the Brand Fund at the end of each year accrue and we apply them toward the next year's expenses. We do not guarantee that marketing expenditures from the Brand Fund will benefit you or any other franchisee directly or on a pro rata basis. The Brand Fund is not a trust fund, and we do not owe a fiduciary duty to you with respect to the maintenance, direction or administration of the Brand Fund. The Brand Fund is used for advertising, marketing and promotions on a national basis. We are not required to spend any money in the Brand Fund in, or for the benefit of, your Territory. We do not use the Brand Fund to solicit new franchise sales. We will assume no other direct or indirect liability or obligation to you with respect to collecting amounts due to the Brand Fund or with respect to maintaining or administering the Brand Fund.

The Brand Fee will be in addition to, and not in lieu of, expenditures we require you to make for local promotion and marketing described in this Disclosure Document. We reserve the right to require you to pay Brand Fees by electronic funds transfer from your bank account. This transfer is a separate transfer from that made for your Royalty payment.

We have a Franchise Advisory Council that includes five franchisees, three of whom are elected by other franchisees and two of whom are chosen by us, that advise us about advertising and marketing initiatives. The Franchise Advisory Council serves in an advisory capacity only; we are not bound to follow the Franchise Advisory Council's recommendations. We have the power to form, change or dissolve the Franchise Advisory Council.

Local Marketing Spend. You must spend the greater of 2% of monthly Gross Revenue or \$1,000 per month on average during a rolling 3-month period, for local promotion and marketing in your Territory. You are responsible for placement of all local promotions and marketing. The marketing and promotion of your Business in accordance with our standards and specifications is an essential aspect of the Licensed Methods, and you must comply with all of our marketing standards and specifications. You must also conduct a grand opening marketing campaign, and pay designated service providers for online marketing services, as described in Item 7 of this Disclosure Document.

You may not use any form of electronic, multimedia or telecommunication marketing materials that have not been approved by us in advance. We require you to engage in certain social media marketing for your True North Restoration Business, as described in this Disclosure Document and in the Operations Manual. On 30 days' notice, you must participate in any electronic marketing program sponsored by us. You must comply with our standards for use of the Marks and marketing communications when you post a blog, engage in social networking on the Internet, or conduct any type of Internet communication that

refers to the Marks, the Licensed Methods, us, our affiliates, your Business, other True North Restoration Businesses or franchisees.

Regional Advertising Association. We reserve the right to require the establishment of a cooperative advertising association (“**Association**”) in a geographic area that includes your Territory. An Association, if established, will consist of other True North Restoration Businesses (and, if applicable, affiliate-owned True North Restoration Businesses) that are within a geographic area, the scope of which we determine. If we establish an Association for the area that includes your Territory, you must join the Association and contribute up to 1% of your monthly Gross Revenue into a fund maintained by the Association. If you participate in an Association, your local marketing expenditure will be reduced to offset the amounts paid to the Association.

The Association will be administered by a person or persons selected by a majority vote of the Association members, each of whom own Businesses in that particular Association’s region. Association members will be permitted one vote for each Business they operate. We may seek reimbursement for its reasonable costs, salaries and overhead in assisting the Association. The funds contributed to the Association will be spent only on those marketing and promotional programs that are approved by a vote of the members of the Association. Each Association will operate under written rules its members may review. Each Association will be required to prepare annual unaudited financial statements and send them to you if you request them. We can form, change, and dissolve Associations. Either we or the Association may create the Association’s advertising, but advertising created by the Association would be required to have our written approval before use.

Computer, Electronic and Telecommunications Systems

You must purchase, use, maintain and update computer equipment, telephone systems and software programs that meet our specifications as they evolve over time. In some cases, these items may only be available through us, our affiliates and suppliers designated by us. You must learn to use these software programs, telephone systems and computer equipment proficiently. We require that you have a cell phone, telephone conferencing ability and the ability to roll your Business’ telephone answering to a cell phone. You must use a designated VoIP phone system with sufficient Internet capacity to prioritize phone traffic if you operate in a shared router environment. You must pay all amounts charged by any supplier or licensor (which may be us or an affiliate) of the computer systems and software programs used by you, including charges for use, maintenance, support and update of these systems and programs. We have independent access to information and data that you collect electronically.

Before you open your Business, you must purchase a minimum of one computer and one tablet, DSL or broadband internet service, and a printer/scanner/copier machine and the software programs we require. We require you to use a recent version of Apple, Google, or Microsoft Windows, including MS Word, MS Excel, MS PowerPoint, and Microsoft Internet Explorer or Google or Apple equivalents, giving you access to all marketing collateral and graphics, operational data, forms, and newsletters via the Intranet; scheduling and operating software customized for the True North Restoration system; GoogleDocs and related Google WorkSpace software for email and calendar; Albiware project management software for Customer contacts; QuickBooks Online; FathomHQ software for financial performance data; Know How software for application-based operations tutorials; and Virus protection software.

You have a contractual obligation to update hardware and software components, and there are no contractual limits on the frequency or cost of this obligation. You must pay for upgrades and updates for all software and remain current on all software updates. You may purchase maintenance and support contracts from third parties for hardware or other software if you wish. We estimate it will cost \$6,500 to \$7,500 for annual software licenses, maintenance and upgrade costs.

We may independently access information from your computer system and retrieve, analyze, download and use all software, data and files stored or used on your computer system. We may access information from your computer system from other locations or through an intranet/extranet system we may develop. You must store all data and information that we designate and report data and information in the manner we specify. You may need to purchase software designated by us to allow us access to your computer system and to report information in the manner we specify. You may also be required to purchase software, hardware or subscribe to a monitoring service to comply with our standards on computer security and to comply with laws regulating the privacy of Customer data. If you refuse to purchase any required security products, we may purchase them on your behalf and you must reimburse us. The data storage, phone line, communication software, internet access, electronic mail account and all additional hardware and software needed to implement and maintain these services is at your cost.

Site Selection

You are responsible for selecting and acquiring the Business Location for your Business subject to our approval. You must rent approximately 1,500 to 2,500 square feet of office and warehouse space with a drive-in bay for vehicles to load and unload. The space will be located in a light industrial area within your Territory at a location approved by us on or before your Opening Date. We require that you obtain a lease or purchase warehouse space before your Business Opening Date. Lease costs may vary significantly depending on the geographic location of your True North Restoration Business. Our assistance in connection with the selection and approval of a Business Location is generally limited to providing written criteria for a satisfactory location and reviewing the information you provide to determine whether the location fulfills the criteria. We consider the following factors (among others) in reviewing and approving proposed Business Locations: size and condition of warehouse space, offices located within the warehouse, parking access, and geographic location to optimize Internet access and accessibility for employees.

There is no contractual limit on the time it takes us to approve or disapprove your proposed Business Location. We typically take 30 days to approve or disapprove your proposed Business Location. If we do not approve of a location you propose, you will have 30 days to propose an alternative location, provided that you have not exceeded the time for obtaining our approval of a Business Location which is 90 days from the date you sign the Franchise Agreement. If we cannot agree on an acceptable location for the Business, we may terminate the Franchise Agreement and your initial fees will be forfeited. Our approval of a location does not infer or guarantee the success or profitability of a Business Location in any manner.

If you are developing multiple Businesses under a Development Agreement, we will approve the Business Location of future Businesses and the Territories for them using our then-current standards for Business Locations and Territories.

Schedule for Opening

We estimate that the typical length of time between the signing of the Franchise Agreement, or the payment of any consideration by you for your Business, and the opening of your Business is approximately 45 to 180 days. The factors affecting this time period include completion of the initial training program; securing proper insurance for operation; finding and securing rights to a Business Location; and beginning to market the Business to Potential Customers. You must open the Business within 180 days after signing the Franchise Agreement. The development schedule for multiple True North Restoration Businesses will be agreed to when we sign the Development Agreement.

Training

You may send up to two people to our initial training program. You, or if you are not an individual, a majority owner of the Business Entity, and if different, the person who will be primarily responsible for managing your Business (“General Manager”), must attend the initial training program no later than 90 days after signing the Franchise Agreement. We may extend this period if it is anticipated that the Opening Date will be delayed. You, or your majority owner if you are a Business Entity, and the General Manager (as applicable), must complete the initial training program to our satisfaction. We reserve the right to charge tuition if you elect to send more than two people to the initial training program. Additional management employee trainees are allowed only on a space available basis.

The in-person initial training program is offered as needed in the second week of every month. We conduct the in-person initial training program at our offices in Chesterfield, Missouri, (near St. Louis, Missouri) or any other location we select, in our discretion. The in-person portion of the training program conducted by us lasts five days, the water damage restoration portion of the program is conducted by an approved vendor and lasts five days, and the remainder of the training program lasts one and a half days for a total of almost two weeks. The initial training program also consists of online virtual training components that must be completed. The training material consists of written and visual materials, videos, online and hard copies. The initial training program is conducted on an as-needed basis.

We also provide initial training for new or replacement management employees, including General Managers, at your expense, if you hire a new General Manager or other managers during the initial term of your Franchise Agreement. Any newly appointed General Manager of your Business must attend the initial training program within three months of appointment.

You or your General Manager must attend any additional mandatory training programs or webinars we may offer. We will give you 30 days prior written notice of any mandatory ongoing training programs or 14 days prior written notice for webinars. We will not require you to attend more than one annual conference and one regional conference or training in person per year. You must pay all transportation and living expenses incurred by you and your management employees in connection with attending initial and ongoing training programs.

You or your General Manager must complete eight hours of on-line training programs before attending the in-person part of the initial training program at our headquarters or other designated location.

The following table shows the initial training program schedule as of the date of this Disclosure Document.

TRAINING PROGRAM

Subject	Hours of Classroom and Online Training	Hours of Hands-On Training	Location
Preparation for Training	8	0	Virtual
Water Damage Restoration and Advanced Structural Drying IICRC with vendor (5 days)	40	0	Approved IICRC training vendor location

Subject	Hours of Classroom and Online Training	Hours of Hands-On Training	Location
Water Damage Restoration	4	4	Chesterfield, Missouri
Mold Damage Restoration	2	2	Chesterfield, Missouri
Fire Restoration Overview	2	0	Chesterfield, Missouri
Business Management Operations	4	4	Chesterfield, Missouri
Business Management Administration	4	4	Chesterfield, Missouri
Sales & Marketing	2	2	Chesterfield, Missouri
National Accounts	2	0	Chesterfield, Missouri
Post-Training, National Accounts, Software, etc.	8	8	Virtual
Totals	76 Hours	24 Hours	

The table above includes the schedule for the online training and the portion of our initial training program conducted at our headquarters in Chesterfield, Missouri, (near St. Louis, Missouri) as of the date of this Disclosure Document. All on-line programs are conducted on your computer at your home or another location of your choice with access to the Internet. There are no instructors for the on-line programs. Training materials will include excerpts from our Operations Manual, vendor brochures, PowerPoint presentations and other materials.

Instructors for the initial training program may include Justin Donat, Raymond Donat, and other staff and consultants. Justin Donat, our President and Chief Executive Officer has more than 10 years of experience in training for True North Restoration Businesses. Raymond Donat, our Chief Operating Officer has more than 7 years of experience in training for True North Restoration Businesses. Our Onboarding Manager, Justine Rivera has 4 years of experience in training for True North Restoration Businesses. Subject matter experts and vendors also participate in the training program to assist franchisees with computer software and other operations related topics.

ITEM 12 TERRITORY

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

Single Business: Location and Territory

You will operate your True North Restoration Business from the Business Location identified in the Franchise Agreement. You may not change your Business Location without our prior written approval, which will not be unreasonably withheld. Your Business Location must be located within your Territory, which is typically identified by zip codes or county lines and contains a population of up to 350,000 Potential Customers. We calculate the number of Potential Customers based on demographic information from the most recent U.S. Census; we are currently using software based on the 2020 Census. We reserve the right to adjust the calculation of the population of a Territory based on other demographic features of a particular area, but Territories are not adjusted after you sign the Franchise Agreement.

Scope of Rights to the Territory

You will be granted a Territory within which we will not operate, or franchise anyone else to operate, a True North Restoration Business, subject to our written Territory policy (“Territory Policy”). The designation of the Territory does not provide you with any exclusive right to market to or provide services and products to any particular Customers. You may not contact referral sources and you may not advertise your Business outside your Territory without prior written approval. You are restricted from marketing to Customers that reside in the Territory that is assigned to another True North Restoration Business, but you are permitted to service Customers who reside in a Territory that is assigned to another True North Restoration Business if you receive a request directly from the Customer. We may establish written policies, which describe, among other things, customary exceptions to the restriction against provision of Services to Customers outside of a Territory, more detailed guidelines for referral of Customers to other True North Restoration Businesses, provision or referral of non-mandatory, specialized program services and similar issues. Except as stated above, you do not have the right to market or advertise for Customers residing outside of your Territory or in the Territory of another True North Restoration Business using other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing.

The continuation of your rights to your Territory and your right to continue operating a Business under the Franchise Agreement depends on achievement of the following sales levels (“Minimum Sales Requirements”): At the end of the 12th month after your Business opens, you must attain and maintain a minimum of \$10,400 per month in Gross Revenue. At the end of the 24th month, you must attain and maintain a minimum of \$21,500 per month in Gross Revenue. At the end of the 36th month, you must attain and maintain a minimum of \$30,000 per month in Gross Revenue. At the end of the 48th month, you must attain and maintain a minimum of \$41,500 per month in Gross Revenue. Thereafter, you must maintain \$41,500 in Gross Revenue per month each calendar year for the remainder of the term of your Franchise Agreement. If you fail to meet Minimum Sales Requirements, we may reduce the size of the Territory, establish or license someone else to establish a True North Restoration Business in the Territory, or terminate your Franchise Agreement. The Minimum Sales Requirements apply to each Territory and do not vary based on the population of Potential Customers in a particular Territory.

National Accounts.

We reserve the right under the Franchise Agreement to enter into contracts or strategic alliances with “National Accounts,” to provide for or encourage the provision of services to Customers they refer or assign to the True North Restoration Business network. We will contact you and provide you with a right of first refusal to provide True North Services to the Customers referred or assigned to us by the National Account who reside in your Territory unless you are not eligible to provide the Services. To be eligible, you must be able to provide Services to the Customers based on rules (e.g., qualifications, certifications, conditions for availability, resources, price and billing terms, insurance requirements or similar), guidelines

or other terms and conditions agreed to between us and the National Account or as otherwise directed by the National Account. If you are contacted by a potential National Account, you must refer them to us before agreeing to provide services to them.

In the event that you cannot or do not elect to provide True North Services to Customers in your Territory based on our National Account agreement or program, or if you violate the agreement with or standards or rules of the National Account, then you will not provide Services to those Customers during the term of the National Account agreement or program and you will not be entitled to receive any portion of the resulting compensation. We cannot guarantee that we will develop or maintain contracts or strategic alliances with a particular number of National Accounts, if any, or that if we do, that you will receive any National Account referrals or assignments in your Territory.

Catastrophic Events. From time to time there will be large-scale disasters such as hurricanes, fires, storms, and other large loss events that require substantial resources for recovery and have significant impacts on life, property, and the environment (together, “Catastrophic Events”). We have the right to determine when a Catastrophic Event has occurred. If a Catastrophic Event occurs in your Territory, you will not have exclusive rights to the jobs in your Territory if we determine that the size and scope of the Catastrophic Event warrants a system-wide response program. We have the right to organize a system-wide response to any Catastrophic Event to allocate jobs among True North Restoration Businesses that are qualified and willing to respond, including charging a Management Fee of 15% of Gross Revenue to Businesses that participate in the response program. We will perform all estimates, manage all projects in terms of personnel, equipment, and billing for each response program we undertake. We will also set rates for each job and give Businesses the option of participating under the terms that we have negotiated. If you choose to participate in a response program, you will pay us the Management Fee in addition to the Royalty Fee and other applicable fees. The terms of any given Catastrophic Event response program will be in our sole discretion, depending on many factors which are difficult to predict.

Multiple Businesses: Development Agreement

Under the Development Agreement, you will be granted a Development Area within which we will not operate, or franchise anyone else to operate, a True North Restoration Business, subject to our written Territory Policy and our reservation of rights, described below.

Under the terms of the Development Agreement, we grant you the right to establish, according to a schedule, a minimum number of True North Restoration Businesses the Development Area, which is usually defined by political boundaries such as street boundaries, a city, county, or state limits or by other reasonable boundaries. The number of True North Restoration Businesses to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density, income and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. We will approve the Business Locations and the Territories for them using our then-current standards for Business Locations and Territories. You have no option, right of first refusal or similar contractual right to acquire additional True North franchises within your Development Area or in contiguous areas. The continuation of your rights to your Development Area during the term of the Development Agreement is dependent on meeting the Development Schedule set forth in the Development Agreement. Failure to meet the Development Schedule may result in the termination of the Development Agreement.

Options; Rights of First Refusal

Unless you have rights under a Development Agreement, you have no option, right of first refusal or similar contractual right to acquire additional True North Restoration Business franchises. You may

operate more than one Business Location within your Territory only with prior written approval from us. You may not unilaterally change the boundaries of your Territory. If the population and demographics in your Territory change during the term of your Franchise Agreement, your territorial boundaries will not be adjusted, even if the number of Potential Customers decreases. We may adjust the size of your Territory only if you fail to achieve and maintain the Minimum Sales Requirements described above.



Our Reservation of Rights

We retain the rights under the Franchise and Development Agreement, among others: (1) to use, and to license others to use, the Marks and Licensed Methods in connection with the operation of True North Restoration Businesses, at any location including within your Territory and, if applicable, within your Development Area, under circumstances described in our Territory Policy; (2) to use the Marks and Licensed Methods to identify services and products other than those which you sell, and to identify services and products the same as or similar to those you will sell, but made available through alternative channels of distribution, including on the Internet, social media, other electronic communications methods, flyers, through telemarketing, or other direct marketing, promotional efforts or related items, at any location, including within your Territory and, if applicable, within your Development Area; (3) to use and license the use of other proprietary marks or methods in connection with the sale of services and products similar to those you will sell, whether in alternative channels of distribution or in connection with the operation of businesses selling similar services or related products or services (for example, if we acquire another company or franchise system that offers restoration or cleaning services), at any location, which businesses may be the same as, or similar to, or different from True North Restoration Businesses, on any terms and conditions as we determine; (4) to purchase, be purchased by, merge or combine with, businesses that directly compete with True North Restoration Businesses; and (5) to engage in any other activities not prohibited by the Franchise Agreement and, if applicable, the Development Agreement. We have no present plans to establish other related franchises or company-owned businesses offering similar products or services under a name or trademark that is different from True North Restoration, although we reserve the right to do so. We are not obligated to compensate you if we conduct business in or near your Territory or Development Area.

ITEM 13 TRADEMARKS

Under the Franchise Agreement, we grant you the right to use the marks “True North” and “True North Restoration” and other service marks, commercial symbols and logos that we may authorize. You may also use our other current or, if applicable, future Marks, as we may authorize, to identify your Business.

We have registered the following service marks with the United States Patent and Trademark Office (“USPTO”) on the Principal Register:

Mark	Registration Number	Registration Date
TRUE NORTH	6655055	February 22, 2022
 TRUE NORTH RESTORATION	6655381	February 22, 2022
	7108695	July 11, 2023

We plan to file all required affidavits and renewals as they come due.

The Marks are used to identify a True North Restoration Business. We require that you identify yourself as an independent owner of your Business, however, in the manner as we may designate. You must not use “True North” or any portion of it, as part of any business entity name or with any prefix, suffix, or other modifying words, terms, designs or symbols (other than logos licensed to you), or in any modified form; except with our prior written consent, which consent may be withheld for any reason. You must not use any Mark to identify unauthorized services or products or in any other manner not expressly authorized in writing by us. You must not use our Marks as part of an electronic mail address or on any sites on the Internet, including blogs and social networking sites, other than in the manner we designate or otherwise approve in writing, and you must not register any of the Marks as an Internet domain name. You must, at your own cost, modify or discontinue your use of any of the Marks if we require modification or discontinuance, at your own expense.

There are no agreements that limit our rights to use or license the use of the Marks. There are no presently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or court; nor are there any pending infringement, opposition or cancellation proceedings, or material litigation involving any of our Marks.

You are obligated to notify us of any apparent or actual infringement of, or challenge to, your use of any Mark, or any claim by any person of any rights in any Mark. We are not contractually obligated by the Franchise Agreement to protect you against claims of infringement or unfair competition, but it is our policy to do so when, in the opinion of our counsel, your rights require protection. In this case, we will pay all costs, including attorneys’ fees and court costs, associated with any litigation required to defend or protect your authorized use of the licensed Marks. You are obligated to fully cooperate with us in any litigation we commence or defend on your behalf. You may not settle any claim without our written consent. We have sole discretion to take any appropriate action. We have the right to control exclusively any litigation, USPTO proceeding or any administrative proceeding arising out of any infringement, challenge or claim relating to any Mark.

We are not aware of any third-party uses of the name or Mark “True North,” or a name and mark that may be considered confusingly similar. We have no knowledge of any infringing uses of our Marks that could materially affect your use of them. There is always a possibility, however, that there are one or more businesses, similar to your Business, operating in or near the area where you may do business, using marks similar to ours and with superior rights to such marks as a result of prior use or otherwise. We recommend you research this possibility, using internet searches, telephone directories, local filings and other means, before signing the Franchise Agreement.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights

We do not own rights in or licenses to any patents nor do we have any pending patent applications that are material to the franchise.

Although we have not obtained a copyright registration, we claim a copyright in our Operations Manual, advertising and marketing materials and other manuals and items we provide to you.

You must operate your True North Restoration Business in accordance with the standards, methods, policies, and procedures specified in the Operations Manual, which we will make available to you online for the term of the Franchise Agreement after you complete our initial training program to our satisfaction.

You must treat the Operations Manual, any other materials created for or approved for use in the operation of your True North Restoration 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 print, copy, duplicate, record, or otherwise reproduce these materials, in whole or in part, or otherwise make them available to any unauthorized person. The Operations Manual remains our sole property and you must maintain its security by restricting access to the computers at your Business Location.

We may from time to time revise the contents of the Operations Manual, and you must comply with each new or changed standard. You must ensure that you and your staff observe the standards and specifications in the most current version of the Operations Manual at all times. You must modify or discontinue your use of any of the copyrighted materials, including the Operations Manual, if we require modification or discontinuance, at your own expense. We need not reimburse you for your direct expenses of modifying or discontinuing the use of any copyrighted materials, including the Operations Manual.

Confidential Information

You must not, during or after the term of the Franchise Agreement communicate, divulge, or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operation of a True North Restoration Business that is communicated to you, or of which you may be apprised by virtue of your operation of the Business under the terms of the Franchise Agreement. You may divulge this confidential information only to those members of your staff who must have access to it in order to operate the True North Restoration Business. All of your employees and independent contractors with access to any of our confidential information must sign a confidentiality agreement that we provide for you. Any and all information, knowledge, know-how, techniques, and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

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

Under the terms of the Franchise Agreement, we do not require you, or if you are a Business Entity, your officers, directors, shareholders, limited liability company managers, members, or partners to participate personally in the direct operation of your True North Restoration Business. If you, or if you are a Business Entity, your officers, directors, shareholders, limited liability company managers, members or partners, do not personally supervise the day-to-day operation of your Business, you must appoint a General Manager (see Item 11) to be responsible for the direct on-premises supervision of your Business. You, or, if applicable, your General Manager, must work in the Business on a full-time basis and you or your General Manager must complete the initial training program within the time frames described in Item 11. You will remain responsible for ensuring compliance with all terms and conditions of the Franchise Agreement even if you are not the General Manager of the Business. You will provide us with a list of all management personnel and keep the list updated to reflect changes in personnel.

If you are a Business Entity with a designated General Manager, we do not require that your General Manager own an equity interest in the Business Entity. We make no recommendation, nor do we impose a contractual obligation, that you enter into an employment agreement with your General Manager, managers, or employees. You or the General Manager must have a cell phone to which calls to your Business will be forwarded to enable you or the General Manager to answer telephone calls from your Customers and Potential Customers during business hours and outside of business hours. We reserve the right to require you to use an approved or designated answering service on 30 days' notice, at your expense.

You must run background checks, in accordance with our specifications, on all of your employees and independent contractors before hiring them, and annually after that. All employees and independent contractors must meet our standards set forth in the Operations Manual before you are permitted to hire them or continue to hire them.

If you are a Business Entity, each of your officers, directors, shareholders, limited liability company managers and members, or partners (as applicable) must sign a Guaranty and Assumption of Franchisee's Obligations attached to the Franchise Agreement and a Guaranty and Assumption of Developer's Obligations attached to the Development Agreement where they will personally guarantee and agree to perform all obligations of the franchisee/developer under the Franchise Agreement/Development Agreement. The spouse, if any, of each person required to sign a personal guaranty will also be required to sign the personal guaranty.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You are restricted from doing business of any kind that involves the unauthorized use of our Marks or Licensed Methods. You are prohibited from operating or engaging in any other type of business or profession from your Business Location or through the Business, unless we first approve of it in writing, which approval can be withheld for any reason. You are obligated to use only the equipment, products, services, and supplies that comply with our standards and specifications, and which are acquired from approved suppliers, as described in Item 8 of this Disclosure Document. You will offer for sale and sell through the Business only those services and products we authorize. The services to be offered by you through your True North Restoration Business are listed in our Operations Manual. We have the right to test new types of products and services and to change types of authorized products and services periodically; and there are no limits on our right to do so. You must comply with all licensing, permitting or other regulations required by any applicable state or local authorities regarding any of the services you provide. These requirements may restrict the services offered by you or limit the Customers to whom you may offer your services.

ITEM 17 RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement. You should read these provisions in the Franchise Agreement attached to this Disclosure Document.

Provision	Section in Franchise Agreement	Summary
(a) Length of the franchise term	Section 17.1	10 years
(b) Renewal or extension of the term	Section 17.3	10 years

Provision	Section in Franchise Agreement	Summary
(c) Requirements for franchisee to renew or extend	Sections 17.3 and 17.4	Notice, compliance with Franchise Agreement, pay renewal fee, execute new Franchise Agreement, execute a general release (except if prohibited by law), and upgrade the Business and services. If you seek to renew your franchise, you may be asked to sign a contract with materially different terms and conditions than your original Franchise Agreement.
(d) Termination by franchisee	Not Applicable	Not Applicable
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with cause	Sections 18.1 and 18.2	We can terminate only if you commit any one of several listed violations.
(g) “Cause” defined – curable defaults	Section 18.2	30 days’ notice of breach of Franchise Agreement for failure to maintain standards, deceptive practices, failure to obtain consent, non-compliance with Operations Manual, breach of related agreement; failure to meet Minimum Sales Requirements; or Territory violation; 10 days’ notice for misuse of Marks or monetary defaults.
(h) “Cause” defined – non-curable defaults	Section 18.1	Bankruptcy, insolvency, appointment of receiver, assignment for benefit of creditors, abandonment, unauthorized disclosure, unsatisfied judgments, foreclosure, levy, criminal conviction, repeated non-compliance, unauthorized transfer, becoming subject to anti-terrorism laws, misuse of Marks.
(i) Franchisee’s obligations on termination/non-renewal	Section 18.4; Section 20	Pay outstanding amounts due, deidentification, return of confidential information, signs, Customer lists and telephone numbers, pay lost future royalties, others (see also item “r” below)
(j) Assignment of contract by franchisor	Section 16.6	We can assign the Franchise Agreement to any party we deem capable.
(k) “Transfer” by franchisee - defined	Section 16.1	Includes transfer of assets, interest in Franchise Agreement, or all or a portion of your Business Entity that owns your True North Restoration Business
(l) Franchisor’s approval of transfer by franchisee	Section 16.3	We have the right to approve all transfers

Provision	Section in Franchise Agreement	Summary
(m) Conditions for franchisor's approval of transfer	Section 16.2	Notice, all amounts due are paid in full, transferee completes training and otherwise meets qualifications for new franchisees, transfer fee paid, transfer information package approved, execution of current form of franchise agreement, general release signed (except if prohibited by law) others (see also item "r" below)
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 16.4	We can match any offer.
(o) Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
(p) Death or disability of franchisee	Section 16.7	Franchise Agreement must be assigned to successor within 6 months of death or disability.
(q) Non-competition covenants during the term of the franchise	Section 20.1	Prohibits owning, operating or performing services for a "Competitive Business", which is defined as any business (or any business offering or granting franchises or licenses to others to operate any business), offering fire, smoke, water, wind, and other damage restoration, residential and commercial cleaning, mitigation, repair and reconstruction, mold remediation, disinfection, deodorization, odor removal, roofing, asbestos abatement, and bioremediation (trauma, crime scene, blood-borne pathogen cleaning), or other business deriving more than 10% of its gross receipts from such services.
(r) Non-competition covenants after the franchise is terminated or expires	Section 20.2	Prohibited for two years from owning or operating a Competitive located or operating within 50 miles of the boundary of your Territory or within a 50-mile radius of the Business Location of any other True North Restoration Business.
(s) Modification of the agreement	Section 23.1	Must be in writing signed by both parties, but Operations Manual subject to change unilaterally by us.
(t) Integration/merger clause	Section 23.2	Only terms of Franchise Agreement, any Development Agreement, if applicable, and the representations in the most recent Disclosure Document provided by us in connection with the execution of the Franchise Agreement are binding (subject to state law); oral promises may not be enforced.
(u) Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable

Provision	Section in Franchise Agreement	Summary
(v) Choice of forum	Section 22.2	Denver, Colorado (subject to modification by state law)
(w) Choice of law	Section 22.1	Colorado law (subject to modification by state law)

THE DEVELOPER RELATIONSHIP

This table lists certain important provisions of the Development Agreement. You should read these provisions in the agreement attached to this Disclosure Document.

Provision	Section in Development Agreement	Summary
(a) Length of the franchise term (Development Agreement)	Section 3.1	The term expires at the last development deadline in the Development Schedule.
(b) Renewal or extension of the term	Not Applicable	Not Applicable
(c) Requirements for franchisee to renew or extend	Not Applicable	Not Applicable
(d) Termination by franchisee	Not Applicable	Not Applicable
(e) Termination by franchisor without cause	Not Applicable	Not Applicable
(f) Termination by franchisor with cause	Section 9.1	We can terminate if you default on the Development Agreement or any of your Franchise Agreements.
(g) “Cause” defined – curable defaults	Section 9.2	30 days’ notice of breach of Development Agreement or Franchise Agreement.
(h) “Cause” defined – non-curable defaults	Section 9.1	Material misrepresentation, failure to meet Development Schedule, conviction of a crime, failure to pay amounts due to us, unapproved transfers, misuse of Marks, failure to transfer after the death or disability of you or your owner(s), unauthorized disclosure, noncompliance with restrictive covenants, terrorist activities, bankruptcy, assignment for benefit of creditors, uncured default under Franchise Agreement or other agreements, termination of Franchise Agreement.
(i) Franchisee’s obligations on termination/ nonrenewal	Section 9.3	Loss of development rights, cease use of Marks and confidential information except in connection with Businesses currently operating; covenant not to compete.
(j) Assignment of contract by franchisor	Section 8.6	No restriction on our right to assign.
(k) “Transfer” by franchisee – definition	Sections 8.1 and 8.5	Includes transfer of interest in Development Agreement, or in the franchisee entity.

Provision	Section in Development Agreement	Summary
(l) Franchisor's approval of transfer by franchisee	Section 8.3	We or our designee have the right to approve all transfers.
(m) Conditions for franchisor approval of transfer	Sections 8.2 and 8.3	Notice, transferee qualifies, all amounts due are paid in full, payment of transfer fee, then current contract signed, you sign general release and noncompetition covenant.
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 8.4	We can match any offer.
(o) Franchisor's option to purchase franchisee's business	Not Applicable	Not Applicable
(p) Death or disability of franchisee	Section 8.7	Interest in Development Agreement must be assigned to approved assignee within 6 months of death or disability.
(q) Non-competition covenants during the term of the franchise	Section 11.1	No involvement in competing business and no diversion.
(r) Non-competition covenants after the franchise is terminated or expires	Section 11.2	Prohibits owning, operating or performing services for a Competitive Business for two years within 50 miles of the boundary of your Development Area or within 50 miles of the Business Location assigned to any other True North Restoration Business.
(s) Modification of the agreement	Section 14.1	No modification except on execution of a written agreement.
(t) Integration/merger clause	Section 14.2	Only the terms of the Development Agreement and all valid Franchise Agreements are binding (subject to state law). Any representations or promises outside of the disclosure document, the Franchise Agreements, and Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in this Disclosure Document and its exhibits.
(u) Dispute resolution by arbitration or mediation	Not Applicable	Not Applicable
(v) Choice of forum	Section 13.2	Denver, Colorado (subject to modification by state law).
(w) Choice of law	Section 13.1	Colorado (subject to modification by state law).

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our 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 Charts below present the financial performance of 11 franchised True North Restoration Businesses that were in business as of December 31, 2024 that reported Gross Revenues during each month of 2024. The Charts exclude the results of seven franchised Businesses that opened in 2024.

CHART 1

ACTUAL GROSS REVENUES OF 11 FRANCHISED BUSINESSES IN 2024

1	\$3,081,742
2	\$2,705,414
3	\$970,938
4	\$750,526
5	\$652,927
6	\$578,584
7	\$576,488
8	\$500,074
9	\$452,557
10	\$292,418
11	\$272,838

CHART 2

AVERAGE GROSS REVENUE FOR 11 FRANCHISED BUSINESSES IN 2024

2024 Gross Revenues	Results of 11 Franchised Businesses in 2024
Average Gross Revenues	\$984,955
Range of Gross Revenues	\$3,081,742 - \$272,838
Median Gross Revenues	\$578,584
Number and Percentage of Business that met or Exceeded Average Gross Revenues	2 / 18%

CHART 3

GROSS REVENUES FOR 11 FRANCHISED BUSINESSES IN 2024 BY TIER

	No. of Businesses	Combined Annual Gross Sales	Average Annual Gross Sales	Median Annual Gross Sales	Highest Annual Gross Sales	Lowest Annual Gross Sales
Top 25%	3	\$6,758,094.00	\$2,252,698.00	\$2,705,414.00	\$3,081,742.00	\$970,938.00
Middle 50%	5	\$3,058,599.00	\$611,719.80	\$578,584.00	\$750,526.00	\$500,074.00
Lower 25%	3	\$1,017,813.00	\$339,271.00	\$292,418.00	\$452,557.00	\$272,838.00
All Businesses	11	\$10,834,506.00	\$984,955.09	\$578,584.00	\$3,081,742.00	\$272,838.00

EXPLANATORY NOTES

1. “Gross Revenues” means the total revenue received by the Business from the sale of services, including sales made to Customers outside of the Business’ Territory, less taxes, discounts, and refunds.
2. The Gross Revenues figures do not reflect the costs of sales, operating expenses, or other items to obtain net income, profit or loss. We do not disclose information about expenses or costs. You should conduct an independent investigation of the costs and expenses you will incur in operating your True North Restoration Business. We recommend that you consult with an accountant to assist you in your investigation of costs and expenses. Franchisees or former franchisees, listed in this Disclosure Document, may be one source of this information.
3. In Table 3, of the 3 Businesses included in the top 25%, 2 met or exceeded the average Gross Revenues of \$2,252,698; of the 5 Businesses in the middle 50%, 2 met or exceeded the average Gross Revenues of \$611,719.80; of the 3 Businesses in the lower 25%, 2 met or exceeded the average Gross Revenues of \$339,271.00 ; of the 11 Businesses, 2 met or exceeded the average Gross Revenues of \$984,955.09.
4. The above information was prepared from financial reports provided by each franchisee-owned Business. These results have not been audited and we have not independently verified these results.

Some True North Restoration Businesses have earned the amounts reported below. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation for the financial performance representation will be made available to a prospective franchisee upon reasonable request.

Other than the information set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting our President and Chief Executive Officer, Justin Donat, at True North Restoration Franchising LLC, 634 Trade Center Drive, Chesterfield, Missouri 63005, 720-316-6850 and the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

**TABLE 1
SYSTEMWIDE OUTLET SUMMARY¹
FOR YEARS 2022, 2023, 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	6	8	+2
	2023	8	10	+2
	2024	10	18	+8
Company-Owned	2022	2	2	0
	2023	2	0	-2
	2024	0	0	0
Total Outlets	2022	8	10	+2
	2023	10	10	0
	2024	10	18	+8

1. All numbers are as of December 31 for each year.

**TABLE 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS¹
(OTHER THAN FRANCHISOR)
FOR YEARS 2022, 2023, 2024**

State	Year	Number of Transfers
All States	2022	0
	2023	0
	2024	0

State	Year	Number of Transfers
Totals	2022	0
	2023	0
	2024	0

1. All numbers are as of December 31 for each year.

TABLE 3
STATUS OF FRANCHISED OUTLETS¹
FOR YEARS 2022, 2023, 2024

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
Colorado	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Florida	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	3
	2024	2	1	0	0	0	0	3
Georgia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2
Hawaii	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Iowa	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Missouri	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Nebraska	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	2	0	0	0	0	2

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
Oregon	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Penn.	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
South Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Texas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
Totals	2022	6	2	0	0	0	0	8
	2023	8	2	0	0	0	0	10
	2024	10	8	0	0	0	0	18

1. All numbers are as of December 31 for each year.

TABLE 4
STATUS OF COMPANY-OWNED OUTLETS¹
FOR YEARS 2022, 2023, 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
Colorado	2022	2	0	0	0	0	2
	2023	2	0	0	0	2	0
	2024	0	0	0	0	0	0
Totals	2022	2	0	0	0	0	2
	2023	2	0	0	0	2	0
	2024	0	0	0	0	0	0

1. All numbers are as of December 31 for each year.

TABLE 5
PROJECTED OPENINGS AS OF DECEMBER 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets In The Next Fiscal Year	Projected New Company Owned Outlets In The Next Fiscal Year
Georgia	1	2	0
Iowa	1	1	
Kentucky	0	1	0
Missouri	0	1	0
North Carolina	1	1	0
TOTALS	3	6	0

A list of franchisees offering True North Services and the addresses and telephone numbers of their True North Restoration Businesses are listed as Exhibit D to this Disclosure Document. A list of the contact information for the franchisees who have had a Business terminated, canceled, not renewed, transferred, 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 date of this Disclosure Document is listed on Exhibit D to this Disclosure Document. If you buy this franchise, your contact information may be disclosed in the future to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the True North Restoration franchise system. While we encourage you to speak with current and former franchisees, be aware that not all such franchisees will be able to communicate with you. During our past three fiscal years, none of our current or former franchisees signed an agreement restricting his or her ability to speak openly about his or her experiences with us.

There are no trademark-specific franchisee organizations associated with the franchise system that have been created, sponsored or endorsed by us, as of the date of this Disclosure Document. No independent franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit E are our audited balance sheets dated as of December 31, 2022, December 31, 2023, December 31, 2024, and the related statements of income (loss), members' equity, and cash flows for each of the years in the three-year period ended December 31, 2024. Exhibit E also includes our unaudited financial statements for the period ending September 30, 2025. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

Attached to this Disclosure Document are the following contracts and agreements:

Exhibit B	Franchise Agreement
Exhibit C	Development Agreement

Exhibit H	Renewal Amendment
Exhibit I	Conversion Addendum
Exhibit J	General Release

ITEM 23 RECEIPTS

The last page of the Disclosure Document (following the exhibits and attachments) is a document acknowledging receipt of the Disclosure Document by you (one copy for you and one copy to be signed and returned to us).

EXHIBIT A

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

LIST OF STATE ADMINISTRATORS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state laws. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in these states:

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK NYS Department of Law Investor Protection Bureau 28 Liberty St. 21st Fl New York, NY 10005 (212) 416-8222
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Insurance & Securities Department 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-2910
ILLINOIS Illinois Office of the Attorney General Franchise Bureau 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	RHODE ISLAND Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 5 th Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, Washington 98504-1200 (360) 902-8760
MINNESOTA Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

AGENTS FOR SERVICE OF PROCESS

We intend to register this disclosure document as a “franchise” in some or all of the following states, if required by the applicable state law. If and when we pursue franchise registration (or otherwise comply with the franchise investment laws) in these states, we will designate the following state offices or officials as our agents for service of process in these states. There may be states in addition to those listed below in which we have appointed an agent for service of process. There may also be additional agents in some of the states listed.

CALIFORNIA Commissioner of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West Fourth Street, Suite 750 Los Angeles, California 90013-2344 (213) 576-7500 / Toll Free: (866) 275-2677 Email: ASK.DFPI@dfpi.ca.gov Website: http://www.dfpi.ca.gov	NEW YORK New York Secretary of State One Commerce Plaza 99 Washington Avenue Albany, NY 12231 (518) 473-2492
HAWAII Commissioner of Securities Department of Commerce & Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, Hawaii 96813 (808) 586-2722	NORTH DAKOTA North Dakota Insurance Commissioner North Dakota Insurance & Securities Department 600 East Boulevard Avenue Bismarck, North Dakota 58505-0510 (701) 328-2910
ILLINOIS Illinois Attorney General 500 South Second Street Springfield, Illinois 62701 (217) 782-4465	RHODE ISLAND Director of Department of Business Regulation Department of Business Regulation Securities Division, Building 69, First Floor John O. Pastore Center 1511 Pontiac Avenue Cranston, Rhode Island 02920 (401) 462-9527
INDIANA Secretary of State Franchise Section 302 West Washington, Room E-111 Indianapolis, Indiana 46204 (317) 232-6681	SOUTH DAKOTA Division of Insurance Director of the Securities Regulation 124 South Euclid Avenue, 2 nd Floor Pierre, South Dakota 57501 (605) 773-3563
MARYLAND Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360	VIRGINIA Clerk of the State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, Virginia 23219 (804) 371-9733
MICHIGAN Michigan Attorney General’s Office Corporate Oversight Division, Franchise Section 525 West Ottawa Street G. Mennen Williams Building, 5 th Floor Lansing, Michigan 48913 (517) 335-7567	WASHINGTON Director of Department of Financial Institutions Securities Division – 3 rd Floor 150 Israel Road, Southwest Tumwater, Washington 98501 (360) 902-8760
MINNESOTA Commissioner of Commerce Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, Minnesota 55101 (651) 539-1600	WISCONSIN Division of Securities 4822 Madison Yards Way, North Tower Madison, Wisconsin 53705 (608) 266-2139

EXHIBIT B
FRANCHISE AGREEMENT



FRANCHISE AGREEMENT

Franchisee: _____
Effective Date: _____
Business Location: _____

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EXHIBITS

I	Franchise Information
II	Guaranty and Assumption of Franchisee’s Obligations
III	Statement of Ownership
IV	Electronic Funds Transfer Authorization Agreement

TRUE NORTH RESTORATION FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “**Agreement**”) is made as of the date noted on the signature page of this Agreement (the “**Effective Date**”) by and between True North Restoration Franchising LLC, a Colorado limited liability company with a principal business address at 634 Trade Center Drive, Chesterfield, Missouri 63005 (the “**Franchisor**”) and the party identified on the signature page of this Agreement (the “**Franchisee**”), who, on the basis of the following understandings and agreements, agree as follows:

1. PURPOSE

1.1 The Franchisor has developed methods for establishing, operating and promoting businesses (“**True North Restoration Businesses**” or “**Businesses**”) that offer fire, smoke, water, wind, and other damage restoration, residential and commercial cleaning, mitigation, repair and reconstruction, mold remediation, disinfection, deodorization, odor removal, roofing, asbestos abatement, and bioremediation (trauma, crime scene, blood-borne pathogen cleaning) and related services (“**True North Services**”) to residential and commercial customers (“**Customers**”). Businesses are established and operated under the trade name and service mark “TRUE NORTH RESTORATION” and other logos, trademarks, service marks and commercial symbols (collectively, the “**Marks**”) and use the Franchisor’s distinctive business format, restoration systems, methods, procedures, advertising, promotional and marketing methods, operational standards and specifications, and various other proprietary methods of doing business (“**Licensed Methods**”).

1.2 The Franchisor grants the right to others to develop and operate True North Restoration Businesses under the Marks and pursuant to the Licensed Methods.

1.3 The Franchisee desires to establish a True North Restoration Business at a location and within a territory identified in this Agreement and the Franchisor desires to grant the Franchisee the right to operate a True North Restoration Business in the territory under the terms and conditions that are contained in this Agreement.

2. GRANT OF FRANCHISE

2.1 **Grant of Franchise.** The Franchisor grants to the Franchisee, and the Franchisee accepts from the Franchisor, the right to use the Marks and Licensed Methods during the term of this Agreement in connection with the establishment and operation of one True North Restoration Business. The Franchisee agrees to use the Marks and Licensed Methods, as they may be changed, improved, and further developed by the Franchisor from time to time, only in accordance with the terms and conditions of this Agreement. Each individual Franchisee, or each owner of Franchisee if Franchisee is an entity, represent that they have completely and truthfully completed all personal financial statements, resumes, applications, authorizations for background checks, and other documents provided by the Franchisor for completion prior to the date of this Agreement; and each acknowledge that the Franchisor has relied on such information in awarding a franchise to the Franchisee.

2.2 **Scope of Franchise Operations.** The Franchisee agrees at all times to faithfully, honestly and diligently perform the Franchisee’s obligations under this Agreement, and to continuously use best efforts to promote the Business. The Franchisee agrees to utilize the Marks and Licensed Methods to operate all aspects of the Business franchised hereunder in accordance with the methods and systems developed and prescribed from time to time by the Franchisor, all of which are a part of the Licensed Methods. The Franchisee’s True North Restoration Business shall offer all True North Services and products as the Franchisor shall designate.

3. BUSINESS LOCATION AND TERRITORIAL RIGHTS

3.1 Business Location. The Franchisee is granted the right to operate the Business from the location set forth in the attached Exhibit I (“Business Location”) which is located within the Territory. Once the Franchisor has approved the Business Location, the Franchisor will be deemed to have complied with its obligation under this Agreement to assist the Franchisee by providing criteria for the Business Location.

3.2 Territory. So long as the Franchisee is in compliance with this Agreement and any other agreements with the Franchisor and its affiliated companies, and subject to the Franchisor’s reservation of rights described in Section 3.6 below, the Franchisor shall not grant franchises or licenses to others for the operation of, True North Restoration Businesses in the geographic area (“**Territory**”) described in the attached Exhibit I, provided, however, that the Franchisor reserves the right to offer and permit other franchisees to offer True North Services within the Territory under certain circumstances described in the Franchisor’s territory policy (“**Territory Policy**”) included in the Operations Manual, as defined in Section 8.1. The designation of the Territory shall not provide the Franchisee with any exclusive right to market to or provide services and products to any particular Customers. If the parties have not identified the Business Location and the Territory as of the Effective Date, after the Franchisee secures a leasehold interest in the Business Location, the Franchisor will insert its address into Exhibit I, and it will be the Business Location and will insert the description of the Territory in Exhibit I and it will be the Territory. The Franchisee hereby authorizes the Franchisor to deliver to the Franchisee replacements for Exhibit I identifying the Business Location and the Territory, and upon the delivery to the Franchisee of a revised Exhibit I, that Exhibit I shall be binding upon each party as if each party had signed that Exhibit I.

3.3 No Relocation. The rights that are granted to the Franchisee are for the specific Business Location and Territory and cannot be transferred to an alternative Business Location or Territory, or any other location, without the prior written approval of the Franchisor, which approval shall not be unreasonably withheld.

3.4 National Accounts. The Franchisor reserves the right to enter into contracts and strategic alliances with National Accounts for the provision of services to Customers referred or assigned to the True North system by a National Account. A “**National Account**” is a business or organization that: (1) conducts operations, directly or through agents, affiliates, independent contractors, franchisees or licensees, in two or more territories in the United States in which the Franchisor or the Franchisor’s franchisees are operating True North Restoration Businesses; and (2) has a written contract or strategic alliance with the Franchisor for the purpose of providing referrals or assignments of Customers in need of True North Services within such Territories. The Franchisor makes no guarantee that the Franchisor will develop or maintain contracts or strategic alliances with a particular number of National Accounts, if any, or that if the Franchisor does, that Franchisee will receive any National Account referrals or assignments in Franchisee’s Territory.

a. The Franchisor will provide the Franchisee with a right of first refusal to provide True North Services to Customers who reside in Franchisee’s Territory and who are referred or assigned by the National Account (“**National Account Customers**”) unless Franchisee is not eligible to provide the services. To be eligible, the Franchisee must be able to provide services to National Account Customers based on rules (e.g., qualifications, certifications, conditions for availability, resources, price and billing terms, insurance requirements or other requirements), guidelines or other terms and conditions agreed to between the Franchisor and the National Account or as otherwise directed by the National Account.

b. In the event the Franchisee cannot or does not elect to provide True North Services to National Account Customers in its Territory based on the National Account program or violates the agreement with or standards set by the National Account, then the Franchisee will not provide True North Services to those Customers during the term of the National Account agreement or program. In these

circumstances, another True North Restoration Business may provide the True North Services to those Customers and the Franchisee will not be entitled to receive any portion of the resulting compensation.

c. In the event the Franchisee has the opportunity to provide services to a Customer in the Franchisee's Territory that has the potential to become a National Account, the Franchisee will present the Franchisor with the relevant information about the potential National Account before providing services to such Customer. Further, the Franchisee agrees to refrain from engaging the Customer at locations outside the Territory unless the Franchisee agrees with the Franchisor in writing on the terms of such engagement.

d. In the event the Franchisor enters into contracts or alliances with National Account referral sources and the Franchisee has the opportunity to provide services to National Account Customers, the Franchisee agrees to pay a fee ("**National Account Fee**") to the Franchisor for managing National Account referrals and claims equal to 5% of the Gross Revenue (defined in Section 11.2 below) earned by the Franchisee from National Account Customers. The National Account Fee shall be payable concurrently with and in the same manner as, the payment of the Royalties as described in Section 11.3 below. The National Account Fee shall be owed in addition to the Royalty and other fees for revenue earned from National Account Customers.

3.5 Management of Catastrophic Events. The Franchisor reserves the right to manage True North Services provided by more than one True North Restoration Business as a direct result of a large-scale disaster such as a hurricane, fire, storm, or other large loss event that has significant impacts on life, property, or the environment, and requires substantial resources for recovery (together, "**Catastrophic Events**"). The Franchisor reserves the right to determine when a Catastrophic Event has occurred and whether True North Restoration Businesses will respond. If a Catastrophic Event occurs in the Franchisee's Territory, the Franchisee will not have exclusive rights to offer or provide True North Services in its Territory if the Franchisor determines that the size and scope of the Catastrophic Event warrants a system-wide response. If a Catastrophic Event occurs and the Franchisor manages a response, the Franchisor will offer qualified True North Restoration Businesses the opportunity to perform services for which the Franchisor has submitted estimates, rented equipment, and performed billing, among other services. If the Franchisee chooses to participate in a response to a Catastrophic Event and perform services under the terms negotiated by the Franchisor, then the Franchisee will pay the Franchisor a "**Management Fee**" of 15% of the Gross Revenue earned by the Franchisee from Catastrophic Event Customers. The Management Fee shall be payable concurrently with and in the same manner as, the payment of the Royalties as described in Section 11.3 below. The Management Fee shall be owed in addition to the Royalties and other fees for revenue earned from Catastrophic Event Customers.

3.6 Franchisor's Reservation of Rights. The Franchisee acknowledges that its franchise rights as granted under this Agreement are non-exclusive and that the Franchisor for itself and its affiliates, successors and assigns, retains the rights, among others, without compensation to the Franchisee:

a. to use, and to license others to use, the Marks and Licensed Methods in connection with the operation of True North Restoration Businesses, at any location, except within the Territory;

b. to use the Marks and Licensed Methods at any location within and outside of the Territory to promote and market True North Restoration Businesses and related services and products and to identify, offer and sell products and services through alternative channels of distribution other than through True North Restoration Businesses, at any location, and on any terms and conditions as the Franchisor determines, including, but not limited to, the sale of services and products by way of the Internet, social media, other electronic communications methods, telemarketing and other direct marketing sales, flyers, and other promotional efforts;

c. to use and license the use of other proprietary marks or methods in connection with the sale of services and products similar to or the same as those which the Franchisee will sell, whether in alternative channels of distribution, including but not limited to, by way of the Internet, other electronic communications methods, telemarketing and other direct marketing sales, flyers, other promotional efforts, or in connection with the operation of businesses which provide restoration, cleaning, mitigation, repair, reconstruction, disinfection, mold remediation and related services and products, which businesses are the same as, or similar to, or different from True North Restoration Businesses, at any location, and on any terms and conditions as the Franchisor deems advisable;

d. to purchase, be purchased by, merge or combine with, businesses that directly compete with True North Restoration Businesses; and

e. to engage in any other activities not expressly prohibited by this Agreement.

4. INITIAL FRANCHISE FEE

4.1 Initial Franchise Fee. In consideration for the right to develop and operate one True North Restoration Business, the Franchisee agrees to pay to the Franchisor an initial franchise fee contemporaneously with signing this Agreement, in the amount set forth in Exhibit I, attached to this Agreement. The Franchisee acknowledges and agrees that the initial franchise fee represents payment for the initial grant of the rights to use the Marks and Licensed Methods, that the Franchisor has fully earned the initial franchise fee upon receipt thereof and that the fee is under no circumstances refundable to the Franchisee after it is paid, unless otherwise specifically set forth in this Agreement.

5. DEVELOPMENT OF BUSINESS LOCATION

5.1 Approval of Business Location. The Franchisee shall follow the Franchisor's site selection procedures in finding a Business Location for the True North Restoration Business. The Franchisee will request the Franchisor's approval of any site proposed as a Business Location, by submitting a complete site submittal package, containing all information reasonably required by the Franchisor to assess a proposed Business Location. The Franchisor will not unreasonably withhold approval of a proposed site that meets all of the Franchisor's site selection criteria. The Franchisee shall obtain the Franchisor's approval of a Business Location not later than 90 days after the Effective Date of this Agreement. If the Franchisor disapproves of a site proposed by the Franchisee, the Franchisor will grant the Franchisee an additional, reasonable period of time to obtain approval of a different proposed Business Location, as may be determined in the Franchisor's reasonable business judgment. If the Franchisor has not approved a proposed Business Location within the 90-day period after the date of this Agreement, the Franchisor may terminate this Agreement.

5.2 Approval of Lease. The Franchisee shall obtain the Franchisor's prior written approval before executing any lease or purchase agreement for the Business Location. The lease for the Business Location shall contain provisions:

a. expressing the landlord's consent to the Franchisee's use of the Marks and signage which the Franchisor initially prescribes for the Business Location;

b. giving the Franchisor the right to enter the premises to make any modification necessary to protect the Marks and the Licensed Methods;

c. providing the Franchisor or its designee, without the landlord's approval, the option to assume the occupancy rights of the Franchisee under the existing lease terms and the right to assign the

lease or sublet the premises, for all or part of the lease term, if the Franchisee is in default under the lease or the Franchise Agreement or the Franchise Agreement is terminated or not renewed;

d. requiring the landlord to provide the Franchisor with a notice of default and an opportunity to cure any default; and

e. restricting the use of the premises in a manner approved by the Franchisor.

f. The Franchisee shall deliver a copy of the signed lease for the Business Location, along with photos of the inside and outside of the proposed Business Location, to the Franchisor 30 days before its execution. The Franchisee acknowledges that the Franchisor's review and approval of a lease for the Business Location is for the Franchisor's benefit only and does not constitute a recommendation, endorsement or guarantee by the Franchisor of the suitability or profitability of the location or the lease and the Franchisee should take all steps necessary to ascertain whether such location and lease are acceptable to the Franchisee.

5.3 Conversion and Design. The Franchisee shall construct, convert, design, and furnish the Business Location in accordance with the Franchisor's plans and specifications and with the assistance of contractors and suppliers designated by or otherwise approved by the Franchisor. The Franchisee shall obtain the Franchisor's written consent to any conversion or design of the premises before construction, remodeling, or furnishing begins, recognizing that any related costs are the Franchisee's sole responsibility. It shall be the Franchisee's responsibility to have prepared all required construction plans and specifications to suit the shape and dimensions of the Business Location and to ensure compliance with any lease and applicable laws, including, without limitation, the Americans with Disabilities Act. The Franchisee shall be responsible for the cost of obtaining any architectural designs and drawings.

5.4 Signs. The Franchisee shall purchase or otherwise obtain for use at the Business Location, signs which comply with the standards and specifications of the Franchisor as set forth in the Operations Manual. It is the Franchisee's sole responsibility to ensure that all signs comply with applicable local ordinances, building codes and zoning regulations. Any modifications to the Franchisor's standards and specifications for signs which must be made due to local ordinances, codes or regulations shall be submitted to the Franchisor for prior written approval. The Franchisee acknowledges the Marks, or any other name, symbol or identifying marks on any signs shall only be used in accordance with the Franchisor's standards and specifications and only with the prior written approval of the Franchisor.

5.5 Equipment, Inventory and Products. The Franchisee shall purchase or otherwise obtain for use or sale at the Business Location and in connection with the Business the equipment, inventory, tools, cleaning and restoration products and services of a type and in an amount which complies with the standards and specifications of the Franchisor. The Franchisee shall also apply a wrap that includes the Marks and meets the Franchisor's specifications, to each vehicle used in the Business. Vehicle wraps will be purchased from and installed by a designated or approved supplier. The Franchisee acknowledges that the type, quality, configuration, capability or performance of the equipment, inventory, tools, cleaning and restoration products and services used or offered through the Business are all standards and specifications which are a part of the Licensed Methods and therefore, such equipment, inventory, tools, cleaning and restoration products and services must be purchased, leased or otherwise obtained in accordance with the Franchisor's standards and specifications and only from the Franchisor, its affiliates, or suppliers designated or approved by the Franchisor.

5.6 Technology and Computer Systems.

(a) The Franchisee shall equip the Business with a computer system including computer hardware, software and other designated equipment (collectively, the “**Computer System**”) as is consistent with the standards and specifications of the Franchisor. The Computer System hardware and software must be obtained from the Franchisor’s approved or designated suppliers. The Franchisee shall be responsible for all maintenance costs associated with the Computer System.

(b) The Franchisee shall purchase and maintain all software required by the Franchisor from time to time in the Operations Manual including, but not limited to, programs that will provide access to all marketing collateral and graphics, operational data, forms, and newsletters via the Franchisor’s intranet; scheduling and operating software customized for the True North system; software for email and calendar; project management software for Customer contacts; accounting software; software for financial performance data; software for application-based operations tutorials; and virus protection software.

(c) The Franchisee, at the Franchisee’s sole cost, shall join a high-speed electronic network connection service to facilitate communication between the Franchisor and the Franchisee. The Franchisee shall give the Franchisor independent access to all information and data from the Computer System through a high-speed internet connection or by other means designated by the Franchisor.

(d) The Franchisor, in its sole discretion, may require the Franchisee, at the sole cost and expense of the Franchisee, to upgrade and update the Computer System hardware and software during the term of this Agreement.

(e) The Franchisor reserves the right to: (i) charge technology fees for access to software services that the Franchisee is required to use in its Business, whether the technology fees are paid directly to third parties that are providing the software services, or the technology fees are paid to the Franchisor, or both; (ii) develop proprietary software or other technology for use in True North Restoration Businesses and charge the Franchisee a licensing fee for such software or other technology; (iii) derive revenues from Computer System or other technology maintenance and upgrade fees in the event proprietary software or other technology systems are developed for use in True North Restoration Businesses; and (iv) require that the Franchisee participate in all electronic data capture or other similar programs that the Franchisor deems mandatory.

5.7 Permits and Licenses. The Franchisee agrees to obtain all such permits and licenses as may be required for the lawful build-out and operation of the True North Restoration Business together with all certifications from government authorities having jurisdiction over the site, that all requirements for build-out and operation have been met, including without limitation, zoning, access, sign, health, safety requirements, building and other required construction permits, licenses to do business and fictitious name registrations, sales tax permits, health and sanitation permits and ratings and fire clearances.

5.8 Commencement of Operations. Unless otherwise agreed to in writing by the Franchisor and the Franchisee, the Franchisee shall have 180 days from the date of this Agreement within which to: (1) secure all necessary financing for the Business; (2) complete the initial training program described in Section 6 of this Agreement; (3) purchase an opening inventory of equipment and supplies; (4) obtain and provide evidence of insurance as described in Section 21.1 below; (5) implement a grand opening marketing campaign as described in Section 12.6 of this Agreement; (6) select, lease and develop the Business Location with the Franchisor’s approval; and (7) commence operation of the True North Restoration Business at the Business Location. The Franchisor will extend this deadline for a reasonable period of time in the event factors beyond the Franchisee’s reasonable control prevent the Franchisee from meeting this development schedule, so long as the Franchisee has made reasonable and continuing efforts to comply

with such development obligations and the Franchisee requests, in writing, an extension of time in which to have its True North Restoration Business open before such development period lapses.

5.9 Electronic Mail and Website Maintenance. The Franchisee shall purchase, through the Franchisor, electronic mail addresses, website development, hosting and maintenance services, to be provided by the Franchisor or by third parties designated by the Franchisor, in its sole discretion. The Franchisee shall pay Franchisor a monthly fee for each employee for electronic mail and website hosting and maintenance (“**Electronic Mail Fee**”) which is due and payable to Franchisor via electronic transfer of funds on the Royalty Due Date set forth in Section 11.3 of this Agreement. Franchisor pays this fee through to its vendors without markup.

5.10 Third-Party Financing. If the Franchisee obtains financing from a third-party lender to develop the Business, the Franchisee shall deliver a copy of the lender’s commitment letter to the Franchisor within 10 days of receipt of the commitment letter.

6. TRAINING

6.1 Initial Training Program. The Franchisee or, if the Franchisee is not an individual, at least one of the individuals designated by the Franchisee to assume primary responsibility for the management of the True North Restoration Business (“**General Manager**”), is required to attend and successfully complete the Franchisor’s initial franchise training program, which will be held virtually through online instruction, at a location in Chesterfield, Missouri, or another location designated by the Franchisor. Two individuals are eligible to participate in the initial training program without charge of a tuition or fee. The Franchisee shall be responsible for any and all travel and living expenses incurred by the Franchisee’s personnel in connection with attendance at the initial training program. Training participants will not receive any compensation from the Franchisor while attending the initial training program. At least one person, who may be the General Manager, must successfully complete the initial training program prior to the Franchisee’s commencement of operation of its Business. The Franchisor will make the initial training program available, at the Franchisor’s then current fee, to replacement or additional General Managers or other employees in accordance with Section 9.1d below.

6.2 Length of Training Program. The in-person portion of the initial training program shall consist of up to five days of instruction and training at a location designated by the Franchisor. In addition, the Franchisee (or its General Manager) shall successfully complete a water damage remediation and restoration training course provided by a third-party vendor approved by the Franchisor, and up to two days of online training before and after attending the Franchisor’s in-person training program. The Franchisee will provide the Franchisor with proof that the Franchisee or the General Manager successfully completed the water damage certification course. The Franchisor reserves the right to waive a portion of the initial training program, or alter the training schedule, if, in the Franchisor’s sole discretion, the Franchisee or a General Manager has sufficient prior experience or training. The Franchisor has the right to decide to offer all training programs via webinar or other remote method if circumstances warrant, in the Franchisor’s sole discretion.

6.3 Manager Training Programs. If the Franchisee hires a new General Manager during the term of this Agreement, that person will be required to successfully complete the Franchisor’s initial training program and obtain a water damage certification from an approved vendor. The Franchisee will pay the Franchisor’s then current tuition for the initial training program, in addition to the wages, travel and living expenses incurred in connection with attending training. The Franchisor may require General Managers of the Franchisee to complete additional training courses from time to time during the term of this Agreement. The Franchisee acknowledges and agrees that it is not permitted to send its General Managers or any of its

other managers to training programs other than those training programs conducted by the Franchisor or approved by the Franchisor in writing in advance.

6.4 Employee Training. All persons employed by the Franchisee who are not General Managers and who will provide any True North Services to Customers must complete and, if applicable, obtain certification from, an approved water damage remediation and restoration training course in the first 60 days of their employment. The Franchisor may require General Managers and employees of the Franchisee to complete additional training courses from time to time during the term of this Agreement. To become employees, the Franchisee shall require that each employee complete the Franchisor's prescribed training and certification course(s) and meet all other requirements in accordance with the Franchisor's standards and specifications, including maintaining certifications as required by the Franchisor and applicable vendors. The Franchisor or its affiliates may provide training courses to the Franchisee's General Managers and employees from time to time during the term of this Agreement. The Franchisee may be required to pay a fee to the Franchisor or its affiliate(s) for each training course taken by an employee or a General Manager.

6.5 Additional Training. From time to time, the Franchisor may present seminars, conventions or continuing development programs or conduct meetings for the benefit of the Franchisee. The Franchisee or the General Manager shall be required to attend any ongoing mandatory seminars, conventions, programs or meetings as may be offered by the Franchisor. The Franchisor reserves the right to require the Franchisee and its employees to complete on-line training seminars or new certification training courses up to two times per year. The Franchisor shall give the Franchisee at least 30 days prior written notice of any ongoing seminar, convention or certification course which is deemed mandatory. The Franchisor shall not require that the Franchisee, its General Manager or its employees attend any national convention more often than once a year and any local or regional seminar or meeting more than twice a year. The Franchisor may charge a tuition or fee for additional training. The Franchisee will be responsible for all travel and living expenses which are associated with attendance at any additional training.

7. DEVELOPMENT ASSISTANCE

7.1 Franchisor's Development Assistance. The Franchisor, or its designee, shall provide the Franchisee with assistance in the initial establishment of the True North Restoration Business as follows:

- a. Provision of the initial training program as described in Section 6 above.
- b. Provision of specifications for a Business Location which shall include, without limitation, specifications for space requirements, build-out and the accessibility of the surrounding area. The Franchisee acknowledges that the Franchisor shall have no other obligation to provide assistance in the selection and approval of a Business Location other than the provision of such written specifications and approval or disapproval of a proposed Business Location. The Franchisor shall be entitled to rely on information submitted to the Franchisor in a form sufficient to assess the proposed location as may be reasonably required by the Franchisor.
- c. Directives regarding the required build-out of the Business Location, plus standards and specifications concerning exterior signs, branded vehicle wraps, vehicle specifications, products, inventory, equipment, Business Location layout, and lease review.
- d. Provision of information and advice about designated or approved suppliers of the Computer System, software, equipment, cleaning and restoration products, tools, and other items used in, and services sold through, the Business.

e. Access to an online copy of the Operations Manual in accordance with the terms and conditions of Section 8 below.

f. The provision of assistance and guidance regarding how to conduct the grand opening marketing campaign and related issues, via teleconferences, electronic mail or other means.

8. OPERATIONS MANUAL

8.1 Operations Manual. The Franchisor shall provide the Franchisee with online access to its manuals, standard operating procedures, technical bulletins, or other written materials (collectively referred to as “**Operations Manual**”), covering certain standards, specifications and suggested operating and marketing procedures that the Franchisor requires the Franchisee to utilize in operating its Business. The Franchisee shall comply with the mandatory portions of the Operations Manual as an essential aspect of its obligations under this Agreement, and failure by the Franchisee to substantially comply with the mandatory portions of the Operations Manual may be considered by the Franchisor to be a breach of this Agreement. The Territory Policy is incorporated into the Operations Manual and the Franchisee’s compliance with the Territory Policy is mandatory.

8.2 Confidentiality of Operations Manual Contents. The Franchisee agrees to use the Marks and Licensed Methods only as specified in the Operations Manual. The Operations Manual is the sole property of the Franchisor and shall be used by the Franchisee only during the term of this Agreement and in strict accordance with the terms and conditions of this Agreement. The Franchisee shall not download or duplicate the Operations Manual nor disclose its contents to persons other than its employees or officers who have signed a nondisclosure agreement in a form approved by the Franchisor. The Franchisee shall return any paper copies of the Operations Manual to the Franchisor upon the expiration, termination or assignment of this Agreement.

8.3 Changes to Operations Manual. The Franchisor reserves the right to revise the Operations Manual from time to time as it deems necessary to update or change operating and marketing techniques or standards and specifications. The Franchisee, upon receipt of any updated information, shall conform its operations with the updated provisions within 30 days thereafter. The Franchisee acknowledges that a master copy of the Operations Manual maintained by the Franchisor online or at its principal office shall be controlling in the event of a dispute related to the content of the Operations Manual.

9. OPERATING ASSISTANCE

9.1 Franchisor’s Services. The Franchisor agrees that, during the Franchisee’s operation of the True North Restoration Business, the Franchisor, or its designee, shall make available to the Franchisee the following services:

a. Upon the reasonable request of the Franchisee, consultation by telephone or electronic mail, regarding the continued operation and management of a True North Restoration Business and advice regarding Customer services, Customer relations and marketing and promotional programs.

b. Access to advertising and promotional materials which may be subject to fees to cover the Franchisor’s costs, and the costs of reproduction, reprinting and placement shall be the Franchisee’s responsibility; and assistance via telephone or electronic mail, in determining the media, timing and placement for the Franchisee’s ongoing marketing program.

c. On-going updates regarding any new regulations, the competition, the cleaning and restoration industry, the True North Restoration concept and the Licensed Methods, including information

concerning new services or products which the Franchisor develops and makes available to True North Restoration Businesses.

d. The Franchisor shall offer the initial training program to replacement or additional General Managers and to new employees of the Franchisee upon payment of a training fee. The Franchisee shall be responsible for all wages, travel and living expenses incurred by its personnel during the training program. The availability of the training program shall be subject to space and timing considerations and prior commitments to new franchisees.

e. Provision of mandatory or voluntary, at the Franchisor's option, continuing education, training and/or certification courses that the Franchisor may develop regarding new services, software or products offered by the Business.

f. Provision of email addresses, webpage and website hosting and maintenance for a monthly Electronic Mail Fee described in Section 5.9 above.

g. Provision of guidance on how to target potential Customers and referral sources in the Territory. The Franchisor reserves the right to require the Franchisee to use a centralized call center to handle inquiries and to pay a designated supplier for call center services.

h. If made available by the Franchisor from time to time, in the Franchisor's sole discretion, provision of additional services and products, such as periodic conference calls, webinars, sales training, business development, training materials, information about certifications to add to the menu of services offered by the Business, access to third party administrators and National Accounts from which the Franchisee may obtain referrals to potential Customers.

9.2 Additional Franchisor Services. Although not obligated to do so, the Franchisor may make its employees or designated agents available to the Franchisee for on-site advice and assistance in connection with the on-going operation of the True North Restoration Business governed by this Agreement. In the event that the Franchisee requests such additional assistance and the Franchisor agrees to provide the same, the Franchisor reserves the right to charge the Franchisee for all travel, lodging, living expenses, and other identifiable expenses associated with such assistance, plus a fee based on the time spent by each employee on behalf of the Franchisee, which fee will be charged in accordance with the then current daily or hourly rates being charged by the Franchisor for assistance.

10. FRANCHISEE'S OPERATIONAL COVENANTS

10.1 Business Operations. The Franchisee acknowledges that it is solely responsible for the successful operation of its True North Restoration Business and that the continued successful operation thereof is, in part, dependent upon the Franchisee's compliance with this Agreement and the Operations Manual. In addition to all other obligations contained in this Agreement and in the Operations Manual, the Franchisee shall comply with the following operational obligations:

a. **Quality of Operations.** The Franchisee shall maintain clean, efficient and high-quality Business Location operations and shall operate the Business in accordance with the Operations Manual and in such a manner as not to detract from or adversely reflect upon the name and reputation of the Franchisor and the goodwill associated with the True North Restoration name and Marks.

b. **Compliance with Laws and Good Business Practices.** The Franchisee will conduct itself and operate its True North Restoration Business in compliance with all applicable federal, state and local laws, including employment, immigration, worker's compensation, data security laws, privacy laws, and

all applicable local, state and federal regulations, and in such a manner so as to promote a good public image in the business community. In connection therewith, the Franchisee will be solely and fully responsible for obtaining any and all licenses and permits to operate the Business and to carry on business at the Business Location. The Franchisee shall promptly forward to the Franchisor copies of all health department, fire department, building department, government entity, and other similar reports of inspections as and when they become available. The Franchisee shall also immediately forward to the Franchisor any health department, fire department, building department or other governmental entity notices of violation upon receipt thereof or any other inspection reports, warnings, certificates or ratings issued by any governmental entity during the term of this Agreement in connection with the conduct of the True North Restoration Business which indicates the Franchisee's failure to meet or maintain the highest governmental standards, or less than full compliance by the Franchisee with any applicable law, rule or regulation. The Franchisee shall be solely responsible for any penalties or fines assessed for failure to abide by such laws, regulations and ordinances.

c. **Management.** The Franchisee acknowledges that proper management of the True North Restoration Business is important and shall ensure that the Franchisee (if Franchisee is an individual), or a designated General Manager who has successfully completed the Franchisor's initial training program, will be responsible for the management of the True North Restoration Business at all times throughout the term of this Agreement. If a General Manager leaves the Business, he or she must be replaced within three months with a person who has successfully completed the Franchisor's training program for General Managers.

d. **Approved Services and Products; Scope of Franchise Operation.** The Franchisee shall offer only services and products through its Business which meet or exceed the minimum standards and specifications established by the Franchisor as more fully described in the Operations Manual. The Franchisee shall offer all types of services and products as from time to time may be prescribed by the Franchisor and shall refrain from offering any other types of services or products or operating or engaging in any other type of business or profession, from or through the Business or the Business Location, or the Franchisee entity, if applicable. The Franchisee shall refrain from offering and selling any other types of services or products or operating or engaging in any other type of business or profession, from or through the True North Restoration Business or the Business Location, including, without limitation, offering for sale or selling services or products of any sort on the Internet or by other electronic communications methods, by mail order, direct marketing, through catalogs or other means. The Franchisee shall not, except with the prior written consent of the Franchisor, sell items at wholesale or otherwise sell services or products from or through the True North Restoration Business or Business Location to any person or business for resale.

e. **Payment of Obligations; Insolvency.** The Franchisee shall pay on a timely basis all amounts due and owing to the Franchisor or its affiliates for: (i) website and webpage hosting, email addresses, technical support, call center services, intranet development and maintenance services provided by third parties; (ii) services rendered for managing National Account referrals; (iii) branded products or supplies if the Franchisor requires the Franchisee to purchase such items from the Franchisor or its affiliates in the future; (iv) marketing or advertising materials, whether electronic or hard copy; and (v) other services or products, or pursuant to any separate agreements, including any premises lease or sublease, between the Franchisee and the Franchisor or its affiliates. The Franchisee shall also pay on a timely basis all amounts due and owing by the Franchisee to all third parties, including landlords, suppliers, vendors and taxing authorities, with whom the Franchisee does business at the Business Location or through the Business. In connection with any amounts due and owing by the Franchisee to third parties, the Franchisee expressly acknowledges that a default by the Franchisee with respect to such indebtedness may be considered a default under this Agreement and the Franchisor may avail itself of all remedies provided for in this Agreement in the event of default. The Franchisee shall immediately notify the Franchisor if any action is taken by the

Franchisee or the owners of the Franchisee, or by others against the Franchisee or owners of the Franchisee under any insolvency, bankruptcy or reorganization act, or if the Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed by the Franchisee.

f. **Other Agreements.** The Franchisee shall comply with all agreements with third parties related to the True North Restoration Business or the Business Location including, in particular, all provisions of any premises lease, any product or supply contracts and other agreements.

g. **Employees.** The Franchisee shall be exclusively responsible for the conduct and control of its employees and employment practices, including hiring, firing, training and compensation of its employees. The Franchisee and all employees of the Franchisee shall present a professional appearance, as may be described in the Operations Manual, and shall render competent and courteous service to customers of the True North Restoration Business. The Franchisee shall run background checks, in accordance with the Franchisor's specifications, on all of its employees before hiring them and at least annually thereafter. The Franchisee shall not be permitted to employ, or continue to employ, a person with a felony conviction or other negative history, in accordance with the Franchisor's standards set forth in the Operations Manual. Nothing in this Agreement shall be deemed to make the Franchisee's employees, representatives or agents (i) subject to the control of the Franchisor or (ii) employees of the Franchisor. The Franchisee must clearly inform all workers, before hiring and periodically thereafter, that the Franchisee, and not the Franchisor, is their employer and that the Franchisor does not assume and will not accept any employer, co-employer, or joint employer obligations.

h. **Remodeling and Upgrading.** The Franchisee agrees to renovate, refurbish or replace, at its own expense, the personal property, equipment, supplies, tools, inventory, and Computer System used in the operation of the True North Restoration Business and Business Location, when reasonably required by the Franchisor in order to comply with the image, standards of operation and performance capability established by the Franchisor from time to time. If the Franchisor changes its image or standards of operation, it shall give the Franchisee a reasonable period of time within which to comply with such changes.

i. **Training of Employees.** The Franchisee shall be fully responsible for its employees' compliance with the operational standards which are part of the Licensed Methods and for compliance with all laws and regulations affecting Business operations. The Franchisee must conduct its employee training in the manner and according to the standards as prescribed in the Operations Manual. Any employee who does not satisfactorily complete the training shall not work in any capacity in the Franchisee's Business. The Franchisee shall train employees in accordance with the Franchisor's requirements and as the Franchisor may dictate, from time to time.

j. **Ownership of Business.** The Franchisee shall at all times during the term of this Agreement own and control the True North Restoration Business authorized under this Agreement. The General Manager, if applicable, is not required to own an equity interest in the Franchisee entity. Upon request of the Franchisor, the Franchisee shall promptly provide satisfactory proof of the ownership of the Franchisee entity to the Franchisor. The Franchisee represents that the Statement of Ownership, attached to this Agreement as Exhibit III and by this reference incorporated in this Agreement, is true, complete, accurate and not misleading, and, in accordance with the information contained in the Statement of Ownership, the controlling ownership of the True North Restoration Business is held by the individuals signing this Agreement on behalf of the Franchisee. The Franchisee shall promptly provide the Franchisor with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and shall comply with the applicable transfer provisions contained in Section 17 of this Agreement. In addition, if the Franchisee is an entity, all of the owners of the Franchisee

and their spouses shall sign the Guaranty and Assumption of Franchisee's Obligations attached hereto as Exhibit II.

k. **Hours of Operation.** The Franchisee shall at all times during the term of this Agreement keep its Business open during the business hours as may be designated by the Franchisor from time to time in the Operations Manual. In addition, the Franchisee shall maintain sufficient equipment, supplies, and inventory and employ adequate personnel at all times so as to operate the Business at its maximum capacity and efficiency.

l. **Minimum Sales Requirements.** The Franchisee shall attain and maintain the following minimum sales requirements ("**Minimum Sales Requirements**") for each Territory: at the end of the 12th month after the Business opens, the Franchisee shall attain and maintain a minimum of \$10,400 per month in Gross Revenue; at the end of the 24th month after the Business opens, the Franchisee shall attain and maintain a minimum of \$21,500 per month in Gross Revenue; at the end of the 36th month after the Business opens, the Franchisee shall attain and maintain a minimum of \$30,000 per month in Gross Revenue; at the end of the 48th month, the Franchisee shall attain and maintain a minimum of \$41,500 per month in Gross Revenue. Thereafter, the Franchisee shall maintain \$41,500 per month in Gross Revenue for the remainder of the term of this Agreement. The Franchisee acknowledges and agrees that if it fails to achieve and maintain these minimums, the Franchisor shall have the right to: (i) reduce the size of the Territory; (ii) establish or license a third party to establish a True North Restoration Business in the Territory; or (iii) terminate this Agreement, in the Franchisor's sole discretion.

11. ROYALTIES AND FEES

11.1 Monthly Royalty. Beginning with the month the Business opens, the Franchisee shall pay to the Franchisor a monthly royalty equal to 7% of the monthly Gross Revenue (as defined in Section 11.2 below) of the Business with the exception of reconstruction services where the royalty shall equal 2% of the monthly Gross Revenue of the Business that is derived from reconstruction services, (the "**Royalty**").

11.2 Gross Revenue. "**Gross Revenue**" shall mean and include the aggregate amount received by the Business from, connected with, or related to the sale of True North Services to Customers and all other services or products and all business transacted in or through the Business, directly or indirectly, and including amounts received from participation in any optional programs, and excluding only: (i) the amount of any federal, state or local sales or excise taxes or other similar taxes, separately stated; (ii) the amount of any refunds to Customers; and (iii) other exclusions as may be authorized in writing by the Franchisor. For clarification, "**Gross Revenue**" includes amounts received by the Franchisee for True North Services provided to a general contractor where the Franchisee is acting as a subcontractor.

11.3 Royalty Payments. Royalty payments shall be made monthly and shall be sent to the Franchisor by electronic funds transfer or otherwise transmitted as the Franchisor may require, no later than the 7th day of each month ("**Due Date**") based on Gross Revenue for the prior month. Royalty payments start to accrue on the date that the Business commences operations, which date shall be determined by the Franchisor. Partial month Royalty payments shall be prorated as applicable. No later than 30 days prior to the opening of the Business, the Franchisee shall execute an authorization agreement, a copy of which is attached hereto as Exhibit IV, for preauthorized payment of Royalty payments and other payments owed by the Franchisee to the Franchisor or its affiliates by electronic transfer of funds from the Franchisee's bank account to the Franchisor's bank account. The Franchisor shall have the right to verify such Royalty payments from time to time as it deems necessary, in any reasonable manner.

11.4 Insufficient or Delinquent Payments. In the event that the Franchisee has insufficient funds in the account or otherwise fails to pay any amounts owed under this Agreement when due, the Franchisee

shall, in addition to such Royalties, owe interest after the Due Date at the highest applicable legal rate for open account business credit, not to exceed 1.5% per month along with the late payment of the amounts owed. The Franchisee acknowledges that this Section 11.4 shall not constitute the Franchisor's or its affiliates' agreement to accept payments after they are due or a commitment to extend credit to or otherwise finance operation of the Business. In the event interest is not paid upon demand, the Franchisor may elect to pursue its remedies as further set forth in this Agreement. In no event shall the Franchisee be required to pay interest at a rate greater than the maximum interest rate permitted by applicable law.

11.5 Application of Payments. Notwithstanding any designation by the Franchisee, the Franchisor shall have sole discretion to apply any payments by the Franchisee, and any credits received by the Franchisor on the Franchisee's behalf from third-party vendors to any of Franchisee's past due indebtedness to Franchisor for Royalties, Brand Fees (as defined in Section 12.2), Electronic Mail Fees, National Account Fees, Management Fees, other fees owed to Franchisor or its affiliates, purchases from the Franchisor or its affiliates, interest or any other indebtedness. The Franchisee acknowledges that the Franchisor has the right to set off any amounts the Franchisee may owe to the Franchisor against any amounts the Franchisor or its affiliates might owe to the Franchisee.

11.6 Electronic Funds Transfer. The Franchisee authorizes the Franchisor and its affiliates to initiate debit entries and credit correction entries to the Franchisee's checking, savings or other account for the payment of Royalties, Brand Fees, Electronic Mail Fees, National Account Fees, insurance premiums and any other amounts due from the Franchisee under this Agreement or otherwise. The Franchisor may require the Franchisee to pay Royalties, Brand Fees, Electronic Mail Fees, National Account Fees and other amounts due under this Agreement or otherwise by means in addition to or other than electronic funds transfer including, without limitation, by pre-authorized credit card, and the Franchisee agrees to comply with the Franchisor's payment instructions.

12. ADVERTISING

12.1 Approval of Advertising. The Franchisee shall obtain the Franchisor's prior written approval of all written advertising or other marketing or promotional programs regarding the Franchisee's True North Restoration Business, including, without limitation, give-away promotions, newspaper ads, flyers, brochures, coupons, direct mail pieces, specialty and novelty items and radio and television advertising. The Franchisee shall also obtain the Franchisor's prior written approval before using any promotional materials as may be provided by vendors. The proposed written advertising or a description of the marketing or promotional program shall be submitted to the Franchisor at least 30 days prior to publication, broadcast or use. The Franchisee acknowledges that advertising and promoting the True North Restoration Business in accordance with the Franchisor's standards and specifications is an essential aspect of the Licensed Methods, and the Franchisee agrees to comply with all advertising standards and specifications. The Franchisee shall participate in all promotional programs established by the Franchisor from time to time for all True North Restoration Businesses and the Franchisor shall set the rules for and dates during which any such promotional program shall be implemented.

12.2 Brand Fund. Beginning on the date that the Business opens, the Franchisee shall contribute to a national brand fund established by the Franchisor ("**Brand Fund**") a monthly fee of 1% to 2% of the Franchisee's monthly Gross Revenue (the "**Brand Fee**"). The amount of the Brand Fee may be increased by the Franchisor upon 30 days prior written notice at any time during the term of this Agreement. The Brand Fee shall be paid to the Franchisor in addition to Royalties and in addition to and not in lieu of the Franchisee's Local Marketing expenditure described in Section 12.3 below. The Franchisee acknowledges that the Brand Fees from True North Restoration Businesses are contributed to a single Brand Fund. The following terms and conditions shall apply to the Brand Fee payment:

a. The Brand Fee shall be payable concurrently with and in the same manner as the payment of the Royalties. Partial month Brand Fees shall be prorated as applicable.

b. Upon the request of the Franchisee, the Franchisor will make available to the Franchisee, no later than 120 days after the end of each fiscal year, an unaudited financial statement which indicates how the Brand Fund has been spent during the previous year.

c. The Franchisor shall direct all advertising and marketing programs financed by the Brand Fund, with sole discretion over the creative concepts, materials and endorsements used therein, geographic, market and media placement and allocation, and the administration thereof. The Franchisee agrees that the Brand Fund may be used to pay the costs of preparing and producing social media marketing; video and audio and written advertising materials, including direct mail; sponsoring radio programs and other media advertising; administering multi-regional advertising programs; employing advertising agencies and in-house staff to assist therewith; customer loyalty programs; website, social media and other electronic advertising; and supporting public relations, market research and other advertising and marketing activities for True North Restoration Businesses. The Brand Fund may be used for creation, production (either through an advertising agency or in-house), or media placement of marketing materials; and these materials may be disseminated through television, radio, print, the Internet, or any other media the Franchisor deems appropriate, in its sole discretion.

d. The Brand Fund shall be accounted for separately from the Franchisor's other funds and shall not be used to defray any of the Franchisor's or its affiliate's general operating expenses, except for such reasonable administrative costs, salaries and overhead as the Franchisor or its affiliates may incur in activities related to the administration of the Brand Fund and its marketing programs, including, without limitation, conducting market research, preparing material, incurring related accounting and legal expenses, collecting and accounting for Brand Fund contributions. The Franchisor may spend in any fiscal year an amount greater or less than the aggregate contribution of all True North Restoration Businesses to the Brand Fund in that year and the Brand Fund may borrow from the Franchisor or other lenders to cover deficits or cause the Brand Fund to invest any surplus for future use. All interest earned on monies contributed to the Brand Fund will be first used to pay costs. Any amounts remaining in the Brand Fund at the end of each year accrue and will be applied toward the following year's expenses. The Brand Fund may be incorporated or operated through an entity separate from the Franchisor at such time as the Franchisor deems appropriate, and such successor entity shall have all rights and duties of the Franchisor pursuant to this Section 12.2.

e. The Franchisee understands and acknowledges that the Brand Fund is intended to maximize recognition of the Marks and patronage of True North Restoration Businesses. Although the Franchisor will endeavor to utilize the Brand Fund to develop advertising and marketing materials and programs and to place advertising that will benefit all True North Restoration Businesses, the Franchisor undertakes no obligation to ensure that expenditures by the Brand Fund in or affecting any geographic area are proportionate or equivalent to the contributions by True North Restoration Businesses operating in that geographic area or that any True North Restoration Business will benefit directly or in proportion to its contribution from the development of advertising and marketing materials or the placement of advertising. The Franchisor does not owe the Franchisee a fiduciary duty with respect to the maintenance, direction, or administration of the Brand Fund. The Brand Fund will not be used to solicit new franchise sales. Except as expressly provided in this Section 12.2, the Franchisor assumes no direct or indirect liability or obligation to the Franchisee with respect to the maintenance, direction or administration of the Brand Fund.

f. The Franchisor reserves the right to terminate the Brand Fund, upon 30 days' written notice to the Franchisee. All unspent monies on the date of termination shall be distributed to the True North Restoration Businesses in proportion to their respective contributions to the Brand Fund during the

preceding 12-month period. The Franchisor shall have the right to reinstate the Brand Fund upon the same terms and conditions set forth in this Agreement upon 30 days' prior written notice to the Franchisee.

12.3 Local Marketing Spend. Beginning in the third month after the Business opens, the Franchisee shall spend the greater of 2% of monthly Gross Revenue or \$1,000 per month on average during a rolling 3-month period, to advertise the Business locally. The Franchisee will submit to the Franchisor a quarterly accounting of the amounts spent on advertising within 30 days following the end of each calendar quarter. If the Franchisee's lease requires it to advertise locally, the Franchisor may, in its sole discretion, count such expenditures toward the Franchisee's local marketing expenditure required by this Section 12.3. The Franchisee shall use materials supplied and pre-approved by the Franchisor or obtain the Franchisor's prior written approval of all written advertising and promotional materials before publication.

12.4 Regional Advertising Association. The Franchisor reserves the right, upon 30 days prior written notice to the Franchisee, to create a regional advertising association ("**Association**") for the benefit of True North Restoration Businesses located within a particular geographic area. If an Association is established for the area where the Franchisee's Business Location is located, the Franchisee will be required to participate in the Association for the purpose of selecting and participating in regional marketing and promotional programs for True North Restoration Businesses. The Franchisor shall have the right to require, in its sole discretion, that the Franchisee allocate up to 1% of monthly Gross Revenue to the Association. The Franchisor may, in its sole discretion, allocate all or a portion of the Brand Fee to the Association. The Franchisee will be required to remain a member of and be bound by the decisions of the majority of the members of the Association regarding expenditures, assessments and dues of the Association, to the extent that they are approved by the Franchisor. Each Association has the right, by majority vote, to require its members to pay additional monthly dues to the Association. The failure of the Franchisee to participate in the Association or pay any dues required by the Association, may, at the option of the Franchisor, be deemed to be a breach of this Agreement. The Franchisor has the right, in its sole discretion, to determine the composition of all geographic territories and market areas for the implementation of any regional advertising and promotion campaigns and to require that the Franchisee participate in such regional advertising programs as and when they may be established by the Franchisor. If an Association is implemented on behalf of a particular region by the Franchisor, the Franchisor, to the extent reasonably calculable, shall require that only contributions from True North Restoration Businesses within such region be redirected to the Association or for the particular regional advertising program. The Franchisor reserves the right to seek reimbursement from the Association for reasonable administrative costs, salaries and overhead as the Franchisor may incur in activities related to the implementation and administration of the Association and marketing programs. The Franchisor also reserves the right to establish an advertising cooperative for a particular region to enable the cooperative to self-administer the regional advertising program; provided that the Franchisor shall have the right to review and approve the governing documents of such a self-administering cooperative. True North Restoration Businesses operated by the Franchisor and its affiliates will contribute to the Association on the same basis as franchised True North Restoration Businesses.

12.5 Electronic Advertising.

a. **Definition of Electronic Advertising.** The Franchisee shall not develop, create, distribute, disseminate or use any Internet communication, including, without limitation, any website, blog, instant messaging service, social media site or networking account or other electronic or other communication method now in existence or to be created (including, without limitation, the website developed for the Business pursuant to Section 5.9 of this Agreement), or any multimedia, telecommunication, mass electronic mail or audio/visual advertising, promotional or marketing materials ("**Electronic Advertising**") relating to or associated with the True North Restoration Business or the Marks, the Licensed Methods or the Franchisor and its affiliates, without the Franchisor's prior written approval of such Electronic

Advertising, which approval may be withheld in the Franchisor's sole discretion. The Franchisor shall retain the right to develop, publish and control the content of all Electronic Advertising for the True North Restoration Business. The Franchisee acknowledges that the Franchisor shall own all databases of Customer email addresses and related Customer information. In addition to the obligations of the Franchisee pursuant to Section 10.1 of this Agreement, the Franchisor reserves the right to require the Franchisee to change, delete or provide access to the Franchisor and its designees to any Electronic Advertising.

b. **Online Marketing Services Fee.** The Franchisor reserves the right, upon 30 days prior written notice, to require the Franchisee to pay fees to the Franchisor or to third party service providers to participate in any Electronic Advertising of the True North Restoration Business sponsored by the Franchisor. The Franchisee is required to pay for Electronic Advertising services such as website maintenance, social media marketing, and search engine optimization (together, referred to as the "**Online Marketing Services Fee**") as required by the Franchisor and payments will be made to one or more designated service providers. If the Franchisor permits or requires the Franchisee to develop any Electronic Advertising, the Franchisee shall do so in compliance with the Franchisor's policies and rules regarding the creation, maintenance, use, publication and content of such Electronic Advertising as set forth in this Agreement, the Operations Manual or Electronic Advertising code of conduct that the Franchisor may develop, disseminate and modify from time to time. Any amounts that the Franchisee spends on the Online Marketing Services Fee or other approved Electronic Advertising shall be credited toward the Franchisee's local marketing spend obligations described in Section 12.3 above.

12.6 Grand Opening Marketing Campaign. The Franchisee shall conduct a grand opening marketing campaign approved by the Franchisor or its designee for the True North Restoration Business to be conducted on social media and through other communications channels during the first 90 days after the Business opens. The Franchisee will spend a minimum dollar amount as set forth in Exhibit I for the grand opening marketing campaign. The Franchisee shall provide the Franchisor with a summary of the grand opening marketing campaign expenditures within four months after the Business opens.

13. QUALITY CONTROL

13.1 Compliance with Operations Manual. The Franchisee agrees to maintain and operate the True North Restoration Business in compliance with this Agreement and the standards and specifications contained in the Operations Manual, as such standards and specifications may be modified from time to time by the Franchisor.

13.2 Standards and Specifications. The Franchisor will make available to the Franchisee standards and specifications for services and products offered at or through the True North Restoration Business and for equipment, tools, inventory, marketing materials, forms, items, supplies and services used in connection with the Business. The Franchisor reserves the right to change standards and specifications for services and products offered at or through the True North Restoration Business and for the equipment, tools, inventory, marketing materials, forms, items, supplies and services used in connection with the Business, upon 30 days prior written notice to the Franchisee. The Franchisee shall, throughout the term of this Agreement, remain in compliance and strictly adhere to all of the Franchisor's current standards and specifications for the True North Restoration Business as prescribed from time to time.

13.3 Inspections. The Franchisor shall have the right to examine the Business Location, including the equipment, tools, inventory, supplies, marketing materials, forms, items and services, to ensure compliance with all standards and specifications set by the Franchisor. The Franchisor shall conduct such inspections during regular business hours and the Franchisee or its General Manager may be present during such inspections. The Franchisor reserves the right to conduct the inspections without prior notice to the Franchisee, however.

13.4 Restrictions on Services and Products. The Franchisee is prohibited from offering or selling any type of services or products not authorized by the Franchisor as being a part of the Licensed Methods. If the Franchisee proposes to offer or utilize any services, products, equipment, tools, materials, forms, items or supplies in connection with or sale through the Business that are not previously approved by the Franchisor as meeting its specifications, the Franchisee shall first notify the Franchisor in writing and request approval from Franchisor. The Franchisor may, in its sole discretion, for any reason whatsoever, elect to withhold such approval; however, in order to make such determination, the Franchisor may require submission of specifications, information, or samples of such services, products, equipment, tools, materials, forms, items or supplies. The Franchisee shall pay or reimburse the Franchisor for the reasonable costs of investigation in determining whether such services, products, equipment, tools, materials, forms, items or supplies meet the Franchisor's specifications. The Franchisor will advise the Franchisee within a reasonable time whether such services, products, equipment, tools, materials, forms, items or supplies meet its specifications and if Franchisee is approved to offer or utilize the same.

13.5 Approved Suppliers. The Franchisee shall purchase all services, products, supplies, equipment, tools, insurance and materials required for the operation of the True North Restoration Business from the Franchisor, from the Franchisor's affiliates, from suppliers designated or approved by the Franchisor or, if there is no designated or approved supplier for a particular service, product, supply, piece of equipment, tool, type of insurance or marketing material, from such other suppliers who meet all of the Franchisor's specifications and standards as to quality, appearance and service, and who shall adequately demonstrate their capacity and facilities to supply the Franchisee's needs in the quantities, at the times, and with the reliability requisite to an efficient operation of the True North Restoration Business. The Franchisor reserves the right to designate from time to time, a single supplier for any services, products, equipment, tools, materials, insurance, or supplies and to require the Franchisee to use such designated supplier exclusively, which exclusive designated supplier may be the Franchisor or its affiliates. The Franchisor and its affiliates may receive payments from suppliers on account of such suppliers' dealings with the Franchisee and other franchisees and may use all such amounts without restriction and for any purpose the Franchisor and its affiliates deem appropriate (unless the Franchisor and its affiliates agree otherwise with the supplier). The approval of suppliers of certification services is included in the description of approval processes in this Section 13.5.

13.6 Request to Approve Supplier. In the event the Franchisee desires to purchase or use products, services, supplies or materials from suppliers other than those previously approved by the Franchisor, the Franchisee shall, prior to purchasing from or otherwise utilizing any supplier, give the Franchisor a written request to approve the supplier. In the event the Franchisor rejects the Franchisee's requested new supplier, the Franchisor must, within 30 days of the receipt of the Franchisee's request to approve the supplier, notify the Franchisee in writing of its rejection. The Franchisor may continue from time to time to inspect any suppliers' facilities and products to assure compliance with the Franchisor's standards and specifications. Permission for such inspection shall be a condition of the continued approval of such supplier. The Franchisor may, at its sole discretion, for any reason whatsoever, elect to withhold approval of the supplier; however, in order to make such determination, the Franchisor may require that samples from a proposed new supplier be delivered to the Franchisor for testing prior to approval and use. A charge not to exceed the reasonable cost of investigation may be made by the Franchisor and shall be paid by the Franchisee.

14. MARKS, TRADE NAMES AND PROPRIETARY INTERESTS

14.1 Marks. The Franchisee acknowledges and agrees that the "TRUE NORTH" and "TRUE NORTH RESTORATION" service marks and all other Marks shall remain under the ownership and control of the Franchisor or its affiliates. The Franchisee acknowledges that it has not acquired any right, title or interest in such Marks except for the right to use such marks in the operation of its True North Restoration Business as it is governed by this Agreement. The Franchisee agrees not to use any of the Marks as part of an

electronic mail address, or on any sites on the Internet and the World Wide Web without the Franchisor's prior written permission, and the Franchisee agrees not to use or register any of the Marks as a domain name on the Internet.

14.2 No Use of Other Marks. The Franchisee agrees that no service mark other than "TRUE NORTH", "TRUE NORTH RESTORATION" or such other Marks as may be specified by the Franchisor shall be used in the identification, marketing, promotion or operation of the True North Restoration Business.

14.3 Licensed Methods. The Franchisee acknowledges that the Franchisor owns and controls the distinctive plan for the establishment, operation and promotion of True North Restoration Businesses and all related licensed methods of doing business, previously defined as the "**Licensed Methods**", which include, but are not limited to, standards and specifications for the services and products offered at or through the True North Restoration Businesses, including but not limited to the following: residential and commercial cleaning, fire, smoke, water, wind, and other damage restoration, cleaning, mitigation, repair and reconstruction, mold remediation, disinfection, deodorization, odor removal, roofing, asbestos abatement, bioremediation (trauma, crime scene, blood-borne pathogen cleaning) services; technology systems; equipment specifications and capabilities; Customer relations; marketing techniques; written promotional materials; advertising; and customized software, all of which constitute confidential trade secrets of the Franchisor, and the Franchisee acknowledges that the Franchisor has valuable rights in and to such trade secrets. The Franchisee acknowledges and agrees that it will promptly notify the Franchisor about any and all modifications or additions to the Licensed Methods or new restoration, remediation, or cleaning techniques and improvements in the services offered by the Business or at the Business Location developed by the Franchisee and that all such modifications or additions shall inure solely to the benefit of the Franchisor and may be adopted by the Franchisor and incorporated into the Licensed Methods without the Franchisor owing any compensation to the Franchisee. The Franchisee further acknowledges that it has not acquired any right, title or interest in the Licensed Methods except for the right to use the Licensed Methods in the operation of the True North Restoration Business as it is governed by this Agreement and that it is obligated to maintain the confidentiality of the Licensed Methods in accordance with Section 20.3 below.

14.4 Mark Infringement. The Franchisee agrees to notify the Franchisor in writing of any possible infringement of or claim of right to a service mark or trademark the same as or confusingly similar to any of the Marks which may come to its attention. The Franchisee acknowledges that the Franchisor shall have the right to determine whether any action will be taken on account of any possible infringement or illegal use. The Franchisor may commence or prosecute such action in the Franchisor's own name and may join the Franchisee as a party to the action if the Franchisor determines it to be reasonably necessary for the continued protection and quality control of the Marks and Licensed Methods. The Franchisor shall bear the reasonable cost of any such action, including attorneys' fees. The Franchisee agrees to fully cooperate with the Franchisor in any such litigation.

14.5 Franchisee's Business Name. The Franchisee acknowledges that the Franchisor has a prior and superior claim to the "TRUE NORTH" and "TRUE NORTH RESTORATION" trade names. The Franchisee shall not use the words "True North" in the legal name of its corporation, limited liability company, partnership or any other business entity used in conducting the business provided for in this Agreement. The Franchisee also agrees not to register or attempt to register a trade name or domain name using the words "True North" in the Franchisee's name or that of any other person or business entity, without the prior written consent of the Franchisor. The Franchisee shall not identify itself as being "True North Restoration Franchising LLC," "True North," or as being associated with the Franchisor in any manner other than as a franchisee or licensee. The Franchisee further agrees that in all advertising and promotional materials it will display its business name only in obvious conjunction with the phrase "True North Restoration Franchisee" or with such other words and in such other phrases to identify itself as an

independent owner of the True North Restoration Business, as may from time to time be prescribed in the Operations Manual.

14.6 Change of Marks. In the event that the Franchisor, in its sole discretion, shall determine it necessary to modify or discontinue use of any proprietary Marks, or to develop additional or substitute marks, the Franchisee shall, within a reasonable time after receipt of written notice of such a modification or discontinuation from the Franchisor, take such action, at the Franchisee's sole expense, as may be necessary to comply with such modification, discontinuation, addition or substitution.

14.7 Creative Ownership. All copyrightable works created by the Franchisee or any of its owners, officers or employees in connection with the Business shall be the sole property of the Franchisor. The Franchisee assigns all proprietary rights, including copyrights, in these works to the Franchisor without additional consideration. The Franchisee hereby assigns and will execute such additional assignments or documentation to effectuate the assignment of all intellectual property, inventions, copyrights, service marks, trademarks and trade secrets developed in part or in whole in relation to the Business, during the term of this Agreement, as the Franchisor may deem necessary in order to enable it, at its expense, to apply for, prosecute and obtain copyrights, service marks, trademarks, patents or other proprietary rights in the United States and in foreign countries or in order to transfer to the Franchisor all right, title, and interest in said property. The Franchisee shall promptly disclose to the Franchisor all inventions, discoveries, improvements, creations, patents, copyrights, service marks, trademarks and confidential information relating to the Business which it or any of its owners, officers or employees has made or may make solely, jointly or commonly with others and shall promptly create a written record of the same. In addition to the foregoing, the Franchisee acknowledges and agrees that any improvements or modifications, whether or not copyrightable, directly or indirectly related to the Business, shall be deemed to be a part of the Licensed Methods and shall inure to the benefit of the Franchisor.

14.8 Alterations for Protection of Marks. The Franchisor may, in its sole discretion, but with reasonable notice to the Franchisee, enter into the Business Location to make any alterations required for the protection of the Marks and Licensed Methods.

15. REPORTS, RECORDS AND FINANCIAL STATEMENTS

15.1 Franchisee Reports. The Franchisee shall establish and maintain, at its own expense, bookkeeping, accounting and data processing systems which conform to the specifications which the Franchisor may prescribe from time to time. Each transaction of the Business shall be processed in the manner prescribed by the Franchisor. The Franchisor shall have the right of access to all data with respect to the Business. The Franchisee shall provide access to the data to the Franchisor by joining and paying for a high-speed electronic network connection service which meets the Franchisor's standards and specifications. The Franchisee shall supply to the Franchisor such types of reports in a manner and form as the Franchisor may from time to time reasonably require, including:

a. Monthly summary reports in a form prescribed by the Franchisor, delivered electronically no later than the 7th day of each month or otherwise transmitted as the Franchisor may designate and containing information relative to the previous month's sales and operations. Reports containing information related to the Franchisees' advertising and marketing shall be quarterly, as required under Section 12.3;

b. Financial statements, prepared in accordance with United States generally accepted accounting principles ("GAAP"), and consisting of a quarterly profit and loss statement and balance sheet for the True North Restoration Business, electronically transmitted no later than the 20th day of each month after the end of each of the Franchisee's fiscal quarters, based on operating results of the quarter, which will be submitted in a form approved by the Franchisor and will be certified by the Franchisee to be correct;

c. Annual unaudited financial statements, compiled or reviewed by an independent certified public accountant in good standing and prepared in accordance with GAAP, and state and federal income tax returns electronically transmitted within 120 days after the end of its fiscal year; and

d. Copies of all other reports, financial statements and records reasonably requested by the Franchisor.

The Franchisor reserves the right to disclose data derived from such reports, without identifying the Franchisee, except to the extent identification of the Franchisee is required by law. The Franchisee consents to the Franchisor obtaining financial and account information regarding the Business and its operations from third parties with whom the Franchisee does business, as and when deemed necessary by the Franchisor.

15.2 Verification. Each report and financial statement to be submitted to the Franchisor pursuant to this Agreement shall be signed and verified by the Franchisee or one of its officers if the Franchisee is an entity.

15.3 Books and Records. The Franchisee shall maintain all books and records for its True North Restoration Business in accordance with GAAP, consistently applied, and in a manner as reasonably prescribed by the Franchisor and shall preserve these records for at least six years after the fiscal year to which they relate.

15.4 Audit of Books and Records. The Franchisee shall permit the Franchisor to inspect and audit the books and records of the True North Restoration Business at any reasonable time, at the Franchisor's expense. If any audit discloses a deficiency in amounts for payments owed to the Franchisor pursuant to this Agreement, then such amounts shall become immediately payable to the Franchisor by the Franchisee, with interest from the date such payments were due at the lesser of 1.5% per month or the maximum rate allowed by law. In the event such inspection or audit is made necessary by the Franchisee's failure to furnish required reports, supporting records or other information, or to furnish such information on a timely basis for two or more consecutive reporting periods, or if the Franchisee has received advance notice from the Franchisor and fails to have the books and records available for such audit or otherwise fails to cooperate therewith, or it is discovered during the audit that the Franchisee has underpaid Royalties or Brand Fees by 3% or more, the Franchisee shall reimburse the Franchisor for the cost of such audit or inspection, including, without limitation, the charges of attorneys and any independent accountants and the travel expenses, room and board and compensation of the Franchisor's employees.

15.5 Failure to Comply with Reporting Requirements. If the Franchisee fails to prepare and submit any statement or report as required under this Section 15, then the Franchisor shall have the right to treat the Franchisee's failure as good cause for termination of this Agreement.

16. TRANSFER

16.1 Transfer by Franchisee. The franchise granted in this Agreement is personal to the Franchisee and, except as stated below, the Franchisor shall not allow or permit any transfer, assignment, subfranchise or conveyance of this Agreement or any interest under this Agreement. The Franchisee acknowledges that prior to approving any transfer, the Franchisor may impose reasonable conditions on the Franchisee and its purported transferee including, but not limited to, those conditions listed in Section 16.2. As used in this Agreement, the term "**transfer**" shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift, merger, consolidation, exchange, or other disposition by the Franchisee (or any of its owners) of any interest in: (1) this Agreement; (2) the ownership of the Franchisee if the Franchisee is an entity or consists of more than one individual; or (3) the Business or any assets of the Business. An assignment, sale, gift or other disposition shall include a transfer resulting from a divorce, insolvency, corporate or partnership dissolution proceeding, consolidation, exchange, public or private offering of stock

or other ownership interests in any entity, merger, or otherwise by operation of law or, in the event of the death of the Franchisee, or an owner of the Franchisee by will, declaration of or transfer in trust or under the laws of intestate succession.

16.2 Pre-Conditions to Franchisee's Transfer. The Franchisee shall not transfer its rights under this Agreement or any interest in it, or any part or portion of any business entity that owns it or all or a substantial portion of the assets of the True North Restoration Business, unless the Franchisee obtains the Franchisor's written consent and complies with the following requirements:

a. Payment of all amounts due and owing pursuant to this Agreement by the Franchisee to the Franchisor or its affiliates or to third parties holding a security interest in any asset of the Business;

b. Agreement by the proposed transferee to satisfactorily complete the initial training program described in this Agreement;

c. Execution of a Franchise Agreement in a form then currently offered by the Franchisor, which shall supersede this Agreement in all respects. If a new Franchise Agreement is signed, the terms thereof may differ from the terms of this Agreement; provided, however, the transferee will not be required to pay any additional initial franchise fee;

d. Provision by the Franchisee of written notice to the Franchisor 30 days prior to the proposed effective date of the transfer, such notice to contain information reasonably detailed to enable the Franchisor to evaluate the terms and conditions of the proposed transfer. If the Franchisee is an entity and one or more owners of the Franchisee entity wish to transfer, sell, assign, or otherwise dispose of his or her interest in the Franchisee entity or if the Franchisee entity wishes to make a public or private offer of its stock or other ownership interests, the Franchisee must submit to Franchisor at least 30 days in advance of the proposed effective date, and obtain Franchisor's prior written approval of, the documents effectuating the transfer, sale, assignment, offering or disposition;

e. The proposed transferee shall have provided information to the Franchisor sufficient for the Franchisor to assess the proposed transferee's business experience, aptitude and financial qualification, and the Franchisor shall have ascertained that the proposed transferee meets such qualifications;

f. Execution by Franchisee of a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor, its affiliates and their respective officers, directors, employees and agents;

g. Payment by the Franchisee or the proposed transferee of \$10,000, plus, if applicable, any transfer fee due under any other True North Restoration Franchise Agreement or Development Agreement being transferred with this Agreement and any broker fees incurred by the Franchisor; and

h. The Franchisee (and the Franchisee's transferring owners) and its (and the Franchisee's transferring owners') immediate family members have signed and delivered to the Franchisor a non-competition covenant in favor of the Franchisor and the transferee agreeing to be bound, as of the effective date of the transfer, by the post-termination covenant not to compete and other post-termination restrictions set forth in this Agreement.

i. The Franchisee agrees that it will not be unreasonable for the Franchisor to refuse to consent to an assignment or transfer on the basis that one or more of the above conditions have not been met.

16.3 Franchisor's Approval of Transfer. The Franchisor has 30 days from the date of the written notice of the proposed transfer to approve or disapprove in writing of the Franchisee's proposed transfer. If the Franchisor does not approve or disapprove the proposed transfer within the 30-day period, the proposed transfer is deemed disapproved. The Franchisee acknowledges that the proposed transferee shall be evaluated for approval by the Franchisor based on the same criteria as is currently being used to assess new franchisees of the Franchisor and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law. The Franchisor shall have the right to approve the material terms and conditions of the transfer, including, without limitation, the right to confirm that the price and terms of payment are not so burdensome as to affect adversely the transferee's operation of the Business. If the Franchisee (and/or the transferring owners) finance any part of the sale price of the transferred interest, if any, unless waived in writing by the Franchisor, the Franchisee and/or its owners must agree that all obligations of the transferee under or pursuant to any promissory notes, agreements or security interests reserved by the Franchisee or its owners in the assets of the Business or the Business Location shall be subordinate to the transferee's obligations to pay Royalty fees, Brand Fees and other amounts due to the Franchisor and its affiliates and to otherwise comply with this Agreement. Additionally, the Franchisor shall have the right to interview the proposed transferee as part of the Franchisor's approval process and the Franchisee agrees that the Franchisor shall have the right to discuss matters related to the performance of the Business with such proposed transferee.

16.4 Right of First Refusal. In the event the Franchisee wishes to engage in a transfer, the Franchisee agrees to grant to the Franchisor a 30-day right of first refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to the Franchisee by the proposed purchaser; provided, however, the following additional terms and conditions shall apply:

a. The Franchisee shall notify the Franchisor of such offer by sending a written notice to the Franchisor (which notice may be the same notice as required by Section 16.2d above), enclosing a copy of the written offer from the proposed transferee;

b. The 30-day right of first refusal period will commence concurrently with the period in which the Franchisor has to approve or disapprove the proposed transferee;

c. Such right of first refusal is effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer on which a new 30-day right of first refusal shall be given to the Franchisor;

d. If the consideration or manner of payment offered by a third party is such that the Franchisor may not reasonably be required to furnish the same, then the Franchisor may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, each of the Franchisor and the Franchisee shall designate an independent appraiser who, in turn, shall designate a third independent appraiser. The third appraiser's determination will be binding upon the parties. All expenses of the third appraiser shall be paid for equally between the Franchisor and the Franchisee;

e. If the Franchisor chooses not to exercise its right of first refusal, the Franchisee shall be free to complete the transfer, subject to compliance with Sections 16.2 and 16.3 above. Absence of a reply to the Franchisee's notice of a proposed transfer within the 30-day period will be deemed a waiver of such right of first refusal; and

f. The Franchisor shall have the right to assign its right of first refusal to another party including, but not limited to, any affiliate or other franchisee of the Franchisor.

16.5 Specific Types of Transfers. The Franchisee acknowledges that the Franchisor's right to approve or disapprove of a proposed transfer, and all other requirements and rights related to such proposed transfer, as provided for above, shall apply (1) if the Franchisee is a partnership or other business association, to the addition or deletion of a partner or members of the association or the transfer of any partnership or membership interest among existing partners or members; (2) if the Franchisee is a corporation or limited liability company, to any proposed transfer of 5% or more of the ownership interest of the Franchisee, whether such transfer occurs in a single transaction or several transactions; and (3) if the Franchisee is an individual, to the transfer from such individual or individuals to a corporation or limited liability company controlled by them, in which case the Franchisor's approval will be conditioned upon: (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under this Agreement; (ii) the issuance and/or transfer of ownership interests which would result in a change in ownership of 5% or more of the stock or membership units in the company being conditioned on the Franchisor's prior written approval; (iii) a limitation on the company's business activity to that of operating the True North Restoration Business and related activities; and (iv) other reasonable conditions. With respect to a proposed transfer as described in subsection (3) of this Section, the Franchisor's right of first refusal to purchase, as set forth above, shall not apply and the Franchisor will waive any transfer fee chargeable to the Franchisee for a transfer under these circumstances.

16.6 Assignment by the Franchisor. This Agreement is fully assignable by the Franchisor and shall inure to the benefit of any assignee or other legal successor in interest, and the Franchisor shall in such event be fully released from the same.

16.7 Franchisee's Death or Disability. Upon the death or permanent disability of the Franchisee (or the individual controlling the Franchisee entity), the executor, administrator, conservator, guardian or other personal representative of such person shall transfer the Franchisee's interest in this Agreement or such interest in the Franchisee entity to an approved third party. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability, and shall be subject to all terms and conditions applicable to transfers contained in this Section 16. Provided, however, that for purposes of this Section 16.7, there shall be no transfer fee charged by the Franchisor. Failure to transfer the interest in this Agreement or such interest in the Franchisee entity within said period of time shall constitute a breach of this Agreement. For the purposes hereof, the term "**permanent disability**" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Franchisee or the owner of a controlling interest in the Franchisee entity from supervising the management and operation of the True North Restoration Business for a period of 90 days from the onset of such disability, impairment or condition.

17. TERM AND EXPIRATION

17.1 Term. The term of this Agreement is for a period of 10 years from the Effective Date of this Agreement, unless sooner terminated as provided in this Agreement.

17.2 Continuation. If, for any reason, the Franchisee continues to operate the Business beyond the term of this Agreement or any subsequent renewal period, it shall be deemed to be on a month-to-month basis under the terms of this Agreement and subject to termination upon 30 days' notice or as required by law. If said holdover period exceeds 90 days, this Agreement is subject to immediate termination unless applicable law requires a longer period. Upon termination after any holdover period, the Franchisee and those in active concert with the Franchisee, including family members, officers, directors, partners and managing agents, are subject to the terms of Section 18.4 and Section 20 of this Agreement and all other applicable post-termination obligations contained in this Agreement.

17.3 Rights Upon Expiration. At the end of the initial term of this Agreement, the Franchisee shall have the option to renew its franchise rights for an additional 10 year term by acquiring successor franchise rights, if the Franchisor does not exercise its right not to offer a successor franchise in accordance with Section 17.5 below and if the Franchisee:

- a. At least 30 days prior to expiration of the term, executes the form of Franchise Agreement then in use by the Franchisor;
- b. Has been in “substantial compliance” with all provisions of this Agreement during the current term of the Agreement, including the payment on a timely basis of all Royalties, Brand Fees, and other fees due under this Agreement and is then in compliance with this Agreement at the time of renewal. “**Substantial compliance**” during the term shall mean, at a minimum, that the Franchisee has not received any written notification from the Franchisor of breach of this Agreement more than three times during the term of this Agreement;
- c. Upgrades or remodels the Business Location and its operations at the Franchisee’s sole expense (the necessity of which shall be in the sole discretion of the Franchisor) to conform with the then current Operations Manual;
- d. Executes a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor and its affiliates, and their respective officers, directors, owners, employees and agents arising out of or relating to this Agreement; and
- e. Pays a successor fee of \$5,000.

17.4 Exercise of Option for Successor Franchise. The Franchisee may exercise its option for a successor franchise by giving written notice of such exercise to the Franchisor not later than 180 days prior to the scheduled expiration of this Agreement. The Franchisee’s successor franchise rights shall become effective by signing the Franchise Agreement then currently being offered to new franchisees of the Franchisor.

17.5 Conditions of Refusal. The Franchisor shall not be obligated to offer the Franchisee a successor franchise upon the expiration of this Agreement if the Franchisee fails to comply with any of the above conditions of renewal. The Franchisor shall give the Franchisee notice of expiration at least 180 days prior to the expiration of the term (unless such refusal is due to the Franchisee’s failure to comply with Section 17.3, subsections a, c, d, or e thereof, later than that time), and such notice shall set forth the reasons for such refusal to offer successor franchise rights. Upon the expiration of this Agreement, the Franchisee shall comply with the provisions of Section 18.4 below.

18. DEFAULT AND TERMINATION

18.1 Termination by Franchisor - Effective Upon Notice. The Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted the Franchisee under this Agreement, without affording the Franchisee any opportunity to cure any default, effective upon receipt of written notice to the Franchisee, addressed as provided in Section 23.10, upon the occurrence of any of the following events:

- a. **Abandonment.** If the Franchisee ceases to operate the True North Restoration Business or otherwise abandons the True North Restoration Business for a period of five consecutive days, or any shorter period that indicates an intent by the Franchisee to discontinue operation of the True North Restoration Business, unless and only to the extent that full operation of the True North Restoration

Business is suspended or terminated due to an event of Force Majeure and not related to the availability of funds to the Franchisee;

b. **Insolvency; Assignments.** If the Franchisee becomes insolvent or is adjudicated bankrupt; or any action is taken by the Franchisee, or by others against the Franchisee under any insolvency, bankruptcy or reorganization act, or if the Franchisee makes an assignment for the benefit of creditors, or a receiver is appointed by the Franchisee;

c. **Unsatisfied Judgments; Levy; Foreclosure.** If any material judgment (or several judgments which in the aggregate are material) is obtained against the Franchisee and remains unsatisfied or of record for 30 days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against the Franchisee's Business or any of the property used in the operation of the Franchisee's Business and is not discharged within five days; or if the real or personal property of the Franchisee's Business shall be sold after levy thereupon by any sheriff, marshal or constable;

d. **Criminal Conviction.** If the Franchisee or an owner of the Franchisee entity, is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably affect the Licensed Methods, Marks, goodwill or reputation thereof;

e. **Failure to Make Payments.** If the Franchisee fails to pay any amounts due the Franchisor or its affiliates, including any amounts which may be due as a result of any purchases of services by the Franchisee from or through the Franchisor or its affiliates, within 10 days after notice that such fees or amounts are overdue;

f. **Misuse of Marks.** If the Franchisee misuses or fails to follow the Franchisor's directions and guidelines concerning use of the Marks and fails to correct the misuse or failure within 10 days after notification from the Franchisor;

g. **Unauthorized Disclosure.** If the Franchisee intentionally or negligently discloses to any unauthorized person the contents of or any part of the Operations Manual or any other trade secrets or Confidential Information of the Franchisor;

h. **Repeated Noncompliance.** If the Franchisee has received two previous notices of default from the Franchisor and is again in default of this Agreement within a 12-month period, regardless of whether the previous defaults were cured by the Franchisee; or

i. **Unauthorized Transfer.** If the Franchisee transfers the franchise, an interest in the franchise or the Franchisee entity, this Agreement, the True North Restoration Business, the Business Location, or a substantial portion of the assets of the True North Restoration Business owned by the Franchisee, without complying with the provisions of Section 17 above.

j. **Violation of Anti-Terrorism Laws.** The Franchisee or its principals (as defined in Section 19.4a) violates any Anti-Terrorism Laws, as defined in Section 19.4.

18.2 Termination by Franchisor - Thirty Days Notice. The Franchisor shall have the right to terminate this Agreement, effective upon 30 days' written notice to the Franchisee, if the Franchisee breaches any other provision of this Agreement and fails to cure the default during such 30-day period. In that event, this Agreement will terminate without further notice to the Franchisee, effective upon expiration of the 30-day period. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30-day period and the Franchisee has commenced and is continuing to make good faith

efforts to cure the breach during such 30-day period, the Franchisee shall be given an additional reasonable period of time, but not more than 90 days, to cure the breach, and this Agreement shall not automatically terminate without written notice from the Franchisor. Defaults shall include, but not be limited to, the following:

a. **Failure to Maintain Standards.** The Franchisee fails to maintain the then current operating procedures and adhere to the specifications and standards established by the Franchisor as set forth in this Agreement or in the Operations Manual or otherwise communicated to the Franchisee;

b. **Deceptive Practices.** The Franchisee engages in any unauthorized business or practice or sells any unauthorized products or services under the Marks or under a name or mark which is confusingly similar to the Marks;

c. **Failure to Obtain Consent.** The Franchisee fails, refuses or neglects to obtain the Franchisor's prior written approval or consent as required by this Agreement;

d. **Failure to Comply with Operations Manual.** The Franchisee fails or refuses to comply with the then-current requirements of the Operations Manual;

e. **Breach of Related Agreement.** The Franchisee defaults under any term of the lease for the Business Location; any Customer agreement; any other agreement material to the True North Restoration Business; or any other Franchise Agreement or other agreement of any kind between the Franchisor or its affiliates and the Franchisee or its affiliates, and such default is not cured within the time specified in such lease or other agreement;

f. **Failure to Meet Minimum Sales Requirements.** The Franchisee fails to attain or maintain the Minimum Sales Requirements during two consecutive months in any three-month period; or

g. **Territory Violation.** The Franchisee violates the Franchisor's standards regarding services provided to extra-territorial Customers or otherwise violates the boundaries of its Territory or that of another True North Restoration Business. The Franchisee may be liable to another True North Restoration Business owner for profits made as a result of doing business outside of the Franchisee's Territory, in accordance with the Franchisor's then current Territory Policy. In addition, the Franchisee will pay the Franchisor's then current rates for investigating a complaint by another True North Restoration Business, resulting in an investigation into the services provided to extra-territorial Customers. Payment of investigative fees will be payable within 30 days of notice from the Franchisor.

18.3 Right to Purchase. Upon termination or expiration of this Agreement for any reason, the Franchisor shall have the option to purchase the True North Restoration Business or a portion of the assets of the Business, which may include, at the Franchisor's option, all of the Franchisee's interest, if any, in and to the real estate upon which the True North Restoration Business Location is located, and all buildings and other improvements thereon, including leasehold interests, at fair market value, less any amount apportioned to the goodwill of the True North Restoration Business which is attributable to the Marks and Licensed Methods, and less any amounts owed to the Franchisor or its affiliates by the Franchisee or its affiliates. The following additional terms shall apply to the Franchisor's exercise of this option:

a. The Franchisor's option to purchase shall be exercisable by providing the Franchisee with written notice of its intention to exercise the option given to the Franchisee no later than the effective date of termination, in the case of termination, or at least 90 days prior to the expiration of the term of this Agreement, in the case of non-renewal.

b. The Franchisor shall set the closing for the purchase to take place no later than 60 days after the termination or nonrenewal date. The Franchisor will pay the purchase price in full at the closing, or, at its option, in 12 equal consecutive monthly installments with interest at a rate of 8% per annum. The Franchisee must sign all documents of assignment and transfer as are reasonably necessary for purchase of the True North Restoration Business or its assets by the Franchisor.

c. During the time after the Franchisor notifies the Franchisee of the exercise of the option, but before the closing, the Franchisor has the right to obtain an independent appraisal of the fair market value of the assets being purchased and, if the Franchisor chooses to obtain an appraisal, each of the Franchisor and the Franchisee shall designate an independent appraiser who, in turn, shall designate a third independent appraiser. The third appraiser's determination will be binding on both parties. All expenses of the third appraiser shall be paid for by the Franchisor.

d. In the event that the Franchisor does not exercise the Franchisor's right to purchase the Franchisee's True North Restoration Business or its assets as set forth above, the Franchisee will be free to keep or to sell, after such termination or expiration, to any third party, all of the physical assets of its True North Restoration Business; provided, however, that all appearances of the Marks are first removed in a manner approved in writing by the Franchisor.

18.4 Obligations of Franchisee Upon Termination or Expiration. The Franchisee is obligated upon termination or expiration of this Agreement to immediately:

a. Pay to the Franchisor all Royalties, Brand Fees, other fees, and any and all amounts or accounts payable then owed the Franchisor or its affiliates pursuant to this Agreement, or pursuant to any other agreement, whether written or oral, including leases, between the parties;

b. Cease to identify itself as a True North Restoration Business franchisee or publicly identify itself as a former franchisee or use any of the Franchisor's trade secrets, signs, symbols, devices, trade names, Marks, or other materials;

c. Immediately cease to identify the Business Location as being, or having been, associated with the Franchisor and, if deemed necessary by the Franchisor, paint or otherwise change the interior and exterior of the Business Location to distinguish it from a True North Restoration Business Location and immediately cease using any proprietary mark of the Franchisor or any mark in any way associated with the Marks and Licensed Methods;

d. Deliver to the Franchisor all signs, sign-faces, advertising materials, forms and other materials bearing any of the Marks or otherwise identified with the Franchisor and obtained by and in connection with this Agreement;

e. Immediately deliver to the Franchisor the Operations Manual and all other information, documents and copies thereof which are proprietary to the Franchisor;

f. Submit to the Franchisor all copies of the Business Customer list and all related Customer information as may be requested by the Franchisor;

g. Promptly take such action as may be required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any Marks which are under the exclusive control of the Franchisee or, at the option of the Franchisor, assign the same to the Franchisor;

h. Notify the telephone company of the termination or expiration of the Franchisee's right to use any telephone number associated with any Mark and to authorize transfer thereof to the Franchisor or its designee. The Franchisee acknowledges that, as between the Franchisee and the Franchisor, the Franchisor has the sole rights to and interest in all telephone numbers associated with any Mark. The Franchisee authorizes the Franchisor, and hereby appoints the Franchisor and any of its officers as the Franchisee's attorney-in-fact, to direct the telephone company to transfer any telephone numbers relating to the True North Restoration Business to the Franchisor or its designee, should the Franchisee fail or refuse to do so, and the telephone company may accept such direction or this Agreement as conclusive evidence of the Franchisor's exclusive rights in such telephone numbers and the Franchisor's authority to direct their transfer;

i. If applicable, take such action as may be required to remove from the Internet all sites referring to the Franchisee's former Business or any of the Marks and to cancel or assign to the Franchisor, in the Franchisor's sole discretion, all rights to any domain names for any sites on the Internet that refer to the Franchisee's former True North Restoration Business or any of the Marks; and

j. Abide by all restrictive covenants set forth in Section 20 of this Agreement.

18.5 Early Termination Damages. If the Franchisee defaults on its obligations and the Franchisor terminates this Agreement prior to the expiration of the term of this Agreement, it is hereby agreed by the parties that the amount of damages which the Franchisor would incur for any such termination of this Agreement would be difficult, if not impossible, to accurately ascertain. Accordingly, within 30 days following such termination, the Franchisee shall pay to the Franchisor an amount equal to the average monthly Royalties that the Franchisee owed during the one year period prior to termination (or, if the Business was open for less than one year, the average monthly Royalties owed by the Franchisee for the number of months that the Business was in operation) multiplied by the lesser of 48 months or the number of months (including any partial month) remaining in the term of this Agreement. These early termination damages shall constitute liquidated damages and are not to be construed as a penalty and shall be the joint and several liability of the Franchisee and the Franchisee's owners. The parties acknowledge and agree that: (1) the early termination damages are a reasonable estimation of the damages that would be incurred by the Franchisor resulting from or arising out of the premature termination of this Agreement; and (2) the Franchisee's payment of such early termination damages is intended to fully compensate the Franchisor only for any and all damages related to or arising out of the premature termination of this Agreement by the Franchisor, and shall not constitute an election of remedies, waiver of any default under this Agreement, nor waiver of the Franchisor's claim for other damages and/or equitable relief arising out of the Franchisee's breach of this Agreement. The imposition of early termination damages shall be at the Franchisor's option. The Franchisor is not required to impose early termination damages and may, in addition or in lieu thereof, pursue other remedies available to the Franchisor under the terms and conditions of this Agreement, in equity or at law in the event of the Franchisee's default under this Agreement, including actual damages incurred by the Franchisor, if such can be ascertained. All such remedies shall be cumulative and nonexclusive.

19. BUSINESS RELATIONSHIP

19.1 Independent Businesspersons. The parties acknowledge that each of them is an independent businessperson, that their only relationship is by virtue of this Agreement and that no fiduciary relationship is created hereunder. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. The Franchisor and the Franchisee agree that neither of them will hold themselves out to be the agent, joint

employer, employee, employer or partner of the other and that neither of them has the authority to bind or incur liability on behalf of the other.

19.2 Payment of Third-Party Obligations. The Franchisor shall have no liability for the Franchisee's obligations to pay any third parties, including without limitation, banks, other lenders, government agencies, any product vendors, or any sales, use, service, occupation, excise, gross receipts, income, property or other tax levied upon the Franchisee, the Franchisee's property, the True North Restoration Business or upon the Franchisor in connection with services purchased by the Franchisee through the Franchisor or its affiliates, the sales made or business conducted by the Franchisee (except any taxes the Franchisor or its affiliates are required by law to collect from the Franchisee with respect to purchases from the Franchisor or its affiliates).

19.3 Indemnification.

a. The Franchisee and its owners will defend, indemnify and hold harmless, the Franchisor and its parent, affiliates, subsidiaries and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, "**Indemnified Parties**") from and against all Losses (as defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought by a third party and directly or indirectly arising out of the Franchisee's operation of the Business, the Franchisee's conduct of business under this Agreement, the Franchisee's breach of this Agreement or any other agreement with the Franchisor or any third party, or the Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation including any allegation that the Franchisor or another Indemnified Party is a joint employer or otherwise responsible for the Franchisee's acts or omissions relating to the Franchisee's employees. The Franchisor will promptly notify the Franchisee of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice will not release the Franchisee from its indemnification obligations under this section except to the extent the Franchisee is actually and materially prejudiced by such failure.

b. The Franchisee will have the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party will have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to the Franchisee and, in the reasonable opinion of the Indemnified Party, the Franchisee's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with the Franchisee's interests, or (ii) the Franchisee does not assume responsibility for such Losses in a timely manner or the Franchisee fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and the Franchisee will pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or the Franchisee, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense.

c. The Franchisee or the Indemnified Party (as the case may be) will keep the Franchisee or the Indemnified Party (as the case may be) reasonably apprised of and will respond to any reasonable requests concerning the status of the defense of any claim and will cooperate in good faith with each other with respect to the defense of any such claim. The Franchisee will not, without the prior written consent of the Indemnified Party, (i) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified

Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (ii) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by the Franchisee. No claim that is being defended in good faith by the Franchisee in accordance with the terms of this section will be settled by the Indemnified Party without the Franchisee's prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, the Franchisee agrees that the Franchisor will have the exclusive right to assume the defense of such claim, at the Franchisee's expense with counsel selected by the Franchisor, but reasonably satisfactory to the Franchisee.

d. The Franchisee has no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

e. "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution.

f. The Franchisee's obligations in this Section 19.3 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against the Franchisee under this Section 19.3. The Franchisee agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from the Franchisee under this Section 19.3.

19.4 Anti-Terrorism Representation.

a. The Franchisee and its principal shareholders, members or owners (together, "**principals**") agree to comply with or to assist the Franchisor to the fullest extent possible in the Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, the Franchisee and its principals certify, represent, and warrant that none of their respective property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither the Franchisee nor any of its principals are otherwise in violation of any of the Anti-Terrorism Laws. For the purposes of this Section, the term "**Anti-Terrorism Laws**" shall mean Executive Order 13224 issued by the President of the United States ("**Executive Order 13224**"), the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement or their actions) addressing or in any way relating to terrorist acts or acts of war.

b. The Franchisee and its principals certify that none of them, their respective employees, or anyone associated with any of them is listed in the Annex to Executive Order 13224 (the "**Annex**", which is available at: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>). The Franchisee agrees not to knowingly hire any individual who is listed in the Annex (or, if he or she is already employed, retain the employment of that individual). The Franchisee also agrees not to knowingly: (a) establish a new relationship with a person as an employee, principal, banker, or otherwise who is listed in the Annex (whether or not the Franchisor has consented to a transfer involving such new principal); and (b)

maintain a business relationship (whether with an employee, principal, banker, or otherwise) with a person who is added to the Annex. The Franchisee certifies that it has no knowledge or information that, if generally known, would result in the Franchisee or its principals, its employees, or anyone else associated with the Franchisee to be listed in the Annex. The Franchisee understands that it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws. Any misrepresentation by the Franchisee under this Section or any violation of the Anti-Terrorism Laws by the Franchisee, its principals, its employees, or their respective affiliates shall constitute grounds for immediate termination of this Agreement, and any other Agreement the Franchisee has entered into with the Franchisor or one of the Franchisor's affiliates.

20. RESTRICTIVE COVENANTS

20.1 Non-Competition During Term. The Franchisee acknowledges that, in addition to the license of the Marks under this Agreement, the Franchisor has also licensed commercially valuable information which comprises and is a part of the Licensed Methods, including without limitation, restoration, cleaning, operations, marketing, advertising and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all True North Restoration Businesses using the Marks and Licensed Methods. The Franchisee therefore agrees that, other than the True North Restoration Business licensed under this Agreement or authorized by separate agreement with the Franchisor, neither the Franchisee nor any of the Franchisee's officers, directors, owners, members, managers, shareholders or partners, nor any member of the Franchisee's or their immediate families, shall during the term of this Agreement:

a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business" as defined below;

b. perform services as a director, officer, member, owner, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or

c. divert or attempt to divert any business related to, or any customer or account of any True North Restoration Business, by direct inducement or otherwise, to any Competitive Business by any direct inducement or otherwise.

d. The term "**Competitive Business**" as used in this Agreement shall mean any business (or any business offering or granting franchises or licenses to others to operate any business) offering, fire, smoke, water, wind, and other damage restoration, residential and commercial cleaning, mitigation, repair and reconstruction, mold remediation, disinfection, deodorization, odor removal, roofing, asbestos abatement, and bioremediation (trauma, crime scene, blood-borne pathogen cleaning), or other business deriving more than 10% of its gross receipts from such services. Notwithstanding the foregoing, the Franchisee shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding.

20.2 Post-Termination Covenant Not to Compete. Upon termination or expiration of this Agreement for any reason, the Franchisee and its officers, directors, owners, members, managers, shareholders, and partners agree that, for a period of two years commencing on the effective date of termination or expiration, or the date on which the Franchisee ceases to conduct business, whichever is later, neither Franchisee nor its officers, directors, owners, members, managers, shareholders, or partners shall have any direct or indirect interest (through a member of any immediate family of the Franchisee or its officers, directors, owners, members, managers, shareholders, partners, or otherwise) as a disclosed or beneficial owner, investor, partner, member, manager, director, officer, employee, consultant, representative or agent or in any similar

capacity in any Competitive Business, located or operating within 50 miles from the boundary of the Territory, or within a 50 mile radius of the business location assigned to any other True North Restoration Business. The restrictions of this Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding. The Franchisee and its officers, directors, owners, members, managers, shareholders, or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

20.3 Confidentiality of Proprietary Information. The Franchisee and the Franchisor acknowledge that the distinctive business format, plans, methods, data, processes, marketing systems, manuals, product formulas, techniques, operating procedures, service marks, trademarks, proprietary marks and information and know-how of the Franchisor which are developed and utilized in connection with the Licensed Methods are proprietary and confidential (“**Confidential Information**”). Such Confidential Information is unique, exclusive property and a trade secret of the Franchisor and has valuable goodwill associated with it. The Franchisee acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor. It is understood that Confidential Information is deemed to include, without limitation, instructional techniques, Customer lists, vendor lists, any and all information contained in the Operations Manual, and any information of whatever nature which gives the Franchisor and its affiliates an opportunity to obtain an advantage over its competitors who do not have access to, know or use such techniques, lists, written materials or information. The Franchisee further acknowledges that the Franchisor has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor has taken numerous precautions to guard the secrecy of the Confidential Information, that it would be very costly for competitors to acquire or duplicate the Confidential Information and that any unauthorized disclosure of such Confidential Information will cause irreparable harm to the Franchisor. Consequently, the Franchisee shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the Franchisee’s Business, any of the Confidential Information of the Franchisor or its affiliates. The Franchisor and the Franchisee agree that the Confidential Information does not include information that is generally available to the public.

20.4 Nondisclosure and Noncompetition Agreement. The Franchisor reserves the right to require that the Franchisee cause each of its officers, directors, owners, partners, shareholders, members, managers, employees, and, if the Franchisee is an individual, immediate family members, to execute a Nondisclosure and Noncompetition Agreement containing the above restrictions in a form approved by the Franchisor.

20.5 Interpretation. All parties to this Agreement acknowledge that this Section 20 has been fully negotiated and has been entered into freely. If any provision of this Section 20 shall be held to be invalid by any tribunal, the terms of said invalid provision shall be modified to the least possible extent so as to make the provision valid. This Section shall not be interpreted against either party as drafter.

21. INSURANCE

21.1 Insurance Coverage. The Franchisee shall procure from suppliers that may be designated by the Franchisor, maintain, and provide evidence of: (i) comprehensive general liability, pollution liability, and professional liability insurance for the Business and its operations, with a limit of not less than \$1,000,000 combined single limit, or such greater limit as may be required as part of any lease agreement for the Business Location; (ii) unemployment insurance as required by applicable law; (iii) worker’s compensation

insurance with a broad form all-states endorsement coverage of at least \$500,000 or a higher amount if applicable law requires a higher amount; (iv) non-owned automobile liability insurance covering all employees with authority to operate a motor vehicle in an amount not less than \$1,000,000, and if the Business owns a vehicle, automobile liability insurance of at least \$1,000,000 combined single limit; (v) employment practices liability insurance with a minimum aggregate limit of \$100,000; and (vi) cyber-security coverage of not less than \$250,000. All of the required policies of insurance shall name the Franchisor as an additional insured and shall provide for a 30-day advance written notice to the Franchisor of cancellation. The Franchisor shall have the right upon 60 days prior written notice to the Franchisee to revise the coverage limits and types of insurance described in this Section 21.1. Third party administrators may require the Franchisee to purchase additional types of insurance and/or additional amounts of insurance coverage as a condition of receiving referrals from them.

21.2 Proof of Insurance Coverage. The Franchisee will provide proof of insurance to the Franchisor prior to commencement of operation of its True North Restoration Business. This proof will show that the insurer has been authorized to inform the Franchisor in the event any policies lapse or are cancelled. Noncompliance with the insurance provisions set forth herein shall be deemed a material breach of this Agreement. In the event of any lapse in insurance coverage, in addition to all other remedies, the Franchisor shall have the right to demand that the Franchisee cease operations of the True North Restoration Business until coverage is reinstated, or, in the alternative, pay any delinquencies in premium payments and charge the same back to the Franchisee.

22. DISPUTE RESOLUTION

22.1 Choice of Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) or other federal law, this Agreement shall be interpreted under the laws of the state of Colorado and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Colorado, which laws shall prevail in the event of any conflict of law.

22.2 Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, the Franchisee must file any suit against us only in the federal or state court having jurisdiction in Denver, Colorado. The Franchisee consents to the personal jurisdiction of those courts over the Franchisee and to venue in those courts.

22.3 Limitations of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to the Franchisee) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

22.4 Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, during, in preparation for, or in contemplation of the filing of, the proceeding. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

22.5 Rights of Parties are Cumulative. The parties' rights under this Agreement are cumulative, and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or

enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement.

22.6 WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIAL.

a. **TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES ANY RIGHT TO, OR CLAIM FOR, ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES, IF ANY.**

b. **THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.**

c. **THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.**

22.7 Injunctive Relief. The Franchisee recognizes that the Franchisee's failure to comply with the terms of this Agreement, including the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to the Franchisor, its affiliates and the System. Therefore, the Franchisee agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by the Franchisee, the Franchisor shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us shall be in addition to, and not in lieu of, all remedies and rights that the Franchisor otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

23. MISCELLANEOUS PROVISIONS

23.1 Modification. The Franchisor and/or the Franchisee may modify this Agreement only upon execution of a written agreement between the two parties. The Franchisee acknowledges that the Franchisor may modify its standards and specifications and operating and marketing techniques set forth in the Operations Manual unilaterally under any conditions and to the extent to which the Franchisor, in its sole discretion, deems necessary to protect, promote, or improve the Marks and the quality of the Licensed Methods.

23.2 Entire Agreement. This Agreement, including all exhibits and addenda, contains the entire agreement between the parties and supersedes any and all prior agreements, both oral and written, concerning the subject matter of this Agreement. The Franchisee agrees and understands that the Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement. The Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement and in the most recent franchise disclosure document provided to the Franchisee by the Franchisor or its representatives in connection with this Agreement. Nothing in this or any related agreement is intended to disclaim the representations made by the Franchisor in the latest franchise disclosure document that the Franchisor furnished to the Franchisee.

23.3 Delegation by the Franchisor. From time to time, the Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether the same are agents of the Franchisor or independent contractors with whom the Franchisor has

contracted with to provide such services. The Franchisee agrees in advance to any such delegation by the Franchisor of any portion or all of its obligations and duties hereunder.

23.4 Effective Date. This Agreement shall not be effective until accepted by the Franchisor as evidenced by dating and signing by an officer of the Franchisor.

23.5 No Waiver. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by the Franchisor or the Franchisee shall be considered to imply or constitute a further waiver by the Franchisor or the Franchisee of the same or any other condition, covenant, right, or remedy.

23.6 No Right to Set Off. The Franchisee shall not be allowed to set off amounts owed to the Franchisor for Royalties, Brand Fees, or other amounts due under this Agreement, against any monies owed to the Franchisee, nor shall the Franchisee in any event withhold such amounts due to any alleged nonperformance by the Franchisor under this Agreement, which right of set off is hereby expressly waived by the Franchisee.

23.7 Invalidity. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modification.

23.8 Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

23.9 Captions. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

23.10 Notices. All written notices required to be given under this Agreement shall be given in writing, by electronic mail, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the notice address set forth on the signature page to this Agreement or at such other addresses as the Franchisor or the Franchisee may designate from time to time. Notices shall be deemed delivered one business day after transmission by electronic mail; one business day after being placed in the hands of a commercial courier service for overnight delivery; or three business days after being deposited in the United States Mail by certified mail, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing.

23.11 Authorization to Communicate Electronically; Prompt Response Required. By executing this Agreement, the Franchisee authorizes the Franchisor and its affiliates and approved suppliers, to communicate with the Franchisee electronically, including via electronic mail or text message, and unless a written communication is required, to communicate with the Franchisee via telephone, notwithstanding whether any or all of the Franchisee's telephone numbers appear on a state or federal do-not-call registry. The Franchisee acknowledges and agrees that it is critical to the efficient and successful administration of the franchise relationship that the Franchisee promptly responds to all communications from the Franchisor. Accordingly, the Franchisee agrees to respond within five business days to each communication from the Franchisor.

23.12 Force Majeure. "Force Majeure" means an event that prevents a party to this Agreement from performing that is not the fault of or within the reasonable control of the party claiming Force Majeure. Force Majeure includes acts of nature, fires, strikes, war, terrorism, riot, governmental laws or restrictions, or any other similar event or cause rendering performance of the contract impossible. Except with respect to payment obligations, neither party shall be deemed to be in breach of this Agreement if a party's failure

to perform its obligations results from Force Majeure and any delay resulting from Force Majeure will extend performance accordingly or excuse performance in whole or in part as may be reasonable. Force Majeure does not include the Franchisee's financial inability to perform, inability to obtain financing, inability to obtain permits or licenses or any other similar events unique to the Franchisee or to general economic downturn or conditions. If the Franchisee is affected by an event of Force Majeure, it shall provide a prompt written request for relief to the Franchisor describing and setting forth the nature of the Force Majeure, an estimate as to its duration, and a plan for resuming full compliance with this Agreement. The Franchisor will have full discretion whether to grant or deny any request for relief. If the Franchisee fails to provide the required notice it shall be liable for failure to give such timely notice only to the extent of damage actually caused.

23.13 Variation in Standards. Since complete uniformity under varying conditions may be impossible or impractical, the Franchisor specifically reserves the right to vary standards for any developer, including the Franchisee, based upon the peculiarities of a particular circumstance, existing business practices, or any other condition which the Franchisor deems to have a significant effect on the successful operation of such franchisee's business. The Franchisee will not complain on account of any variation from standard specifications and practices granted to any other franchisee and will not be entitled to require the Franchisor to grant the Franchisee a like or similar variation hereunder.

23.14 Electronic Signatures. The parties hereby acknowledge and agree that electronic signatures, in such form and manner as the Franchisor may prescribe from time to time, shall be legal and binding and shall have the same full force and effect as if an original of this Agreement had been signed and delivered by hand. The Franchisor and the Franchisee both (1) intend to be bound by the signatures (whether original or electronic) on any document sent or signed electronically, (2) are aware that the other party will rely on such signatures, and (3) hereby waive any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature.

23.15 Counterparts. This Agreement may be signed in multiple counterparts, each of which when signed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an signed counterpart of a signature page to this Agreement by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually signed counterpart of this Agreement.

23.16 No Third-Party Beneficiaries. The Franchisee acknowledges and agrees that neither the Franchisee nor any of its officers, directors, owners, members, managers, employees, affiliates, successors or assigns shall be deemed a third-party beneficiary of any agreement between the Franchisor and another franchisee or any other party, unless specifically agreed to by the Franchisor in writing.

23.17 Payment of Taxes. The Franchisee shall reimburse the Franchisor, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by the Franchisor, or its affiliates or designees, on account of services or goods furnished by the Franchisor, its affiliates or designees, to the Franchisee through sale, lease or otherwise (except for any taxes the Franchisor or its affiliates are required by law to collect from the Franchisee with respect to services purchased from the Franchisor and its affiliates), or on account of collection by the Franchisor, its affiliates or designees, of the initial franchise fee, Royalties, Brand Fees, payment for marketing materials or any other payments made by the Franchisee to the Franchisor required under the terms of this Agreement.

23.18 Cumulative Rights. The rights and remedies of the Franchisor and the Franchisee hereunder are cumulative and no exercise or enforcement by the Franchisor or the Franchisee of any right or remedy

hereunder shall preclude the exercise or enforcement by the Franchisor or the Franchisee of any other right or remedy hereunder which the Franchisor or the Franchisee is entitled by law to enforce.

23.19 Survival of Provisions. Any provisions that by their terms extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

24. REPRESENTATIONS AND ACKNOWLEDGMENTS

24.1 Representations and Acknowledgements. The Franchisee represents, acknowledges and warrants to the Franchisor (and the Franchisee agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

a. All information that the Franchisee provided to the Franchisor in connection with the franchise application and financial statements and the Franchisor's grant of this Franchise is truthful, complete and accurate.

b. The persons signing this Agreement on the Franchisee's behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. The Franchisee's execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which the Franchisee or any owner is a party.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

FRANCHISOR:
TRUE NORTH RESTORATION
FRANCHISING LLC

FRANCHISEE:
(if an individual)

By: _____

(Print Name)

Name: _____

Title: _____

Individually

Effective Date: _____

Date: _____

Notice Address:

OR:

Email: _____

(if an entity)

Entity Name

By: _____

Name: _____

Title: _____

Date: _____

Notice Address:

Email: _____

**EXHIBIT I
TO FRANCHISE AGREEMENT**

FRANCHISE INFORMATION

1. **Business Location.** The Business Location described in Section 3.1 of the Agreement will be: ____
_____.

2. **Territory.** The Territory described in Section 3.2 of the Agreement is comprised of the following geographic area:

(☐ check box if map is attached; in the event of any conflict between the map and the written description, the written description will control.)

3. **Initial Franchise Fee.** The Initial Franchise Fee, described in Section 4.1 of the Agreement, is \$_____.

4. **Grand Opening Marketing Campaign.** The minimum dollar amount for the initial promotional and marketing campaign pursuant to Section 12.6 of the Agreement shall be \$_____.

**EXHIBIT II
TO FRANCHISE AGREEMENT**

GUARANTY AND ASSUMPTION OF FRANCHISEE'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Franchise Agreement (the “**Agreement**”) by True North Restoration Franchising LLC (the “**Franchisor**”) and the franchisee identified on the signature page of this Guaranty (the “**Franchisee**”), each of the undersigned guarantors hereby personally and unconditionally:

Guarantees to the Franchisor and its and its affiliates and their successors and assigns, for the term of the Agreement, including renewals thereof, that the Franchisee shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

Agrees to: (a) be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (b) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (c) punctually pay all other monies owed to the Franchisor and/or its affiliates.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by the Franchisor and its 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 any action be brought against Franchisee or any other person as a condition of liability; and
5. Any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents 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. This liability shall not be contingent or conditioned upon pursuit by the Franchisor or its affiliates of any remedies against Franchisee or any other person;
4. He or she shall be bound by the restrictive covenants and confidentiality provisions contained in Section 20 of the Agreement and the indemnification provision contained in Section 19.3 of the Agreement;
5. This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor may from time to time grant to 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, including renewals thereof;

6. This liability shall not be diminished, relieved or otherwise affected by the occurrence of any of the following events: (a) the commencement by the Franchisee of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended or replaced, or any other applicable federal or state bankruptcy, insolvency or other similar law (collectively, the “**Bankruptcy Laws**”), (b) the consent by the Franchisee to the appointment of or taking possession by a receiver, liquidator, assignee, trustee or custodian of the Franchisee or for any substantial part of the assets of the Franchisee, (c) any assignment by the Franchisee for the benefit of creditors, (d) the failure of the Franchisee generally to pay its debts as such debts become due, (e) the taking of corporate action by the Franchisee in the furtherance of any of the foregoing, or (f) the entry of a decree or order for relief by a court having jurisdiction in respect of the Franchisee in any involuntary case under the Bankruptcy Laws, or appointing a receiver, liquidator, assignee, custodian or trustee of the Franchisee or for any substantial part of its assets, or ordering the winding-up or liquidation of any of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days. In addition, such liability shall not be affected or impaired by any payment made to the Franchisor under or related to the Agreement for which the Franchisor is required to reimburse the Franchisee pursuant to any court order or in settlement of any dispute, controversy or litigation in any bankruptcy, reorganization, arrangement, moratorium or other federal or state debtor relief proceeding;

7. His or her obligation and liability hereunder shall not be affected by any amendment or modification of the Agreement and he or she has no right to approve or consent to any such amendment or modification;

8. Section 22 (Dispute Resolution) of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement; and

9. The undersigned shall pay the Franchisor all amounts due and all damages, costs and expenses, including reasonable attorneys’ fees, incurred by the Franchisor in any legal action or other proceeding to enforce the terms of this Guaranty.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

GUARANTOR(S)

Print Name:
Home address:

Print Name:
Home address:

Print Name:
Home address:

Franchisee:_____

**EXHIBIT III
TO FRANCHISE AGREEMENT
STATEMENT OF OWNERSHIP**

Franchisee: _____

Form of Ownership. Franchisee is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Franchisee and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage and Description of Ownership Interest

[If Franchisee consists of individuals, delete the above and use the below:

Franchisee Names and Home Addresses:

Name	Home Address

Use additional sheets if necessary. Any and all changes to the above information must be reported to the Franchisor in writing.

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

**EXHIBIT IV
TO FRANCHISE AGREEMENT**

**ELECTRONIC FUNDS TRANSFER AUTHORIZATION AGREEMENT
(DIRECT DEBITS)**

The undersigned depositor (“**Depositor**”) hereby (1) authorizes True North Restoration Franchising LLC (“**Company**”) to initiate debit entries and/or credit correction entries to the undersigned’s checking and/or savings account indicated below and (2) authorizes the depository designated below (“**Depository**”) to debit such account pursuant to Company’s instructions.

Depository

Branch

City

State

Zip Code

Bank Transit/ABA Number

Account Number

This authority is to remain in full force and effect until Depository has received joint written notification from Company and Depositor of the Depositor’s termination of such authority in such time and in such manner as to afford Depository a reasonable opportunity to act on it. Notwithstanding the foregoing, Depository shall provide Company and Depositor with 30 days’ prior written notice of the termination of this authority. If an erroneous debit entry is initiated to Depositor’s account, Depositor shall have the right to have the amount of such entry credited to such account by Depository, if (a) within 15 calendar days following the date on which Depository sent to Depositor a statement of account or a written notice pertaining to such entry or (b) 45 days after posting, whichever occurs first, Depositor shall have sent to Depository a written notice identifying such entry, stating that such entry was in error and requesting Depository to credit the amount thereof to such account. These rights are in addition to any rights Depositor may have under federal and state banking laws.

DEPOSITOR (Print Name)

By: _____

Its: _____

Date: _____

EXHIBIT C
DEVELOPMENT AGREEMENT



DEVELOPMENT AGREEMENT

Developer: _____
Effective Date: _____

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EXHIBITS

- I. Development Information
- II. Guaranty and Assumption of Developer's Obligations
- III. Statement of Ownership

TRUE NORTH RESTORATION DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the “**Agreement**”) is made as of the date noted on the signature page of this Agreement (the “**Effective Date**”) by and between True North Restoration Franchising LLC, a Colorado limited liability company, with a principal business address at 634 Trade Center Drive, Chesterfield, Missouri 63005 (the “**Franchisor**”) and the party identified on the signature page of this Agreement (the “**Developer**”), who, on the basis of the following understandings and agreements, agree as follows:

1. PURPOSE

1.1 The Franchisor has developed methods for establishing, operating and promoting businesses (“**True North Restoration Businesses**” or “**Businesses**”) that offer fire, smoke, water, wind, and other damage restoration, residential and commercial cleaning, mitigation, repair and reconstruction, mold remediation, disinfection, deodorization, odor removal, roofing, asbestos abatement, and bioremediation (trauma, crime scene, blood-borne pathogen cleaning) and related services (“**True North Services**”) to residential and commercial customers (“**Customers**”). Businesses are established and operated under the trade name and service mark “TRUE NORTH RESTORATION” and other logos, trademarks, service marks and commercial symbols (collectively, the “**Marks**”) and use the Franchisor’s distinctive business format, restoration systems, methods, procedures, advertising, promotional and marketing methods, operational standards and specifications, and various other proprietary methods of doing business (“**Licensed Methods**”).

1.2 The Franchisor grants the right to others to develop and operate True North Restoration Businesses, under the Marks and pursuant to the Licensed Methods.

1.3 The Developer would like to use the Franchisor’s Marks and Licensed Methods in connection with the development of a specific number of Businesses in the geographic area described in this Agreement and the Franchisor desires to grant the Developer the right to establish and operate Businesses under the terms and conditions which are contained in this Agreement.

2. GRANT OF DEVELOPMENT RIGHTS

2.1 **Development Area.** The Franchisor grants to the Developer the right to develop and establish Businesses using the Franchisor’s Marks and Licensed Methods in the geographic area described in Exhibit I attached hereto (the “**Development Area**”). Except as provided in Section 2.2 below, the Franchisor shall not establish, nor shall it license any other party to establish, Businesses using the Marks and Licensed Methods anywhere within the Development Area for so long as this Agreement is in effect.

2.2 **Franchisor’s Reservation of Rights.** The Developer acknowledges that the rights granted in this Agreement are non-exclusive and that the Franchisor, for itself and its affiliates, successors, and assigns, retains the rights, among others, without compensation to the Developer:

a. to use and license others to use, the Marks and Licensed Methods in connection with the operation of True North Restoration Businesses, at any location except within the Development Area provided, however, that the Franchisor reserves the right to offer and permit other franchisees to offer True North Services within the Development Area under certain circumstances described in the Franchisor’s territory policy and Operations Manual, as described in the Current Franchise Agreement;

b. to use the Marks and Licensed Methods at any location within and outside of the Development Area to promote and market True North Restoration Businesses and related services

and products and to identify, offer and sell products and services through alternative channels of distribution other than through True North Restoration Businesses, at any location, and on any terms and conditions as the Franchisor determines, including, but not limited to, the sale of services and products by way of the Internet, social media, other electronic communications methods, telemarketing and other direct marketing sales, flyers, and other promotional efforts;

c. to use and license the use of other proprietary marks or methods in connection with the sale of services and products similar to or the same as those which the Developer will sell, whether in alternative channels of distribution, including but not limited to, by way of the Internet, other electronic communications methods, telemarketing and other direct marketing sales, flyers, other promotional efforts, or in connection with the operation of businesses which provide restoration, cleaning, mitigation, repair, reconstruction, disinfection, mold remediation and related services and products, which businesses are the same as, or similar to, or different from True North Restoration Businesses, at any location, and on any terms and conditions as the Franchisor deems advisable;

d. to purchase, be purchased by, merge or combine with, businesses that directly compete with True North Restoration Businesses; and

e. to engage in any other activities not expressly prohibited by this Agreement.

2.3 Current Franchise Agreement – First Business Developed. Concurrently with the execution of this Agreement, the parties are entering into a True North Restoration Franchise Agreement, which by this reference is incorporated herein, governing the operation of the Developer's first Business to be opened hereunder (the "**Current Franchise Agreement**"). The Developer agrees to comply with the terms and conditions of the Current Franchise Agreement as a part of its obligations hereunder and acknowledges that failure to execute and comply with the Current Franchise Agreement is a breach of this Agreement. Terms not otherwise defined in this Agreement shall have the meanings as defined in the Current Franchise Agreement.

2.4 Subsequent Franchise Agreements. The parties agree that they will execute the Franchisor's then current form of True North Restoration Franchise Agreement ("**Franchise Agreement**") for each additional Business developed under this Agreement within 10 days after the Franchisor's approval of a location for each such Business. The Developer's failure to execute any additional Franchise Agreements or its default in any term of such Franchise Agreements may, at the option of the Franchisor, be deemed a default under this Agreement and shall entitle the Franchisor to terminate this Agreement as further provided in Section 5 below. Each Franchise Agreement to be executed by the Developer for each Business to be developed hereunder shall be in a form substantially similar to the Franchise Agreement being executed herewith, although the Franchisor reserves the right to change provisions of the Franchise Agreement to conform with the then current Franchise Agreement being offered to new franchisees of the Franchisor. Notwithstanding the foregoing, the Franchisor agrees that it will not increase the Royalty percentage to a rate that is greater than the rate charged to the Developer in the Current Franchise Agreement. The Developer acknowledges that the Franchisor has the right, however, to charge then current published rates for advertising and marketing, technology fees, management fees, National Account fees, and optional products and services offered to the Developer in accordance with the Franchisor's then current franchise disclosure document. The form of the Current Franchise Agreement and any future forms of Franchise Agreements referred to in this Section will also be included in the term "Franchise Agreement" as used in this Agreement.

3. TERM AND OWNERSHIP OF BUSINESS

3.1 Term. The term of this Agreement shall commence as of the Effective Date and shall end on the last Development Deadline set forth in Exhibit I attached hereto. After expiration of the term, or earlier termination of this Agreement as provided below, the Franchisor shall have the right to establish, or license any other party to establish Businesses anywhere within the Development Area; provided, however, that the Developer's Territory as defined in the Franchise Agreement(s) executed hereunder, will remain in effect for the term of the Franchise Agreement(s), unless sooner terminated.

3.2 Ownership of Business. The Developer shall at all times during the term of this Agreement control the development of the True North Restoration businesses authorized under this Agreement. Upon request of the Franchisor, the Developer shall promptly provide satisfactory proof of such ownership and control to the Franchisor. The Developer represents that the Statement of Ownership, attached hereto as Exhibit III and by this reference incorporated herein, is true, complete, accurate and not misleading, and, in accordance with the information contained in the Statement of Ownership, the controlling ownership of the TRUE NORTH developer business is held by the Developer. The Developer shall promptly provide the Franchisor with a written notification if the information contained in the Statement of Ownership changes at any time during the term of this Agreement and shall comply with the applicable transfer provisions contained in Section 8 herein and in the Franchise Agreement. In addition, if the Developer is an entity, all of the owners of the Developer shall sign the Guaranty and Assumption of Developer's Obligations attached hereto as Exhibit II.

4. INITIAL FRANCHISE FEES

4.1 Fees. Concurrently with the execution of this Agreement, the Franchisor acknowledges that in consideration of the development rights granted herein, the Developer has paid the full amount of the initial franchise fee due for the first Business, plus the full amount of the initial franchise fee due for each additional Business to be developed under this Agreement. The Developer agrees that the Franchisor has fully earned the initial franchise fees upon receipt and acknowledges that the initial franchise fees represent payment for the grant of the development rights, administrative and other expenses and for development opportunities lost or deferred as a result of the Development Area granted to the Developer under this Agreement. The initial franchise fee for a second Business is \$40,000, the initial franchise fee for a third Business is \$35,000, the initial franchise fee for a fourth Business is \$30,000 and the initial franchise fee for a fifth and subsequent Businesses is \$25,000 each. The second and any subsequent Franchise Agreements will be signed not later than the date set forth in Section 5.1 of this Agreement which is the deadline for development of that particular Business. All fees hereunder are nonrefundable once paid to the Franchisor and under no circumstances will the Developer be entitled to a refund, return or rebate of any portion of initial franchise fees paid hereunder.

5. DEVELOPMENT OBLIGATIONS

5.1 Development Schedule. Acknowledging that time is of the essence, the Developer agrees to exercise its development rights according to the development schedule set forth on Exhibit I to this Agreement (the "**Development Schedule**") and as otherwise set forth in this Agreement. The Developer must construct, open and maintain in continuous operation a minimum number of Businesses in the Development Area within the time periods mandated by the Development Schedule. The Developer's failure to adhere to the Development Schedule (including any extensions approved by the Franchisor in writing) will constitute a material breach of this Agreement.

5.2 Effect of Failure. Strict compliance with the Development Schedule is essential. If the Developer fails to construct and open any Business or maintain the cumulative number of Businesses open and operating in accordance with the Development Schedule, then the Developer will be in default. Any such

default constitutes a material breach of this Agreement and the Franchisor may, in the Franchisor's sole discretion, elect to:

- (a) terminate this Agreement;
- (b) operate or grant franchises to others to operate True North Restoration Businesses within the Development Area;
- (c) grant the Developer, upon the Developer's reasonable request, up to two (2) extensions of the Development Schedule, each for a period of six (6) months. If the Franchisor agrees to provide any extensions, the first extension will be provided at no charge and the second extension, if also provided, will be subject to the Developer's payment of a non-refundable \$5,000 extension fee; or
- (d) reduce the Development Area and the Development Schedule to a size and magnitude that the Franchisor estimates the Developer is capable of operating otherwise in accordance with this Agreement.

Any extensions of the time periods to open the Businesses are subject to the Franchisor's extension policy, which may change from time to time.

5.3 Site Selection. The Developer shall not, without the prior written approval of the Franchisor, enter into any contract for the purchase or lease of any premises for use as a True North Restoration Business. The Franchisor will assist the Developer in the selection and approval of locations for its Businesses, although the Developer acknowledges that the Franchisor has no obligation to select or acquire a location on behalf of the Developer. Assistance by the Franchisor will consist of the provision of criteria for a satisfactory location and any other assistance set forth in the Franchise Agreement.

6. TRAINING

6.1 Training Program. The Developer acknowledges that the Franchisor shall have the right, in the Franchisor's sole discretion, to waive the initial training program, which is the same as or similar to the training provided under the Current Franchise Agreement, for the second and each subsequent Business developed under the terms of this Agreement.

7. MARKS

7.1 Marks. Notwithstanding any provision to the contrary under this Agreement, this Agreement does not grant the Developer any right to use the Marks. The right to use the Marks may only be granted by the terms of a Franchise Agreement. The Developer acknowledges and agrees that, until a Franchise Agreement has been entered into for a specific Business, the Developer will not have, nor be entitled to receive, any of the rights, powers and privileges granted by the Franchise Agreement, including, without limitation, the right to use the Marks. The Developer may not use any Mark as part of any corporate or trade name or as the Developer's primary business name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified forms. The Developer may not use any Mark in connection with any business or activity other than the business conducted by the Developer pursuant to the Franchise Agreements nor in any other manner not explicitly authorized in writing by the Franchisor.

8. TRANSFER

8.1 Transfer by Developer. The rights and duties created by this Agreement are personal to the Developer and, except as stated below, the Franchisor shall not allow or permit any transfer, assignment, or conveyance of this Agreement or any interest hereunder. As used in this Agreement, the term "transfer"

shall mean and include the voluntary, involuntary, direct or indirect assignment, sale, gift, merger, consolidation, exchange or other disposition by the Developer (or any of its owners) of any interest in: (1) this Agreement; (2) the ownership of the Developer, if the Developer is an entity or consists of more than one individual; or (3) a Business or any assets of a Business developed pursuant to this Agreement. A “transfer” shall also include all transfers resulting from a divorce, insolvency, corporate or partnership dissolution proceeding, consolidation, exchange, public or private offering of stock or other ownership interests in an entity, merger or otherwise by operation of law or, in the event of the death of the Developer, or an owner of the Developer by will, declaration of or transfer in trust or under the laws of intestate succession.

8.2 Pre-Conditions to Developer’s Transfer. The Developer shall not engage in a transfer, as defined above, unless the Developer obtains the Franchisor’s written consent and complies with the following requirements:

- a. Payment of all amounts due and owing pursuant to this Agreement and any Franchise Agreement to the Franchisor or its affiliates and payment of all amounts due and owing to third parties holding a security interest in any asset of the franchised Business(es);
- b. Agreement by the proposed transferee to satisfactorily complete the Franchisor’s then current initial training program;
- c. At the Franchisor’s option, the transferee has agreed to be bound by all the terms and conditions of this Agreement or enters into the Franchisor’s then-current form of development agreement and related documents being offered to new developers (for a term ending on the expiration date of this Agreement and requiring no initial franchise fees), any and all of the provisions of which may differ materially from any and all of those contained in this Agreement;
- d. Provision by the Developer of written notice to the Franchisor at least 90 days prior to the proposed effective date of the transfer, such notice to contain information reasonably detailed to enable the Franchisor to evaluate the terms and conditions of the proposed transfer. If the Developer is an entity and one or more owners of the Developer entity wish to transfer, sell, assign, or otherwise dispose of his or her interest in the Developer entity or if the Developer entity wishes to make a public or private offer of its stock or other ownership interests, the Developer must submit to Franchisor at least 90 days in advance of the proposed effective date, and obtain Franchisor’s prior written approval, of the documents effectuating the transfer, sale, assignment, offering or disposition;
- e. The proposed transferee shall have provided information to the Franchisor sufficient for the Franchisor to assess the proposed transferee’s business experience, aptitude and financial qualification, and the Franchisor shall have ascertained that the proposed transferee meets such qualifications;
- f. Execution by Developer of a general release, in a form satisfactory to the Franchisor, of any and all claims against the Franchisor, its affiliates and their respective officers, directors, employees and agents;
- g. Payment by the Developer or the proposed transferee of a transfer fee equal to \$10,000, plus \$2,500 for every undeveloped Business for which no Franchise Agreement has been executed and any broker fees incurred by the Franchisor; and

h. The Developer (and Developer's transferring owners) and its (and Developer's transferring owners') immediate family members have signed and delivered to the Franchisor a non-competition covenant in favor of the Franchisor and the transferee agreeing to be bound, as of the effective date of the transfer, by the post-termination covenant not to compete and other post-termination restrictions set forth in this Agreement.

The Developer agrees that it will not be unreasonable for the Franchisor to refuse to consent to an assignment or transfer on the basis that one or more of the above conditions have not been met.

8.3 Franchisor's Approval of Transfer. The Franchisor has 30 days from the date of the written notice of the proposed transfer to approve or disapprove in writing, of the Developer's proposed transfer. The Developer acknowledges that the proposed transferee shall be evaluated for approval by the Franchisor based on the same criteria as is currently being used to assess new developers of the Franchisor and that such proposed transferee shall be provided, if appropriate, with such disclosures as may be required by state or federal law. If the Developer and the proposed transferee comply with all conditions for assignment set forth in this Section 8 and the Franchisor has not given the Developer notice of its approval or disapproval within the 30-day period, the proposed transfer is deemed disapproved. The Franchisor's approval of any transfer shall not constitute approval for any subsequent transfer or a waiver of any of the Franchisor's rights under this Section 8.

8.4 Right of First Refusal. If the Developer wishes to transfer its rights under this Agreement or any interest in it, or any part or portion of any business entity that owns it, or all or a substantial portion of the assets of any Business developed pursuant to this Agreement, the Developer agrees to grant to the Franchisor a 30-day right of first refusal to purchase such rights, interest or assets on the same terms and conditions as are contained in the written offer to purchase submitted to the Developer by the proposed purchaser; provided, however, the following additional terms and conditions shall apply:

a. The Developer shall notify the Franchisor of such offer by sending a written notice to the Franchisor (which notice may be the same notice as required by Section 8.2.d. above), enclosing a copy of the written offer from the proposed purchaser;

b. The 30-day right of first refusal period will run concurrently with the period in which the Franchisor has to approve or disapprove the proposed transferee;

c. Such right of first refusal is effective for each proposed transfer and any material change in the terms or conditions of the proposed transfer shall be deemed a separate offer on which a new 30-day right of first refusal shall be given to the Franchisor;

d. If the consideration or manner of payment offered by a third party is such that the Franchisor may not reasonably be required to furnish the same, then the Franchisor may purchase the interest which is proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the cash consideration, an independent appraiser shall be designated by the Franchisor, whose determination will be binding upon the parties. All expenses of the appraiser shall be paid for equally between the Franchisor and the Developer; and

e. If the Franchisor chooses not to exercise its right of first refusal, the Developer shall be free to complete the sale, transfer or assignment, subject to compliance with Sections 8.2 and 8.3 above. Absence of a reply to the Developer's notice of a proposed sale within the 30-day period is deemed a waiver of such right of first refusal.

8.5 Specific Types of Transfers. The Developer acknowledges that the Franchisor's right to approve or disapprove of a proposed sale or transfer, and all other requirements and rights related to such proposed sale or transfer, as provided for above, shall apply (1) if the Developer is a partnership or other business association, to the addition or deletion of a partner or members of the association or the transfer of any partnership or membership interest among existing partners or members; (2) if the Developer is a corporation or limited liability company, to any proposed transfer or assignment of 5% or more of the ownership interests of the Developer, whether such transfer occurs in a single transaction or several transactions; and (3) if the Developer is an individual, to the transfer from such individual or individuals to a corporation or limited liability company controlled by them, in which case the Franchisor's approval will be conditioned upon: (i) the continuing personal guarantee of the individual (or individuals) for the performance of obligations under this Agreement; (ii) the issuance and/or transfer of ownership interests which would result in a change in ownership of 5% or more of the stock or membership units in the company being conditioned on the Franchisor's prior written approval; (iii) a limitation on the company's business activity to that of operating as a developer and operator of the True North Restoration Businesses developed pursuant to this Agreement and related activities; and (iv) other reasonable conditions. With respect to a proposed transfer as described in subsection (3) of this Section, the Franchisor's right of first refusal to purchase, as set forth above, shall not apply and the Franchisor will waive any transfer fee chargeable to the Developer for a transfer under these circumstances.

8.6 Assignment by the Franchisor. This Agreement is fully assignable by the Franchisor and shall inure to the benefit of any assignee or other legal successor in interest, and the Franchisor shall in such event be fully released from the same.

8.7 Developer's Death or Disability. Upon the death or permanent disability of the Developer (or the individual controlling the Developer entity), the executor, administrator, conservator, guardian or other personal representative of such person shall transfer the Developer's interest in this Agreement or such interest in the Developer entity to an approved third party. Such disposition of this Agreement or such interest (including, without limitation, transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed six months from the date of death or permanent disability and shall be subject to all terms and conditions applicable to transfers contained in this Section 8. Provided, however, that for purposes of this Section 8.7, there shall be no transfer fee charged by the Franchisor. Failure to transfer the interest in this Agreement or such interest in the Developer entity within said period of time shall constitute a breach of this Agreement. For the purposes hereof, the term "**permanent disability**" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent the Developer or the owner of a controlling interest in the Developer entity from supervising the development of the True North Restoration Businesses for a period of 90 days from the onset of such disability, impairment or condition.

9. DEFAULT AND TERMINATION

9.1 Termination by Franchisor - Effective Upon Notice. The Franchisor shall have the right, at its option, to terminate this Agreement and all rights granted the Developer under this Agreement, without affording the Developer any opportunity to cure any default, effective upon receipt of written notice to the Developer, addressed as provided in Section 13.9, upon the occurrence of any of the following events:

- a. The Developer (or any of the Developer's owners) have made any material misrepresentation or omission in connection with the Developer's purchase of these development rights;
- b. The Developer fails to establish and open Businesses in accordance with the Development Schedule (or any extension approved by the Franchisor in writing);

c. The Developer fails to maintain in continuous operation the minimum number of cumulative Businesses required by the Development Schedule;

d. If the Developer or an owner of the Developer entity, is convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in the sole opinion of the Franchisor, to materially and unfavorably affect the Licensed Methods, Marks, goodwill or reputation thereof;

e. The Developer fails to pay when due any amount owed to the Franchisor or its affiliates, under this Agreement or any other agreement, and does not correct such failure within 10 days after written notice of such failure is delivered to the Developer;

f. The Developer surrenders or transfers control of this Agreement or the business without the Franchisor's prior written consent;

g. The Developer (or any of the Developer's owners) engages in any dishonest or unethical conduct which, in the Franchisor's opinion, may adversely affect the reputation of the Developer's Businesses or other True North Restoration Businesses or the goodwill associated with the Marks;

h. The Developer (or any of the Developer's owners) makes an unauthorized assignment of this Agreement or of an ownership interest in the Developer;

i. In the event of the Developer's death or permanent disability or the death or permanent disability of one of the Developer's owners, such person's interest in this Agreement or in Developer is not assigned as required under this Agreement;

j. The Developer (or any of the Developer's owners) makes any unauthorized use or disclosure of any Confidential Information (as defined in Section 11.3), including the Operations Manual (as defined in the Current Franchise Agreement);

k. The Developer (or any of the Developer's owners) fails to comply with any of the restrictive covenants contained in Section 11;

l. The Developer's (or any of the Developer's owners') assets, property or interests are blocked under any law, ordinance or regulation relating to terrorist activities, or the Developer or any of the Developer's owners otherwise violate any such law, ordinance or regulation;

m. The Developer makes an assignment for the benefit of creditors or admits in writing the Developer's insolvency or inability to pay the Developer's debts generally as they become due; the Developer consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of the Developer's property; or any order appointing a receiver, trustee or liquidator of the Developer is not vacated within 30 days following the entry of such order;

n. The Developer commits a breach or default under any Franchise Agreement or any other agreement between the Developer and the Franchisor or the Franchisor's affiliates and does not cure such breach or default during the time period required under such Franchise Agreement or other agreement, regardless of whether the Franchisor in fact terminates such Franchise Agreement or other agreement; or

o. The Franchisor has terminated a Franchise Agreement prior to the expiration of its term in accordance with its terms and conditions.

9.2 Termination by Franchisor - Thirty Days' Notice. The Franchisor shall have the right to terminate this Agreement, effective upon 30 days written notice to the Developer, if the Developer breaches any other provision of this Agreement and fails to cure the default during such 30-day period. In that event, this Agreement will terminate without further notice to the Developer, effective upon expiration of the 30-day period. Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30-day period and the Developer has commenced and is continuing to make good faith efforts to cure the breach during such 30-day period, the Developer shall be given an additional reasonable period of time but not more than 90 days, to cure the breach, and this Agreement shall not automatically terminate without written notice from the Franchisor.

9.3 Obligations of Developer Upon Termination or Expiration.

a. **Loss of Development Rights.** Upon termination or expiration of this Agreement for any reason, the development rights granted to the Developer under this Agreement will automatically terminate and the Developer agrees to immediately and permanently cease its development activities. The Franchisor will then have no further obligation to grant the Developer additional franchises for True North Restoration Businesses and the Franchisor will be free to establish and operate, and grant other persons franchises to establish and operate, True North Restoration Businesses within the former Development Area.

b. **Marks and Confidential Information.** Except in connection with Businesses the Developer is then operating under effective Franchise Agreements with the Franchisor, or with respect to which a Franchise Agreement has been signed prior to the date of expiration or termination of this Agreement, the Developer agrees to immediately and permanently cease to use, by advertising or in any manner whatsoever, the Marks and Confidential Information; slogans, trademarks, trade names, service marks, designs, trade dress or logos which are similar in nature to the Marks; or any equipment, materials, forms, confidential methods, procedures and techniques associated with or similar to the True North Restoration system or which display the Marks or any other distinctive forms, slogans, signs, symbols, trade dress or devices associated with or belonging to the Franchisor or its affiliates.

c. **Restrictive Covenants.** The Developer shall abide by all restrictive covenants set forth in this Agreement.

10. BUSINESS RELATIONSHIP

10.1 Independent Businesspersons. The parties acknowledge that each of them is an independent businessperson, that their only relationship is by virtue of this Agreement and that no fiduciary relationship is created hereunder. Neither party is liable or responsible for the other's debts or obligations, nor shall either party be obligated for any damages to any person or property directly or indirectly arising out of the operation of the other party's business authorized by or conducted pursuant to this Agreement. The Franchisor and the Developer agree that neither of them will hold themselves out to be the agent, joint employer, employee, employer or partner of the other and that neither of them has the authority to bind or incur liability on behalf of the other.

10.2 Payment of Third-Party Obligations. The Franchisor shall have no liability for the Developer's obligations to pay any third parties, including without limitation, banks, other lenders, government agencies, any product vendors, or any sales, use, service, occupation, excise, gross receipts, income,

property or other tax levied upon the Developer, the Developer's property, the Businesses developed under this Agreement or upon the Franchisor in connection with the sales made or business conducted by the Developer (except any taxes the Franchisor or its affiliates are required by law to collect from the Developer with respect to purchases from the Franchisor or its affiliates).

10.3 Indemnification.

a. The Developer and its owners will defend, indemnify and hold harmless, the Franchisor and its parent, affiliates, subsidiaries and their successors and assigns, and each of their respective direct and indirect owners, directors, officers, managers, employees, agents, attorneys, and representatives (collectively, "**Indemnified Parties**") from and against all Losses (as defined below) which any of the Indemnified Parties may suffer, sustain or incur as a result of a claim asserted or inquiry made formally or informally, or a legal action, investigation, or other proceeding brought by a third party and directly or indirectly arising out of the Developer's development of the Businesses, the Developer's conduct of business under this Agreement, the Developer's breach of this Agreement or any other agreement with the Franchisor or any third party, or the Developer's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation including any allegation that the Franchisor or another Indemnified Party is a joint employer or otherwise responsible for the Developer's acts or omissions relating to the Developer's employees. The Franchisor will promptly notify the Developer of any claim that may give rise to a claim of indemnity hereunder, provided, however, that the failure to provide such notice will not release the Developer from its indemnification obligations under this section except to the extent the Developer is actually and materially prejudiced by such failure.

b. The Developer will have the right, upon written notice delivered to the Indemnified Party within 15 days thereafter assuming full responsibility for Losses resulting from such claim, to assume and control the defense of such claim, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of the fees and disbursements of such counsel. If (i) the Indemnified Party will have been advised by counsel that there are one or more legal or equitable defenses available to it that are different from or in addition to those available to the Developer and, in the reasonable opinion of the Indemnified Party, the Developer's counsel could not adequately represent the interests of the Indemnified Party because such interests could be in conflict with the Developer's interests, or (ii) the Developer does not assume responsibility for such Losses in a timely manner or the Developer fails to defend a claim with counsel reasonably satisfactory to the Indemnified Party as contemplated above, then the Indemnified Party will have the right to employ counsel of its own choosing, and the Developer will pay the fees and disbursements of such Indemnified Party's counsel as incurred. In connection with any claim, the Indemnified Party or the Developer, whichever is not assuming the defense of such claim, will have the right to participate in such claim and to retain its own counsel at such party's own expense.

c. The Developer or the Indemnified Party (as the case may be) will keep the Developer or the Indemnified Party (as the case may be) reasonably apprised of, and will respond to any reasonable requests concerning, the status of the defense of any claim and will cooperate in good faith with each other with respect to the defense of any such claim. The Developer will not, without the prior written consent of the Indemnified Party, (i) settle or compromise any claim or consent to the entry of any judgment with respect to any claim which does not include a written release from liability of such claim for the Indemnified Party and its affiliates, direct and indirect owners, directors, managers, employees, agents and representatives, or (ii) settle or compromise any claim in any manner that may adversely affect the Indemnified Party other than as a result of money damages or other monetary payments which will be paid by the Developer. No claim that is being defended in good faith by the Developer in accordance with the terms of this section will

be settled by the Indemnified Party without the Developer's prior written consent. Notwithstanding anything to the contrary herein, if a claim involves the Marks, the Developer agrees that the Franchisor will have the exclusive right to assume the defense of such claim, at the Developer's expense with counsel selected by the Franchisor, but reasonably satisfactory to the Developer.

d. The Developer has no obligation to indemnify or hold harmless an Indemnified Party for any Losses to the extent they are determined in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction to have been caused solely and directly by the Indemnified Party's gross negligence, willful misconduct, or willful wrongful omissions.

e. "**Losses**" include all obligations, liabilities, damages (actual, consequential, or otherwise), and defense costs that any Indemnified Party incurs. Defense costs include accountants', arbitrators', attorneys', and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, and alternative dispute resolution.

f. The Developer's obligations in this Section 10.3 will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third party, or otherwise mitigate its Losses, in order to maintain and recover fully a claim against the Developer under this Section 10.3. The Developer agrees that a failure to pursue a recovery or mitigate a Loss will not reduce or alter the amounts that an Indemnified Party may recover from the Developer under this Section 10.3.

10.4 Anti-Terrorism Representation.

a. The Developer and its principal shareholders, members or owners ("**principals**") agree to comply with or to assist the Franchisor to the fullest extent possible in the Franchisor's efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, the Developer and its principals certify, represent, and warrant that none of their respective property or interests are subject to being "blocked" under any of the Anti-Terrorism Laws and that neither the Developer nor any of its principals are otherwise in violation of any of the Anti-Terrorism Laws. For the purposes of this Section, the term "**Anti-Terrorism Laws**" shall mean Executive Order 13224 issued by the President of the United States ("**Executive Order 13224**"), the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), the Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the U.S. Code of Federal Regulations), the Cuban Assets Control Regulations (Title 31, Part 515 of the U.S. Code of Federal Regulations), the USA PATRIOT Act, and all other present and future federal, state and local laws, ordinances, regulations, policies, lists and any other requirements of any governmental authority (including, without limitation, the United States Department of Treasury Office of Foreign Assets Control, and any other government agency with jurisdiction over the parties to this Agreement or their actions) addressing or in any way relating to terrorist acts or acts of war. Developer and its principals certify that none of them, their respective employees, or anyone associated with any of them is listed in the Annex to Executive Order 13224 (the "**Annex**"), which is available at: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

b. The Developer agrees not to knowingly hire any individual who is listed in the Annex (or, if he or she is already employed, retain the employment of that individual). The Developer also agrees not to knowingly: (a) establish a new relationship with a person as an employee, principal, banker, or otherwise who is listed in the Annex (whether or not the Franchisor

has consented to a transfer involving such new principal); and (b) maintain a business relationship (whether with an employee, principal, banker, or otherwise) with a person who is added to the Annex. The Developer certifies that it has no knowledge or information that, if generally known, would result in the Developer or its principals, its employees, or anyone else associated with the Developer to be listed in the Annex. The Developer understands that it is solely responsible for ascertaining what actions it must take to comply with the Anti-Terrorism Laws. Any misrepresentation by the Developer under this Section or any violation of the Anti-Terrorism Laws by the Developer, its principals, its employees, or their respective affiliates shall constitute grounds for immediate termination of this Agreement, and any other Agreement the Developer has entered into with the Franchisor or one of the Franchisor's affiliates.

11. RESTRICTIVE COVENANTS

11.1 Non-Competition During Term. The Developer acknowledges that, in addition to the training provided pursuant to the Franchise Agreements and the license of the Marks under the Franchise Agreements, the Franchisor has also licensed commercially valuable information which comprises and is a part of the Licensed Methods, including without limitation, restoration, cleaning, operations, marketing, advertising and related information and materials and that the value of this information derives not only from the time, effort and money which went into its compilation, but from the usage of the same by all True North Restoration Businesses using the Marks and Licensed Methods. Therefore, other than the True North Restoration Business(s) authorized by separate Franchise Agreement(s) with the Franchisor, neither the Developer nor any of the Developer's officers, directors, owners, members, managers, shareholders or partners, nor any member of the Developer's or their immediate families, shall during the term of this Agreement:

- a. have any direct or indirect controlling interest as a disclosed or beneficial owner in a "Competitive Business" as defined below;
- b. perform services as a director, officer, member, owner, manager, employee, consultant, representative, agent or otherwise for a Competitive Business; or
- c. divert or attempt to divert any business related to, or any customer or account of any True North Restoration Business, by direct inducement or otherwise, to any Competitive Business by any direct inducement or otherwise.
- d. The term "**Competitive Business**" as used in this Agreement shall mean any business (or any business offering or granting franchises or licenses to others to operate any business) offering fire, smoke, water, wind, and other damage restoration, residential and commercial cleaning, mitigation, repair and reconstruction, mold remediation, disinfection, deodorization, odor removal, roofing, asbestos abatement and bioremediation (trauma, crime scene, blood-borne pathogen cleaning), or other business deriving more than 10% of its gross receipts from such services. Notwithstanding the foregoing, the Developer shall not be prohibited from owning securities in a Competitive Business if such securities are listed on a stock exchange or traded on the over-the-counter market and represent 5% or less of that class of securities issued and outstanding.

11.2 Post-Termination Covenant Not to Compete. Upon termination or expiration of this Agreement for any reason, the Developer and its officers, directors, owners, members, managers, shareholders, and partners agree that, for a period of two years commencing on the effective date of termination or expiration, or the date on which the Developer ceases to conduct business, whichever is later, neither Developer nor

its directors, owners, members, managers, shareholders, or partners shall have any direct or indirect interest (through a member of any immediate family of the Developer or its owners or otherwise) as a disclosed or beneficial owner, investor, partner, member, manager, director, officer, employee, consultant, representative or agent or in any similar capacity in any Competitive Business located or operating within 50 miles from the boundary of the Development Area, or within a 50 mile radius of the business location assigned to any other True North Restoration Business. The restrictions of this Section shall not be applicable to the ownership of shares of a class of securities listed on a stock exchange or traded on the over-the-counter market that represent 5% or less of the number of shares of that class of securities issued and outstanding. The Developer and its officers, directors, owners, members, managers, shareholders, or partners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting such skills. Consequently, enforcement of the covenants made in this Section will not deprive them of their personal goodwill or ability to earn a living.

11.3 Confidentiality of Proprietary Information. The Developer and the Franchisor acknowledge that the distinctive business format, plans, methods, data, processes, marketing systems, manuals, product formulas, techniques, operating procedures, trademarks, proprietary marks and information and know-how of the Franchisor which are developed and utilized in connection with the Licensed Methods are proprietary and confidential ("**Confidential Information**"). Such Confidential Information is unique, exclusive property and a trade secret of the Franchisor and has valuable goodwill associated with it. The Developer acknowledges that any unauthorized disclosure or use of the Confidential Information would be wrongful and would cause irreparable injury and harm to the Franchisor. It is understood that Confidential Information is deemed to include, without limitation, instructional techniques, customer lists, vendor lists, any and all information contained in the Operations Manual, and any information of whatever nature, which gives the Franchisor and its affiliates an opportunity to obtain an advantage over its competitors who do not have access to, know or use such techniques, lists, written materials, or information. The Developer further acknowledges that the Franchisor has expended a great amount of effort and money in obtaining and developing the Confidential Information, that the Franchisor has taken numerous precautions to guard the secrecy of the Confidential Information, that it would be very costly for competitors to acquire or duplicate the Confidential Information and that any unauthorized disclosure of such Confidential Information will cause irreparable harm to the Franchisor. Consequently, the Developer shall not at any time, publish, disclose, divulge or in any manner communicate to any person, firm, corporation, association, partnership or any other entity whatsoever or use, directly or indirectly, for its own benefit or for the benefit of any person, firm, corporation or other entity other than for the use of the Franchisor or the True North Restoration Business(s) developed under this Agreement, any of the Confidential Information of the Franchisor or its affiliates. The Franchisor and the Developer agree that the Confidential Information does not include information that is generally available to the public.

11.4 Nondisclosure and Noncompetition Agreement. The Franchisor reserves the right to require that the Developer cause each of its officers, directors, owners, partners, shareholders, members, managers, employees, and, if the Developer is an individual, immediate family members, to execute a Nondisclosure and Noncompetition Agreement containing the above restrictions in a form approved by the Franchisor.

12. DISPUTE RESOLUTION

12.1 Choice of Law. Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 *et seq.*) or other federal law, this Agreement shall be interpreted under the laws of the state of Colorado and any dispute between the parties shall be governed by and determined in accordance with the substantive laws of the state of Colorado, which laws shall prevail in the event of any conflict of law.

12.2 Choice of Forum. The parties agree that, to the extent any disputes cannot be resolved directly between them, the Developer must file any suit against us only in the federal or state court having jurisdiction in Denver, Colorado. The Developer consents to the personal jurisdiction of those courts over the Developer and to venue in those courts.

12.3 Limitations of Actions. Except for payments owed by one party to the other, and unless prohibited by applicable law, any legal action or proceeding (including the offer and sale of a franchise to the Developer) brought or instituted with respect to any dispute arising from or related to this Agreement or with respect to any breach of the terms of this Agreement must be brought or instituted within a period of 2 years after the initial occurrence of any act or omission that is the basis of the legal action or proceeding, whenever discovered.

12.4 Reimbursement of Costs and Expenses. If either party brings an action to enforce this Agreement in a judicial proceeding, the party prevailing in that proceeding shall be entitled to reimbursement of costs and expenses, including reasonable accountants', attorneys', attorneys' assistants' and expert witness fees, the cost of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, during, in preparation for, or in contemplation of the filing of, the proceeding. In any judicial proceeding, the amount of these costs and expenses will be determined by the court and not by a jury.

12.5 Rights of Parties are Cumulative. The parties' rights under this Agreement are cumulative, and the exercise or enforcement of any right or remedy under this Agreement will not preclude the exercise or enforcement by a party of any other right or remedy under this Agreement that it is entitled by law or this Agreement.

12.6 WAIVER OF PUNITIVE DAMAGES, CLASS ACTION LAWSUITS AND JURY TRIAL.

a. TO THE FULLEST EXTENT PERMITTED BY LAW, EACH PARTY WAIVES ANY RIGHT TO, OR CLAIM FOR, ANY CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER PARTY. THE PARTIES ALSO AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN THEM, THE PARTY MAKING A CLAIM WILL BE LIMITED TO RECOVERY OF ACTUAL DAMAGES, IF ANY.

b. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO BRING, OR BE A CLASS MEMBER IN, ANY CLASS ACTION SUITS.

c. THE PARTIES IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, THE RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, AND/OR COUNTERCLAIM BROUGHT BY EITHER PARTY.

12.7 Injunctive Relief. The Developer recognizes that the Developer's failure to comply with the terms of this Agreement, including the failure to comply fully with all post-termination obligations, is likely to cause irreparable harm to the Franchisor, its affiliates and the System. Therefore, the Developer agrees that, in the event of a breach or threatened breach of any of the terms of this Agreement by the Developer, the Franchisor shall be entitled to injunctive relief (both preliminary and permanent) restraining that breach and/or to specific performance without showing or proving actual damages and without posting any bond or security. Any equitable remedies sought by us shall be in addition to, and not in lieu of, all remedies and rights that the Franchisor otherwise may have arising under applicable law or by virtue of any breach of this Agreement.

13. MISCELLANEOUS PROVISIONS

13.1 Modification. The Franchisor and/or the Developer may modify this Agreement only upon execution of a written agreement between the two parties.

13.2 Entire Agreement. This Agreement, including all exhibits and addenda, contains the entire agreement between the parties and supersedes any and all prior agreements, both oral and written, concerning the subject matter of this Agreement. The Developer agrees and understands that the Franchisor shall not be liable or obligated for any oral representations or commitments made prior to the execution of this Agreement. The Franchisor does not authorize and will not be bound by any representation of any nature other than those expressed in this Agreement and in the most recent franchise disclosure document provided to the Developer by the Franchisor or its representatives in connection with this Agreement. Nothing in this or any related agreement is intended to disclaim the representations made by the Franchisor in the latest franchise disclosure document that the Franchisor furnished to the Developer.

13.3 Delegation by the Franchisor. From time to time, the Franchisor shall have the right to delegate the performance of any portion or all of its obligations and duties under this Agreement to third parties, whether the same are agents of the Franchisor or independent contractors with whom the Franchisor has contracted with to provide such services. The Developer agrees in advance to any such delegation by the Franchisor of any portion or all of its obligations and duties under this Agreement.

13.4 Effective Date. This Agreement shall not be effective until accepted by the Franchisor as evidenced by dating and signing by an officer or manager of the Franchisor.

13.5 No Waiver. No waiver of any condition or covenant contained in this Agreement or failure to exercise a right or remedy by the Franchisor or the Developer shall be considered to imply or constitute a further waiver by the Franchisor or the Developer of the same or any other condition, covenant, right or remedy.

13.6 Invalidity. If any provision of this Agreement is held invalid by any tribunal in a final decision from which no appeal is or can be taken, such provision shall be deemed modified to eliminate the invalid element and, as so modified, such provision shall be deemed a part of this Agreement as though originally included. The remaining provisions of this Agreement shall not be affected by such modification.

13.7 Gender and Number. All references to gender and number shall be construed to include such other gender and number as the context may require.

13.8 Captions. All captions in this Agreement are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision of this Agreement.

13.9 Notices. All written notices required to be given under this Agreement shall be given in writing, by electronic mail, by certified mail, return receipt requested, or by an overnight delivery service providing documentation of receipt, at the notice address set forth on the signature page to this Agreement or at such other addresses as the Franchisor or the Developer may designate from time to time. Notices shall be deemed delivered one business day after transmission by electronic mail; one business day after being placed in the hands of a commercial courier service for overnight delivery; or three business days after being deposited in the United States Mail by certified mail, postage prepaid and addressed to the party to be notified at its most current principal business address of which the notifying party has been notified in writing.

13.10 Authorization to Communicate Electronically; Prompt Response Required. By executing this Agreement, the Developer authorizes the Franchisor and its affiliates and approved suppliers, to

communicate with the Developer electronically, including via electronic mail or text message, and unless a written communication is required, to communicate with the Developer via telephone, notwithstanding whether any or all of the Developer's telephone numbers appear on a state or federal do-not-call registry. The Developer acknowledges and agrees that it is critical to the efficient and successful administration of the franchise relationship that the Developer promptly responds to all communications from the Franchisor. Accordingly, the Developer agrees to respond within five business days to each communication from the Franchisor.

13.11 Force Majeure. "Force Majeure" means an event that prevents a party to this Agreement from performing that is not the fault of or within the reasonable control of the party claiming Force Majeure. Force Majeure includes acts of nature, fires, strikes, war, terrorism, riot, governmental laws or restrictions, or any other similar event or cause rendering performance of the contract impossible. Except with respect to payment obligations, neither party shall be deemed to be in breach of this Agreement if a party's failure to perform its obligations results from Force Majeure and any delay resulting from Force Majeure will extend performance accordingly or excuse performance in whole or in part as may be reasonable. Force Majeure does not include the Developer's financial inability to perform, inability to obtain financing, inability to obtain permits or licenses or any other similar events unique to the Developer or to general economic downturn or conditions. If the Developer is affected by an event of Force Majeure, it shall provide a prompt written request for relief to the Franchisor describing and setting forth the nature of the Force Majeure, an estimate as to its duration, and a plan for resuming full compliance with this Agreement. The Franchisor will have full discretion whether to grant or deny any request for relief. If the Developer fails to provide the required notice it shall be liable for failure to give such timely notice only to the extent of damage actually caused.

13.12 Variation in Standards. Since complete uniformity under varying conditions may be impossible or impractical, the Franchisor specifically reserves the right to vary standards for any developer, including the Developer, based upon the peculiarities of a particular site or circumstances, density of population, business potential, existing business practices, or any other condition which the Franchisor deems to have a significant effect on the successful operation of such developer's business. The Developer will not complain on account of any variation from standard specifications and practices granted to any other developer and will not be entitled to require the Franchisor to grant the Developer a like or similar variation hereunder.

13.13 Electronic Signatures. The parties hereby acknowledge and agree that electronic signatures, in such form and manner as the Franchisor may prescribe from time to time, shall be legal and binding and shall have the same full force and effect as if an original of this Agreement had been signed and delivered by hand. The Franchisor and the Developer both (1) intend to be bound by the signatures (whether original or electronic) on any document sent or signed electronically, (2) are aware that the other party will rely on such signatures, and (3) hereby waive any defenses to the enforcement of the terms of this Agreement based on the foregoing forms of signature.

13.14 Counterparts. This Agreement may be signed in multiple counterparts, each of which when signed and delivered shall be deemed to be an original and all of which together shall constitute one and the same agreement. Delivery of an signed counterpart of a signature page to this Agreement by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be effective as delivery of a manually signed counterpart of this Agreement.

13.15 No Third-Party Beneficiaries. The Developer acknowledges and agrees that neither the Developer nor any of its officers, directors, owners, members, managers, employees, affiliates, successors or assigns shall be deemed a third-party beneficiary of any agreement between the Franchisor and another developer or any other party, unless specifically agreed to by the Franchisor in writing.

13.16 Payment of Taxes. The Developer shall reimburse the Franchisor, or its affiliates and designees, promptly and when due, the amount of all sales taxes, use taxes, personal property taxes and similar taxes imposed upon, required to be collected or paid by the Franchisor, or its affiliates or designees, on account of services or goods furnished by the Franchisor, its affiliates or designees, to the Developer through sale, lease or otherwise (except for any taxes the Franchisor or its affiliates are required by law to collect from the Developer with respect to products purchased from the Franchisor and its affiliates). Payment of all such taxes is the Developer's responsibility.

13.17 Cumulative Rights. The rights and remedies of the Franchisor and the Developer hereunder are cumulative and no exercise or enforcement by the Franchisor or the Developer of any right or remedy hereunder shall preclude the exercise or enforcement by the Franchisor or the Developer of any other right or remedy hereunder which the Franchisor or the Developer is entitled by law to enforce.

13.18 Survival of Provisions. Any provisions that by their terms extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

14. REPRESENTATIONS AND ACKNOWLEDGMENTS

14.1 Representations and Acknowledgements. The Developer represents, acknowledges and warrants to the Franchisor (and the Developer agrees that these representations, acknowledgments and warranties shall survive termination of this Agreement) that:

a. All information that the Developer provided to the Franchisor in connection with the franchise application and financial statements and the Franchisor's grant of this Franchise is truthful, complete and accurate.

b. The persons signing this Agreement on the Developer's behalf have full authority to enter into this Agreement and the other agreements contemplated by the parties. The Developer's execution of this Agreement or such other agreements does not and will not conflict or interfere with, directly or indirectly, intentionally or otherwise, with the terms of any other agreement with any other third party to which the Developer or any owner is a party.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

FRANCHISOR:
TRUE NORTH RESTORATION
FRANCHISING LLC

DEVELOPER:
(if an individual)

By: _____

(Print Name)

Name: _____

Title: _____

Individually

Effective Date: _____

Date: _____

Notice Address:

OR:

Email: _____

(if an entity)

Entity Name

By: _____

Name: _____

Title: _____

Date: _____

Notice Address:

Email: _____

**EXHIBIT I
TO DEVELOPMENT AGREEMENT**

DEVELOPMENT INFORMATION

1. The Developer has agreed to develop ____ Businesses. Therefore, the total amount of the initial franchise fees due upon the execution of this Agreement are (Section 4.1) is: \$_____

2. The Development Area (Section 2.1) is comprised of the following geographic area:

(☐ check box if map is attached; in the event of any conflict between the map and the written description, the written description will control.)

3. The Development Schedule (Section 5.1) is as follows:

Development Deadline	Minimum Total Number of Businesses Open for Business in Development Area
	1
	2
	3
	4
	5

EXHIBIT II
TO DEVELOPMENT AGREEMENT

GUARANTY AND ASSUMPTION OF DEVELOPER'S OBLIGATIONS

In consideration of, and as an inducement to, the execution of the above Development Agreement (the "**Agreement**") by True North Restoration Franchising LLC (the "**Franchisor**") and the developer identified on the signature page of this Guaranty (the "**Developer**"), each of the undersigned hereby personally and unconditionally:

Guarantees to the Franchisor and its affiliates and their respective successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Developer shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and

Agrees to: (a) be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (b) punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (c) punctually pay all other monies owed to the Franchisor and/or its affiliates.

Each of the undersigned waives the following:

1. Acceptance and notice of acceptance by the Franchisor and its 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 any action be brought against the Developer or any other person as a condition of liability; and
5. 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 Developer fails or refuses punctually to do so;
3. This liability shall not be contingent or conditioned upon pursuit by the Franchisor or its affiliates of any remedies against the Developer or any other person;
4. He or she shall be bound by the restrictive covenants and confidentiality provisions contained in Section 11 of the Agreement and the indemnification provision contained in Section 10.3 of the Agreement;
5. This liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Franchisor or its affiliates may from time to time grant to the Developer 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, including renewals thereof;

6. This liability shall not be diminished, relieved or otherwise affected by the occurrence of any of the following events: (a) the commencement by the Developer of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended or replaced, or any other applicable federal or state bankruptcy, insolvency or other similar law (collectively, the “**Bankruptcy Laws**”), (b) the consent by the Developer to the appointment of or taking possession by a receiver, liquidator, assignee, trustee or custodian of the Developer or for any substantial part of the assets of the Developer, (c) any assignment by the Developer for the benefit of creditors, (d) the failure of the Developer generally to pay its debts as such debts become due, (e) the taking of corporate action by the Developer in the furtherance of any of the foregoing, or (f) the entry of a decree or order for relief by a court having jurisdiction in respect of the Developer in any involuntary case under the Bankruptcy Laws, or appointing a receiver, liquidator, assignee, custodian or trustee of the Developer or for any substantial part of its assets, or ordering the winding-up or liquidation of any of its affairs and the continuance of any such decree or order unstayed and in effect for a period of sixty (60) consecutive days. In addition, such liability shall not be affected or impaired by any payment made to the Franchisor under or related to the Agreement for which the Franchisor is required to reimburse the Developer pursuant to any court order or in settlement of any dispute, controversy or litigation in any bankruptcy, reorganization, arrangement, moratorium or other federal or state debtor relief proceeding;

7. His or her obligation and liability hereunder shall not be affected by any amendment or modification of the Agreement and he or she has no right to approve or consent to any such amendment or modification;

8. Section 12 (Dispute Resolution) of the Agreement is incorporated by reference into this Guarantee and all capitalized terms that are not defined in this Guarantee shall have the meaning given them in the Agreement; and

The undersigned shall pay the Franchisor all amounts due and all damages, costs and expenses, including reasonable attorneys’ fees, incurred by the Franchisor in any legal action or other proceeding to enforce the terms of this Guaranty.

[Signature Page to Follow]

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature effective on the same day and year as the Agreement was executed.

GUARANTOR(S)

Print Name:
Home address:

Print Name:
Home address:

Print Name:
Home address:

Developer: _____

**EXHIBIT III
TO DEVELOPMENT AGREEMENT**

STATEMENT OF OWNERSHIP

Developer: _____

Form of Ownership. Developer is a _____ incorporated or formed on _____ in the state of _____.

Owners. The following list includes the full name of each person who is an owner of a legal or beneficial interest in Developer and fully describes the nature of each owner's interest (attach additional pages if necessary).

Name	Home Address	Percentage and Description of Ownership Interest

[If Developer consists of individuals, delete the above and use the below:
Developer Names and Home Addresses:

Name	Home Address

Use additional sheets if necessary. Any and all changes to the above information must be reported to the Franchisor in writing.

DEVELOPER:

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT D
LIST OF FRANCHISEES

LIST OF FRANCHISED BUSINESS AS OF DECEMBER 31, 2024

FRANCHISEE AND CONTACT PERSON	STREET ADDRESS	CITY	ST	ZIP	PHONE
ALMN Consulting, LLC Dan Peake	5745 Industrial Place, Unit G	Colorado Springs	CO	80916	719-726-5246
Restoration by KO-Denver Orlando Montan Manuel Caballero	7721 W 6th Ave., Suite I	Lakewood	CO	80214	516-458-4305
Restoration Services of NW FL, LLC Max Norwood Jessica Norwood	225 Main St, Suite 6A	Destin	FL	32541	850-420-1449
Spectrum Cleaning & Restoration of Lee County, LLC Brennen Unnerstall	6360 Corporate Park Circle Suite 8	Fort Myers	FL	33966	239-910-6381
Mike Hensler	1802 N. Howard Avenue, #4046	Tampa	FL	33606	917-613-3434
Olive Branch GA, LLC Asron Traywick Nick Weber	1680 Dixie St. SE	Atlanta	GA	30317	912-659-1738
Soneva Development, LLC Dorian Crawford	2085 Jackson Ridge CV NW	Kennesaw	GA	30144	404-886-3735
Hawaii Island Pros, LLC Wheat Mahoney Abe Mahoney	55-630 Lincoln Ave	Hawi	HI	96719	541-941-9533
RLF Ventures, Inc. Erik Skovgard Katie Hillyer	6227 Nordic Drive	Cedar Falls	IA	50613	319-430-8623
Bills Enterprises, LLC Josh Bills	1375 Shady Rapids Road	Walnut Shade	MO	65771	866-542-8385
Spectrum Cleaning & Restoration-KC, LLC Todd Herrman	1937 Surrey St.	Liberty	MO	64068	816-283-8383
Los Cuatros Tenaces, LLC Rich Gogal Jennifer Gogal	10129 J Street	Omaha	NE	68127	402-507-6351
Rattle, LLC Michael Morris Kathryn Morris	12505 Burt St.	Omaha	NE	68154	402-880-7967
Noka Contracting LLC Noah Witt	1580 Green Siding Road	Roseburg	OR	97471	541-673-1333
Spectrum Restoration Services, LLC John Witt	70 Buckwalter Rd. Suite 900 #240	Royersford	PA	19468	610-212-5215
Walsh Restoration, Inc. John Walsh	216 Cordgrass Loop Unit 3	Murrels Inlet	SC	29576	570-236-3050
Restoration by KO Orlando Montan Manuel Caballero	10860 Switzer Ave, Suite 106	Dallas	TX	75238	214-444-9309
Nathan Baker	6709 Wind Song Drive	McKinney	TX	75071	918-805-2765

**LIST OF FRANCHISEES THAT HAVE SIGNED A FRANCHISE AGREEMENT
BUT THE FRANCHISED BUSINESS IS NOT YET OPEN AS OF DECEMBER 31, 2024**

FRANCHISEE AND CONTACT PERSON	CITY	ST	PHONE
Jennifer Switzer, LLC Jennifer Switzer	Newnan	GA	470-322-7347
True North Restoration–Corridor, LLC Katie Hillyer	Cedar Rapids	IA	563-599-4236
Varsity Holdings FV LLC John Reed	Raleigh	NC	919-801-1452

**LIST OF FRANCHISEES THAT TRANSFERRED A FRANCHISE OR HAD A FRANCHISE
AGREEMENT TERMINATED OR NOT RENEWED IN 2024
OR WHO HAVE NOT COMMUNICATED WITH US
WITHIN 10 WEEKS OF THE ISSUANCE DATE OF THIS FDD**

FRANCHISEE AND CONTACT PERSON	CITY	ST	PHONE
Ricardo Ceballos*	Nashville	TN	615-939-8001

Business never opened.

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

EXHIBIT E
FINANCIAL STATEMENTS

TRUE NORTH RESTORATION FRANCHISING, LLC
FINANCIAL REPORT
DECEMBER 31, 2024, 2023 AND 2022



11852 Shaffer Drive, Building B, Littleton, CO 80127
303.989.7600

www.whipplewoodcpas.com

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Management
True North Restoration Franchising, LLC

Opinion

We have audited the accompanying financial statements of True North Restoration Franchising, LLC, (the "Company", a Colorado limited liability corporation) which comprise the balance sheets as of December 31, 2024, 2023 and 2022, and the related statements of income, member's equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31 2024, 2023 and 2022, and the results of its operations and 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit, we believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 The Company'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 it 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 one for resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Whipple Wood CPA

April 28, 2025

True North Restoration Franchising, LLC

Balance Sheets

December 31,

ASSETS

	2024	2023	2022
Current assets			
Cash	\$ 108,993	\$ 241,051	\$ 63,899
Accounts receivable	339,402	69,897	57,092
Due from affiliate	-	5,167	-
Total current assets	<u>448,395</u>	<u>316,115</u>	<u>120,991</u>
Long-term assets			
Right-of-use asset	80,578	142,197	-
Furniture and fixtures, net	10,259	13,125	-
Leasehold improvements, net	3,109	5,183	-
Intangible assets, net	6,089	7,025	7,961
Contract assets - deferred franchising costs	500,572	262,116	-
Total long-term assets	<u>600,607</u>	<u>429,646</u>	<u>7,961</u>
Total assets	<u>\$ 1,049,002</u>	<u>\$ 745,761</u>	<u>\$ 128,952</u>

LIABILITIES AND MEMBER'S EQUITY

Current liabilities			
Accounts payable	\$ 39,104	\$ 13,014	\$ -
Lease liability - current portion	58,453	59,615	-
Total current liabilities	<u>97,557</u>	<u>72,629</u>	<u>-</u>
Long-term liabilities			
Lease liability, net of current portion	24,357	83,810	-
Due to affiliate	44,415	-	-
Total long-term liabilities	<u>68,772</u>	<u>83,810</u>	<u>-</u>
Member's equity	<u>882,673</u>	<u>589,322</u>	<u>128,952</u>
Total liabilities and member's equity	<u>\$ 1,049,002</u>	<u>\$ 745,761</u>	<u>\$ 128,952</u>

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

See independent auditors' report.

True North Restoration Franchising, LLC
Statements of Income
For the Years Ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Revenue			
Royalty revenue	\$ 634,019	\$ 558,699	\$ 155,434
Franchise fees	385,000	327,000	20,000
National brand fund	93,892	98,124	-
Other revenue	100,517	15,941	-
Total Revenue	<u>1,213,428</u>	<u>999,764</u>	<u>175,434</u>
Operating expenses			
Employee costs	228,495	-	-
Contract labor	-	182,117	-
Professional fees	111,924	97,358	-
Marketing	134,601	63,238	-
Travel and related	31,194	40,035	-
Occupancy	66,004	24,394	-
Commissions	41,594	13,796	-
Software	43,964	-	-
Training	19,109	-	-
Depreciation and amortization	5,872	3,176	936
Other operating costs	87,887	69,296	71,385
Total expenses	<u>770,644</u>	<u>493,410</u>	<u>72,321</u>
Net income	<u>\$ 442,784</u>	<u>\$ 506,354</u>	<u>\$ 103,113</u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

True North Restoration Franchising, LLC
Statements of Member's Equity
For the Years Ended December 31, 2024, 2023 and 2022

	Member's Contributions	Retained earnings	Total
Balance- December 31, 2021	\$ 10,365	\$ 14,494	\$ 24,859
Contributions	980	-	980
Net income	-	103,113	103,113
Balance - December 31, 2022	11,345	117,607	128,952
Distributions	-	(45,984)	(45,984)
Net income	-	506,354	506,354
Balance - December 31, 2023	11,345	577,977	589,322
Distributions	-	-	(149,433)
Net income	-	442,784	442,784
Balance - December 31, 2024	\$ 11,345	\$ 1,020,761	\$ 882,673

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

True North Restoration Franchising, LLC
Statements of Cash Flows
For The Years Ended December 31,

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Cash flows from operating activities			
Net income	\$ 442,784	\$ 506,354	\$ 103,113
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities			
Depreciation and amortization	5,872	4,404	936
Lease related	1,008		
Changes in:			
Accounts receivable	(269,505)	(12,805)	(57,092)
Accounts payable	26,090	13,014	-
	<u>206,249</u>	<u>510,967</u>	<u>46,957</u>
Cash flows from investing activities			
Acquisition of furniture and fixtures	-	(20,548)	-
Advances from (to) affiliate	49,582	(5,167)	-
Contract assets - deferred franchising costs	(238,456)	(262,116)	-
Cash flows from financing activities	<u>(188,874)</u>	<u>(287,831)</u>	<u>-</u>
Cash flows from financing activities			
Contributions of member's equity	-	-	980
Distributions of member's equity	(149,433)	(45,984)	-
Cash flows from financing activities	<u>(149,433)</u>	<u>(45,984)</u>	<u>980</u>
Net change in cash	<u>(132,058)</u>	<u>177,152</u>	<u>47,937</u>
Cash, at beginning of period	<u>241,051</u>	<u>63,899</u>	<u>15,962</u>
Cash, at end of period	<u><u>\$ 108,993</u></u>	<u><u>\$ 241,051</u></u>	<u><u>\$ 63,899</u></u>

The accompanying notes are an integral part of these financial statements.
See independent auditors' report.

True North Restoration Franchising, LLC
Notes to Financial Statements
December 31, 2024, 2023, and 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

True North Restoration Franchising, LLC (the “Company”) was formed on November 3, 2020 in Colorado, and began operations on April 15, 2021. The Company was organized to sell and administer franchises that offer cleaning and restoration services for water and fire damage, asbestos removal, and mold removal services throughout the United States of America. As of December 31, 2024, 2023 and 2022, the Company had twenty, fourteen, and eight franchises, respectively. Two of the seven franchises sold during 2024 did not begin operations until 2025. One location was closed during 2024.

Basis of Presentation

The financial statements of the Company have been prepared on the basis of accounting principles generally accepted in the United States of America (“GAAP”). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect amount reported in the financial statements. Actual results could differ from those estimates.

Accounts Receivable and newly implemented accounting standard

Accounts receivable consists of royalties from franchisees. Prior to 2024, The Company determined a reserve for doubtful accounts based on the creditworthiness of franchisees and other factors. In June 2016, the FASB issued Asu No. 2016-13, *Financial Instruments – Credit Losses* (Topic 326). The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL). The CECL Methodology utilizes a lifetime “expected credit loss” measurement objective for the recognition of credit losses for loans, held-to-maturity securities and other receivables at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. During 2024, the Company implemented the ASU without material impact on its financial statements and related disclosures. Management considers all accounts receivable collectible, and, therefore, an allowance for doubtful accounts has not been recorded at December 31, 2024, 2023, and 2022.

Concentrations of Credit Risk

The Company grants credit to franchisees in the normal course of business. The Company periodically performs credit analyses and monitors the financial condition of its franchisees to reduce credit risk.

Intangible Assets

Intangible assets, consisting of trademarks, were contributed by the member of the company. The intangible assets are being amortized over 10 years on a straight-line basis.

True North Restoration Franchising, LLC
Notes to Financial Statements
December 31, 2024, 2023, and 2022

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition

Revenues consist primarily of royalties, advertising program fees, and initial franchise fees. Under franchise agreements, the Company generally provides franchisees with (a) a franchise license, which includes a license to use the Company's intellectual property, advertising and promotion management, and technology support (b) pre-opening services, and (c) ongoing services. As a practical expedient (as defined in ASC 952-606-25-2 *Revenue from Contracts with Customers, Recognition*), the Company accounts for its pre-opening services as a distinct service from the franchise license and ongoing services in a franchise agreement. Pre-opening services include (a) assistance in the selection of a site, (b) assistance in obtaining facilities and preparing the facilities for their intended use, including lease negotiations, (c) training of the franchisee's personnel or the franchisee, (d) preparation and distribution of manuals and similar material concerning operations, administration, and record keeping (e) assistance with bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising about regulations affecting the franchisee's business, and (f) inspection, testing, and other quality control programs. The Company records these pre-opening services fees as initial franchise fee revenue upon satisfaction of the performance obligation, typically when the franchisee begins operations.

Royalties, including franchisee contributions to advertising funds, represent sales-based royalties and are calculated as a percentage of gross sales reported by franchisees and recognized over time as franchisee sales occur. These revenues will be presented within "royalties" and expenses incurred to provide these services will be included within "franchisee support." Regarding advertising funds, the Company has determined it acts as a principal of the franchisee advertising transactions, thus, revenue and expense will be presented gross. These revenues will be presented within "franchise revenues" and expenses incurred to provide these services will be included within "advertising." When revenues of an advertising program exceed the related advertising expenses, advertising costs will be accrued up to the amount of revenues on an annual basis.

Costs to obtain or fulfill a contract that are incremental and recoverable are capitalized and amortized ratably over the term of the franchise agreement. The Company classifies these contract assets as "deferred franchising costs." The Company had no deferred costs related to obtaining or fulfilling contracts as of December 31, 2022, or 2021.

Contract liabilities consist of deferred revenue resulting from initial and renewal franchise fees paid by franchisees, which are generally recognized on a straight-line basis over the term of the underlying agreement. The Company classifies these contract liabilities as "deferred franchise sales revenue" and "deferred license revenue." The Company had no deferred revenues as of December 31, 2024, 2023, and 2022.

True North Restoration Franchising, LLC
Notes to Financial Statements
December 31, 2024, 2023, and 2022

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes

The Company is treated as a partnership for federal income tax purposes. Consequently, federal income taxes are not payable or provided for by the Company. Members are taxed individually on their pro rata ownership share of the Company's earnings. The Company's net income or loss is allocated among the members in accordance with the Company's operating agreement.

Subsequent Events

Subsequent events have been evaluated for potential recognition and disclosure through the date of the auditors' report, which is also the date the financial statements were available to be issued.

NOTE 2 FURNITURE AND FIXTURES, NET

Furniture and fixtures are being depreciated over seven years using the straight-line method. The recorded amounts of fixed assets and accumulated depreciation as of December 31, 2024, 2023 and 2022 were as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 14,328	\$ 14,328	\$ -
Less accumulated amortization	<u>(4,069)</u>	<u>(1,203)</u>	<u>-</u>
	<u>\$ 10,259</u>	<u>\$ 13,125</u>	<u>\$ -</u>

Depreciation expense related to furniture and fixtures for the years ending December 31, 2024 and 2023 was \$2865 and \$1,203, respectively. There was no depreciation expense related to furniture and fixtures for the years ended December 31, 2022.

NOTE 3 LEASEHOLD IMPROVEMENTS, NET

Leasehold improvements are being amortized over the 3-year life of the underlying lease. The recorded amounts of leasehold improvements and accumulated amortization as of December 31, 2024, 2023 and 2022 were as follows:

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 6,220	\$ 6,220	\$ -
Less accumulated amortization	<u>(3,111)</u>	<u>(1,037)</u>	<u>-</u>
	<u>\$ 3,109</u>	<u>\$ 5,183</u>	<u>\$ -</u>

True North Restoration Franchising, LLC
Notes to Financial Statements
December 31, 2024, 2023, and 2022

NOTE 3 LEASEHOLD IMPROVEMENTS, NET (CONTINUED)

Amortization expense for each of the years ending December 31, 2024 and 2023 was \$ \$1,037. There was no amortization expense related to leasehold improvements for the years ending December 31, 2022.

NOTE 4 INTANGIBLE ASSETS, NET

Intangible assets, consisting of trademarks, are being amortized over ten years using the straight-line method. The recorded amounts of intangible assets and accumulated amortization as of December 31, 2024, 2023, and 2022 were as follows:

	2024	2023	2022
Trademarks	\$ 9,365	\$ 9,365	\$ 9,365
Less accumulated amortization	(3,276)	(2,340)	(1,404)
	<u>\$ 6,089</u>	<u>\$ 7,025</u>	<u>\$ 7,961</u>

Amortization expense for each of the years ending December 31, 2024, 2023 and 2022 was \$936

NOTE 5 DEFERRED COSTS

Contract assets consist of deferred commissions incurred when the franchise rights are sold to franchisees, which are recognized on a straight-line basis over the ten-year term of the underlying franchise agreements. The following table reflects the change in contract assets related to deferred cost during the year:

	2024	2023	2022
Balance on January 1	\$ 262,116	\$ -	\$ -
Additions during the year	280,050	275,912	-
Expense recognized during the year	(41,594)	(13,796)	-
Balance at December 31	<u>\$ 500,572</u>	<u>\$ 262,116</u>	<u>\$ -</u>

True North Restoration Franchising, LLC
Notes to Financial Statements
December 31, 2024, 2023, and 2022

NOTE 5 DEFERRED COSTS (CONTINUED)

The following table illustrates estimated expenses expected to be recognized in the future related to deferred franchising costs as of December 31, 2024:

2025	\$ 55,596
2026	55,596
2027	55,596
2028	55,596
2029	55,596
Thereafter	<u>222,592</u>
	<u>\$ 500,572</u>

NOTE 6 OPERATING LEASE

On January 1, 2022 the Company implemented ASC 842 - *Leases* using the effective date method and the practical expedients available to non-public entities under section 842-10-65-1. During 2023, the Company entered into three-year lease operating lease for office space in Saint Louis, Missouri.

The Company's leasing arrangement extends through June 11, 2026, and does not contain an option to renew. Payments are \$5,000 for the entire term of the lease.

Lease liability maturities as of December 31, 2024 were as follows:

2025	\$ 60,000
2026	<u>25,000</u>
Undscouted liabilities	\$ 85,000
Less imputed interest	<u>(2,191)</u>
Total Lease liabilities	<u>\$ 82,809</u>

The discount rate applied the Company's lease liability was 3.5%. The discount rate generally approximates the risk-free rate, as the discount rates implicit in the Company's lease cannot be readily estimated.

Total lease and rental expenses for the years ended December 31, 2024 and 2023, were \$61,879 and \$28,439, respectively. The Company had no lease or rental expenses during the years ended December 31, 2022.



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UNAUDITED FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM.

True North Franchising LLC

Balance Sheet

As of September 30, 2025

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
1st Bank 9543 - National Ad	1,933.51
1st Bank Royalties 8813	41,454.52
Cash	0.00
Enterprise - 2003	-47.50
Franchise Savings -1486	822,942.13
Total Bank Accounts	\$866,282.66
Accounts Receivable	
Accounts Receivable (A/R)	0.00
Total Accounts Receivable	\$0.00
Other Current Assets	
N/R - Colorado Spring Franchise Sale	0.00
Payments to deposit	0.00
Prepaid expenses	13,343.53
Total Other Current Assets	\$13,343.53
Total Current Assets	\$879,626.19
Fixed Assets	
Accumulated depreciation	-17,423.00
Furniture & fixtures	14,327.82
Improvements	6,220.00
Total Fixed Assets	\$3,124.82
Other Assets	
Accumulated amortization	-2,652.00
Trademarks	9,365.00
Total Other Assets	\$6,713.00
TOTAL ASSETS	\$889,464.01
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Chase CC	0.00
Ramp Card	9,511.94
Total Credit Cards	\$9,511.94
Other Current Liabilities	
Due To/From True North Restoration	-183,696.65
Total Other Current Liabilities	\$ -183,696.65
Total Current Liabilities	\$ -174,184.71

True North Franchising LLC

Balance Sheet

As of September 30, 2025

	TOTAL
Long-Term Liabilities	
Class Vi Accelerator Fund	1,500,000.00
Total Long-Term Liabilities	\$1,500,000.00
Total Liabilities	\$1,325,815.29
Equity	
Member - True North Ventures LP	87,978.03
Retained Earnings	-3,267.61
Net Income	-521,061.70
Total Equity	\$ -436,351.28
TOTAL LIABILITIES AND EQUITY	\$889,464.01

True North Franchising LLC

Profit and Loss

June - September, 2025

	TOTAL
Income	
Apparel Store Income	2,026.35
Mitigation Royalties	174,675.55
National Brand Fund	27,800.41
Rebuild Royalties	3,539.82
Service Income	14,423.04
Unapplied Cash Payment Income	0.00
Total Income	\$222,465.17
Cost of Goods Sold	
Cost of goods sold	
Cost of labor - COGS	7,047.50
Supplies & materials - COGS	1,050.41
Total Cost of goods sold	8,097.91
Franchise Sales Organizations	47,007.50
Total Cost of Goods Sold	\$55,105.41
GROSS PROFIT	\$167,359.76
Expenses	
Advertising & Marketing	79,274.57
Mar/Tech	523.95
Duda	1,878.00
Franchise Opportunities	7,192.28
Google	500.00
Google Local Service Ads	5,771.86
Google Office Suite	7,963.56
Naranga	398.00
Total Mar/Tech	24,227.65
Printed Collateral	2,500.00
Corporate Materials	59.34
Total Printed Collateral	2,559.34
Social media	3,012.50
Website ads	1,650.00
Total Advertising & Marketing	110,724.06
Apparel Store Expense	3,442.44
Business licenses	100.00
Contributions to charities	200.00
Employee benefits	
Workers' compensation insurance	1,139.00
Total Employee benefits	1,139.00

True North Franchising LLC

Profit and Loss

June - September, 2025

	TOTAL
General business expenses	
Bank fees & service charges	118.00
Memberships & subscriptions	1,600.00
Uniforms	77.04
Total General business expenses	1,795.04
Insurance	22,365.03
Interest paid	85.80
Legal & accounting services	
Accounting fees	12,027.70
Legal Fees	26,813.50
Total Legal & accounting services	38,841.20
Meals	
Meals with clients	9.53
Travel meals	994.83
Total Meals	1,004.36
Office expenses	440.94
Office supplies	472.64
Shipping & postage	59.11
Small tools & equipment	949.31
Software & apps	39,060.13
Total Office expenses	40,982.13
Parking & tolls	263.81
Payroll expenses	1,509.00
Payroll taxes	31,784.91
Reimbursements	629.58
Salaries & wages	178,999.54
Total Payroll expenses	212,923.03
Pipedrive	7,161.68
QuickBooks Payments Fees	1,141.16
Rent	20,000.00
Summit Expenses	6,079.43
Training	25,916.66
Travel	
Airfare	8,166.60
Hotels	9,489.88
Mileage Reimbursement	263.20
Taxis or shared rides	1,072.12
Vehicle rental	1,125.34
Total Travel	20,117.14
Unapplied Cash Bill Payment Expense	2,602.72

True North Franchising LLC

Profit and Loss

June - September, 2025

	TOTAL
Utilities	
Internet & TV services	748.68
Phone service	1,033.84
Total Utilities	1,782.52
Vehicle expenses	
Vehicle gas & fuel	658.74
Total Vehicle expenses	658.74
Total Expenses	\$519,325.95
NET OPERATING INCOME	\$ -351,966.19
Other Income	
Credit card rewards	917.86
Interest earned	6,407.62
Total Other Income	\$7,325.48
Other Expenses	
Ask My Accountant	5,205.44
Total Other Expenses	\$5,205.44
NET OTHER INCOME	\$2,120.04
NET INCOME	\$ -349,846.15

EXHIBIT F
OPERATIONS MANUAL TABLE OF CONTENTS

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EXHIBIT G
STATE REQUIRED ADDENDA

ADDITIONAL STATE REQUIRED DISCLOSURES

ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF ILLINOIS

Notwithstanding anything to the contrary set forth in the Disclosure Document, the following provisions shall supersede and apply to all franchises offered and sold in the State of Illinois:

Illinois law governs the Franchise Agreement.

Payment of Initial Franchise/Development Fees will be deferred until Franchisor has met its initial obligations to franchisee, and franchisee has commenced doing business. This financial assurance requirement was imposed by the Office of the Illinois Attorney General due to Franchisor's financial condition.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or 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.

ADDITIONAL DISCLOSURES REQUIRED BY THE STATE OF MINNESOTA

Notwithstanding anything to the contrary set forth in the Disclosure Document the following provisions shall supersede and apply to all franchises offered and sold in the State of Minnesota:

1. Trademarks. The following statement is added to Item 13:

The Franchisor agrees to protect the Franchisee against claims of infringement or unfair competition with respect to the Franchisee's authorized use of the Marks when, in the opinion of counsel to the Franchisor, the Franchisee's rights granted therein warrant protection.

2. Notice of Termination. The following statement is added to Item 17:

Minnesota law provides a Franchisee with certain termination and nonrenewal rights. Minn. Stat. Sec. 80C.14 Subd. 3, 4 and 5 require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for nonrenewal of the applicable agreement.

3. Choice of Forum and Law. The following statement is added to the State Cover Page and Item 17:

4.

Minnesota Statutes, Section 80C.21 and Minnesota Rule 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside 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 Franchise Disclosure Document or agreement(s) can abrogate or reduce any of franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. General Release. The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

6. Additional Disclosure. The following statement is added to Item 22:

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.

**RIDER TO THE TRUE NORTH RESTORATION FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS**

This Rider to the Franchise Agreement dated as of _____ is entered into simultaneously with the Franchise Agreement by and between True North Franchising LLC (“Franchisor”) and _____ (“Franchisee”)

1. The following paragraph is added to the end of Section 4.1 of the Franchise Agreement.

The Illinois Attorney General’s Office has determined that, based on the Franchisor’s financial condition, the Franchisor may not be able to fulfill its obligations to franchisees in the establishment of their True North Restoration businesses. The Franchisor has elected to assure financial capability by deferring the payment of all initial franchise fees owed until the Franchisor has completed its initial obligations under the Franchise Agreement and the Franchisee’s True North Restoration Business is open.

2. The following language is included as part of the Franchise Agreement:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a Franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a Franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees’ right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or 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.

3. Any capitalized terms that are not defined in this Rider shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.
4. This Rider may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Rider by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Rider.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Illinois Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

FRANSHISOR:
TRUE NORTH RESTORATION
FRANCHISING LLC

FRANCHISEE:

(if an individual)

By: _____
Name: _____
Title: _____

(Print Name)

Individually

OR:

(if an entity)

Entity Name

By: _____
Name: _____
Title: _____

**RIDER TO THE TRUE NORTH RESTORATION DEVELOPMENT AGREEMENT
FOR THE STATE OF ILLINOIS**

This Rider to the Development Agreement dated as of _____ is entered into simultaneously with the Franchise Agreement by and between True North Franchising LLC (“Franchisor”) and _____ (“Developer”)

1. The following paragraph is added to the end of Section 4.1 of the Development Agreement:

The Illinois Attorney General’s Office has determined that, based on the Franchisor’s financial condition, the Franchisor may not be able to fulfill its obligations to franchisees in the establishment of their True North Restoration businesses. The Franchisor has elected to assure financial capability by deferring the payment of all initial franchise fees owed until the Franchisor has completed its initial obligations under the Franchise Agreement and the Developer’s first True North Restoration business is open.

2. The following language is included as part of the Development Agreement:

Illinois law shall apply to and govern the Development Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisees’ right upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

No statement, questionnaire, or 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.

3. Any capitalized terms that are not defined in this Rider shall have the meaning given them in the Development Agreement. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

4. This Rider may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Rider by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Rider.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Illinois Rider concurrently with the execution of the Development Agreement on the day and year first above written.

FRANCHISOR:
TRUE NORTH RESTORATION
FRANCHISING LLC

DEVELOPER:

(if an individual)

By: _____
Name: _____
Title: _____

(Print Name)

Individually

OR:

(if an entity)

Entity Name

By: _____
Name: _____
Title: _____

**RIDER TO THE TRUE NORTH RESTORATION FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA**

This Rider to the Franchise Agreement dated as of _____ is entered into simultaneously with the Franchise Agreement by and between True North Franchising LLC (“Franchisor”) and _____ (“Franchisee”)

1. The provisions of this Rider form an integral part of, and are incorporated into, the Franchise Agreement. This Rider is being executed because: **(A)** the offer or sale of a franchise to Franchisee was made in the State of Minnesota; **(B)** Franchisee is a resident of the State of Minnesota; and/or **(C)** Franchisee’s True North Restoration business will be located in the State of Minnesota.

2. The following paragraph is added to Section 14.4:

The Franchisor agrees to protect the Franchisee against claims of infringement or unfair competition with respect to the Franchisee’s authorized use of the Marks when, in the opinion of counsel to the Franchisor, the Franchisee’s rights granted therein warrant protection.

3. The following sentence is added at the end of Sections 16.2.f. and 17.3.d:

Notwithstanding the foregoing, the 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

4. The following statement is added at the end of Section 18:

Minnesota law provides the Franchisee with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14 Subd. 3, 4 and 5 require, except in certain specified cases, that the Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of this Agreement.

5. The last sentence of Section 22.2 is deleted, with the following statement inserted in its place:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Franchisor’s disclosure document or agreements can abrogate or reduce any of Franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C, or the Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. The following is added to the end of Section 24:

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

6. Any capitalized terms that are not defined in this Rider shall have the meaning given them in the Franchise Agreement. Except as expressly modified by this Rider, the Franchise Agreement remains unmodified and in full force and effect.

7. This Rider may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Rider by electronic transmission (including an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Rider.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Rider concurrently with the execution of the Franchise Agreement on the day and year first above written.

FRANSHISOR:
TRUE NORTH RESTORATION
FRANCHISING LLC

FRANCHISEE:

(if an individual)

By: _____
Name: _____
Title: _____

(Print Name)

Individually

OR:

(if an entity)

Entity Name

By: _____
Name: _____
Title: _____

**RIDER TO THE TRUE NORTH RESTORATION DEVELOPMENT AGREEMENT
FOR THE STATE OF MINNESOTA**

This Rider to the Development Agreement dated as of _____ is entered into simultaneously with the Franchise Agreement by and between True North Franchising LLC (“Franchisor”) and _____ (“Developer”)

1. The provisions of this Rider form an integral part of, and are incorporated into, the Development Agreement. This Rider is being executed because: **(A)** the offer or sale of a franchise to Developer was made in the State of Minnesota; **(B)** Developer is a resident of the State of Minnesota; and/or **(C)** Developer’s Development Area will be located in the State of Minnesota.

2. The following sentence is added at the end of Section 8.2.f:

Any release executed in connection herewith will not apply to any claims that may arise under the Minnesota Franchise Act.

3. The following statement is added at the end of Section 9:

Minnesota law provides the Franchisee with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14 Subd. 3, 4 and 5 require, except in certain specified cases, that the Developer be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of this Agreement.

4. The last sentence of Section 13.4 is deleted, with the following statement inserted in its place:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit the Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the Developer’s disclosure document or agreements can abrogate or reduce any of the Developer’s rights as provided for in Minnesota Statutes, Chapter 80C, or the Developer’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

5. The following statement is added to the end of Section 23:

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

6. Any capitalized terms that are not defined in this Rider shall have the meaning given them in the Development Agreement. Except as expressly modified by this Rider, the Development Agreement remains unmodified and in full force and effect.

7. This Rider may be executed in multiple counterparts, each of which when executed and delivered shall be deemed an original and all of which together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page of this Rider by electronic transmission (including

an electronic signature platform or the transmission of a scanned PDF document) shall be as effective as delivery of a manually executed counterpart of this Rider.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Minnesota Rider concurrently with the execution of the Development Agreement on the day and year first above written.

FRANCHISOR:
TRUE NORTH RESTORATION
FRANCHISING LLC

DEVELOPER:

(if an individual)

By: _____
Name: _____
Title: _____

(Print Name)

Individually

OR:

(if an entity)

Entity Name

By: _____
Name: _____
Title: _____

EXHIBIT H
RENEWAL AMENDMENT

**AMENDMENT TO
TRUE NORTH RESTORATION FRANCHISE AGREEMENT
(RENEWAL)**

TRUE NORTH RESTORATION FRANCHISING LLC (“**Franchisor**”) and _____ (“**Franchisee**”) entered into a certain Franchise Agreement (“**Agreement**”) on _____, 20__, and desire to supplement and amend certain terms and conditions of such Agreement by this Amendment (“**Amendment**”). The parties therefore agree as follows:

1. **Initial Franchise Fee.** Section 4.1 is deleted in its entirety.
2. **Approval of Business Location.** Section 5.1 is deleted in its entirety.
3. **Business Upgrades.** Sections 5.3, 5.4, 5.5, 5.6 and 5.7 are amended to include the following:

Within _____ (__) days of the date of this Amendment, Franchisee agrees to upgrade and remodel the TRUE NORTH Business and its operations as described on Exhibit A to this Amendment.

4. **Commencement of Operations.** Section 5.8 is deleted in its entirety.
5. **Initial Training.** Section 6.1 is deleted in its entirety.
6. **Franchisor’s Development Assistance.** Section 7.1 is deleted in its entirety.
7. **Release.** Franchisee, for itself and its affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, heirs and personal representatives (“**Franchisee Affiliates**”), hereby fully and forever unconditionally releases and discharges Franchisor and its affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to as “**Franchisor Affiliates**”) from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever (“**Released Claims**”), in law or in equity, whether known or unknown, which Franchisee or Franchisee Affiliates may now have against Franchisor or Franchisor Affiliates or which may hereafter be discovered. Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to: (i) any relationship or transaction with Franchisor or Franchisor Affiliates, (ii) the Franchise Agreement or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of this Amendment.

In addition, to the extent California or South Dakota law applies to this release, the Franchisee, on behalf of itself and Franchisee Affiliates, agrees as follows:

- (a) **Release of Unknown Claims and Waiver of California Law.** Franchisee and Franchisee Affiliates acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the release, such as Section 1542 of the Civil Code of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected his or her settlement with the debtor.”

(b) Release of Unknown Claims and Waiver of South Dakota Law. Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the release, such as South Dakota Codified Laws § 20-7-11, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

8. Successor Franchise Fee. Franchisor acknowledges receipt of \$5,000 from Franchisee in payment of the successor franchise fee.

9. Effectiveness of Agreement. The terms and conditions of this Amendment are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof.

[Signature page follows.]

Fully executed this ____ day of _____, 20__.

FRANCHISOR:
TRUE NORTH RESTORATION
FRANCHISING LLC

FRANCHISEE:

(if an individual)

By: _____

(Print Name)

Name: _____

Title: _____

Individually

Effective Date: _____

Date: _____

Notice Address:

OR:

Email: _____

(if an entity)

Entity Name

By: _____

Name: _____

Title: _____

Date: _____

Notice Address:

Email: _____

EXHIBIT A

BUSINESS UPGRADES

1.

2.

3.

EXHIBIT I

CONVERSION ADDENDUM TO FRANCHISE AGREEMENT

**ADDENDUM TO
TRUE NORTH RESTORATION FRANCHISE AGREEMENT
(CONVERSION OF COMPETING BUSINESS)**

TRUE NORTH RESTORATION FRANCHISING LLC (“**Franchisor**”) and _____ (“**Franchisee**”) entered into a certain Franchise Agreement (“**Agreement**”) on _____, 20__, and desire to supplement and amend certain terms and conditions of such Agreement by this Addendum (“**Addendum**”). The parties therefore agree as follows:

1. **Approval of Business Location.** Section 5.1 is deleted in its entirety.
2. **Approval of Lease.** Section 5.2 is deleted in its entirety.
3. **Business Upgrades.** Sections 5.3, 5.4, 5.5, 5.6, 5.7 and 5.9 are amended to include the following:

Within sixty (60) days of the date of this Addendum, Franchisee agrees to purchase and begin using TRUE NORTH business cards, uniforms, and reroute its website to the TRUE NORTH designated website. Within one hundred twenty (120) days of the date of this Addendum, Franchisee agrees to purchase and install signage, re-brand vehicles and upgrade the remaining aspects of its existing restoration business and convert it to a TRUE NORTH Business as described on Exhibit A to this Addendum.

4. **Commencement of Operations.** Section 5.8 is deleted in its entirety.
5. **Initial Training.** Section 6.1 is deleted in its entirety. Franchisee can send its employees to the initial training program at Franchisee’s cost for tuition and living expenses.
6. **Effectiveness of Agreement.** The terms and conditions of this Addendum are in addition to or in explanation of the existing terms and conditions of the Agreement and shall prevail over and supersede any inconsistent terms and conditions thereof.

[Signature page follows]

Fully executed this ____ day of _____, 20__.

FRANSHISOR:
TRUE NORTH RESTORATION
FRANCHISING LLC

FRANCHISEE:

(if an individual)

By: _____
Name: _____
Title: _____

(Print Name)

Individually

OR:

(if an entity)

Entity Name

By: _____
Name: _____
Title: _____

EXHIBIT A

BUSINESS CONVERSION

1. Within 60 days, Franchisee will have converted the following items to the True North Restoration Marks: Business cards, uniforms, website redirection, and the following:

2. Within 120 days, Franchisee will have purchased and installed new signs on its office and warehouse, and on its vehicles. In addition, Franchisee will have purchased the following items: _____

EXHIBIT J
GENERAL RELEASE

GENERAL RELEASE

THIS GENERAL RELEASE (“Release”) is made effective as of the ____ day of _____, 20____ by _____ (“Franchisee”) in favor of True North Restoration Franchising LLC, a Colorado limited liability company (“Franchisor”) (collectively referred to as “Parties”).

A. The Parties have entered into that certain Franchise Agreement dated _____ (“Franchise Agreement”) which governs the development and operation of a franchised True North Restoration business (“Business”) (to the extent not otherwise defined herein, all initial-capitalized references shall have the same meaning as set forth in the Franchise Agreement);

B. The Franchisee desires to transfer the Franchise Agreement, the ownership of the Franchisee, or the Business or some or all of the assets of the Business;

OR

B. The Franchisee desires to enter into a successor to the Franchise Agreement;

C. The Franchisor desires to consent to the Franchisee’s request subject to the Franchisee’s compliance with the terms and conditions set forth in the Franchise Agreement including, without limitation, the execution and delivery by the Franchisee to the Franchisor of this Release.

NOW, THEREFORE, in consideration of the foregoing, the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties hereby agree as follows:

1. **Release.** The Franchisee, for itself and its affiliates, and their respective current and former successors, assigns, officers, shareholders, directors, members, managers, agents, heirs and personal representatives (“Franchisee Affiliates”), hereby fully and forever unconditionally releases and discharges the Franchisor and its affiliates, and their respective successors, assigns, agents, representatives, employees, officers, shareholders, directors, members, managers and insurers (collectively referred to as “Franchisor Affiliates”) from any and all claims, demands, obligations, actions, liabilities and damages of every kind and nature whatsoever (“Released Claims”), in law or in equity, whether known or unknown, which the Franchisee or the Franchisee Affiliates may now have against the Franchisor or Franchisor Affiliates or which may hereafter be discovered. Without limiting the foregoing, Released Claims includes, but is not limited to, all claims, demands, obligations, actions, liabilities and damages, known or unknown, in any way arising from or relating to: (i) any relationship or transaction with the Franchisor or Franchisor Affiliates, (ii) the Franchise Agreement or any related agreements, and (iii) the franchise relationship, from the beginning of time until the date of this Release.

[APPLIES ONLY IN CALIFORNIA] 1.(a) Release of Unknown Claims and Waiver of California Law. The Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of California may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of the Release, such as Section 1542 of the Civil Code of the State of California, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release which, if known by him, must have materially affected the settlement with the debtor.”

[APPLIES ONLY IN MARYLAND] 1.(a) This Release shall not apply to any liability incurred under the Maryland Franchise Registration and Disclosure Law.

[APPLIES ONLY IN SOUTH DAKOTA] 1.(a) Release of Unknown Claims and Waiver of South Dakota Law. The Franchisee and the Franchisee Affiliates acknowledge that they are aware and informed that the laws of South Dakota may purport to limit or reduce the effect of a general release with respect to claims not known or suspected by them at the time of execution of this Release, such as South Dakota Codified Laws § 20-7-11, which provides as follows:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.”

[APPLIES ONLY IN WASHINGTON] 1.(a) This Release shall not apply to any liability incurred under the Washington Franchise Investment Protection Act.

2. General.

(a) This Release shall be construed and enforced in accordance with, and governed by, the laws of the State of Colorado.

(b) This Release embodies the entire agreement and understanding between the Parties and supersedes all prior agreements and understandings relating to the subject matter hereof, and this Release may not be modified or amended or any term hereof waived or discharged except in writing signed by the party against whom such amendment, modification, waiver or discharge is sought to be enforced.

(c) Nothing in this Release is intended to disclaim any representations made by the Franchisor in the most recent franchise disclosure document provided by the Franchisor or its representatives to the Franchisee in connection with any successor to the Franchise Agreement.

(d) The headings are for convenience in reference only and shall not limit or otherwise affect the meaning hereof.

(e) This Release may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(f) If any provision of this Release shall be held by a court of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed modified to eliminate the invalid or unenforceable element and, as so modified, such provision shall be deemed a part of this Release as though originally included.

(g) The remaining provisions of this Release shall not be affected by such modification. All provisions of this Release are binding and shall inure to the benefit of the Parties and their respective delegates, successors and assigns.

IN WITNESS WHEREOF, the Parties have caused this Release to be made effective on the day and year first above written.

**TRUE NORTH RESTORATION
FRANCHISING LLC:**

Date: _____

By: _____

Name: _____

Title: _____

FRANCHISEE:

Date: _____

Individually

Date: _____

Individually

AND:

(if a corporation, limited liability company or
partnership)

Company Name

Date: _____

By: _____

Title: _____

EXHIBIT K
STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
Illinois	Pending
Indiana	Pending
Minnesota	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 L

RECEIPTS

RECEIPT

(Keep this copy for your records.)

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If True North Restoration Franchising LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If True North Restoration Franchising LLC does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington D.C. 20580 and the state agency listed on Exhibit A.

The franchisor is True North Restoration Franchising LLC, located at 634 Trade Center Drive, Chesterfield, Missouri 63005, Telephone: (720) 316-6850.

Issuance date: October 8, 2025

The franchise sellers for this offering are our Chief Operating Officer, Raymond Donat, Telephone: (720) 316-6850; Marcia Mead, M Squared Franchise Consulting, Inc., located at 1856 Davin Drive, Atlanta, Georgia 30319, Telephone: (913) 486-5105 and/or Stephanie Ryan, Aldrienne Enterprises, LLC, located at 1210 Winslow Road, N. Chesterfield, Virginia 23235, Telephone: (804) 615-8779.

True North Restoration Franchising LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in the particular state.

I received a Disclosure Document dated October 8, 2025, and effective in the franchise registration states on the dates noted on the page preceding the Receipts, that included the following Exhibits:

- | | |
|--|--|
| A List of State Administrators and Agents for Service of Process | G State Required Addenda |
| B Franchise Agreement | H Renewal Amendment |
| C Development Agreement | I Conversion Addendum to Franchise Agreement |
| D List of Franchisees | J General Release |
| E Financial Statements | K State Effective Dates |
| F Operations Manual Table of Contents | L Receipts |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

RECEIPT
(Return this copy to us)

This Disclosure Document summarizes certain provisions of the franchise agreement and other information in plain language. Read this Disclosure Document and all agreements carefully.

If True North Restoration Franchising LLC offers you a franchise, it must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

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| F Operations Manual Table of Contents | L Receipts |

Date: _____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

You may return the signed receipt either by signing, dating and mailing it to 634 Trade Center Drive, Chesterfield, Missouri 63005, or by emailing a scanned copy of the signed and dated receipt to True North Restoration Franchising LLC at franchise@gotruenorth.com.