



**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISE DISCLOSURE DOCUMENT**

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# FRANCHISE DISCLOSURE DOCUMENT

 <p><b>CITY WIDE</b> FACILITY SOLUTIONS</p>	<p><b>CITY WIDE FRANCHISE COMPANY, INC.</b> a Kansas corporation 15230 W. 105<sup>th</sup> Terrace Lenexa, KS 66219 866-887-4029 913-888-5151 FAX www.gocitywide.com franchisesales@gocitywide.com</p>
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**CITY WIDE FRANCHISE COMPANY, INC.**, (“**CITY WIDE**”) is a franchise system offering commercial janitorial services, commercial janitorial supplies, carpet cleaning, window washing, construction clean-up, blind cleaning, hard surface floor care, pest control, upholstery cleaning, concrete coatings, and other commercial services to a variety of commercial customers, all of which are conducted in the territory in which Franchisee is designated to operate.

The total initial investment necessary to operate a CITY WIDE franchise ranges from \$176,620 to \$372,000. This includes \$114,420 to \$165,500 that must be paid to the franchisor or its affiliate.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, CITY WIDE 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 Jeffrey B. Oddo at 15230 W. 105<sup>th</sup> Terrace, Lenexa, KS 66219, 866-887-4029 ext. 125.

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

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

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

The issue date of this disclosure document is: May 6, 2024

## MICHIGAN

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

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

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

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

(iv) Your or proposed transferee's failure to pay any sums owing to CITY WIDE or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

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

(i) A provision which permits CITY WIDE to directly or indirectly convey, assign, or otherwise transfer CITY WIDE's obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise  
670 Law Building  
Lansing, Michigan 48913  
Telephone Number: (517) 373-7117

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

## What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

### Some States Require Registration

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

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

## Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by arbitration and/or litigation only in Kansas. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in Kansas than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.
3. **Sales Performance Required.** 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.
4. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk of your franchise fails.

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

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

As used in this Disclosure Document, “CITY WIDE” or “Franchisor” refers to CITY WIDE Franchise Company, Inc. “You” refers to Franchisee, which may be a corporation, partnership, limited liability company, or individual owner.

**The Franchisor**

The home office of CITY WIDE is 15230 W. 105<sup>th</sup> Terrace, Lenexa, KS 66219. The registered agent for CITY WIDE for service of process in the State of Kansas is: Mr. Jeffrey B. Oddo, 15230 W. 105<sup>th</sup> Terrace, Lenexa, KS 66219. **Exhibit E** lists CITY WIDE's registered agents in other states. CITY WIDE is a Kansas corporation incorporated on May 22, 2001. There are no predecessors to this business, nor parent companies of CITY WIDE requiring disclosure in this Disclosure Document. CITY WIDE does not do business under any other name.

CITY WIDE sells franchises to franchisees who will develop and operate a business which provides commercial facility maintenance services including, but not limited to, commercial janitorial services and the distribution of commercial janitorial supplies within the franchisee’s Designated Territory (as defined below). CITY WIDE does not operate any other businesses.

CITY WIDE currently owns and operates one business in Kansas of the type to be operated by you. Also, CITY WIDE’s principals have been involved in the operation of a business of a type to be operated by you that has been in continual operation since 1961, known as CITY WIDE Maintenance Company, Inc., in the greater Kansas City metropolitan area. CITY WIDE’s principals also have an ownership interest in three CITY WIDE franchises in California, Minnesota and Virginia.

CITY WIDE has never offered franchises in any other line of business, and has been offering franchises for the same type of business to be operated by Franchisee since July 1, 2001.

**Parents**

CITY WIDE does not have a parent company.

**Affiliates**

For purposes of this Disclosure Document, an “**Affiliate**” means a person (other than a natural person) controlled by, controlling or under common control with CITY WIDE, which is offering franchises in any line of business or is providing products or services to the franchisees of CITY WIDE. The following Affiliates may provide products or services to you, all of which are located at 15230 W. 105<sup>th</sup> Terrace, Lenexa, KS 66219:

**City Wide Franchise Holding Company, Inc.**, a Kansas corporation, incorporated on January 12, 2021, and owns the trademarks, trade names, service marks and logos, as well as copyright materials and other intellectual property which is licensed to CITY WIDE and CITY WIDE's franchisees.

**City Wide Maintenance Company, Inc.**, a Missouri corporation, incorporated on March 1, 1965, engaged in commercial cleaning and janitorial services in the greater Kansas City Metropolitan area since 1961.

**City Wide Window Washing Company, Inc.**, a Kansas corporation incorporated on July 15, 1987, engaged in commercial window washing and cleaning and other window services in the greater Kansas City Metropolitan Area since May 1987. This corporation's name was changed in April 2001 from City Wide Window Cleaning, Inc. The Corporation was originally incorporated in December 1968 and was dissolved in January 1976, and re-incorporated in 1987.

**BASYS Processing, Inc.**, incorporated in the state of Kansas in April 2002, is engaged in the Kansas City area as a credit card processing company.

**Areté Facility Maintenance, LLC**, a Kansas limited liability company formed on October 26, 2016, which provides services to national clients in geographical areas where there are currently no CITY WIDE franchised businesses located or when a CITY WIDE franchised business refuses or is unable to provide such services.

**City Wide Franchise Company of Canada, Inc.**, formed on October 1, 2018 under the British Columbia Business Corporations Act, which sells CITY WIDE franchises in Canada.

**GO Arété Facility Solutions of Canada, Inc.**, incorporated under the Business Corporations Act on October 5, 2020, provides services to national clients throughout Canada in geographical areas where there are currently no CITY WIDE franchised businesses located or when a CITY WIDE franchised business refuses or is unable to provide such services.

Other than City Wide Franchise Company of Canada, Inc., none of the Affiliates has franchised any business in any other line of business, nor conducted a business of the type to be operated by the franchisee, except as set forth herein.

### **Description of Franchise**

CITY WIDE grants you the right to operate one CITY WIDE franchise according to specifications, standards, and marketing techniques CITY WIDE developed ("**Franchised Business**"), under a franchise agreement ("**Franchise Agreement**") attached to this Disclosure Document as **Exhibit B**.

The franchise operates under a system of methods, procedures, promotional and marketing methods, and other unique operating methods ("**System**"). The franchise will operate under the marks "CITY WIDE" and "CITY WIDE MAINTENANCE" and associated marks and trademarks that CITY WIDE designates as part of the System ("**Marks**"). Franchisees are offered the right to operate in a protected territory ("**Designated Territory**").

### **Market Competition**

The market which you will serve is located in commercial and government office buildings, retail stores and other commercial buildings within your Designated Territory. As of the date of this Disclosure Document, the market for commercial janitorial services, carpet cleaning, window washing, and maintenance services for commercial and retail buildings is highly competitive. You will be competing with independent janitorial and maintenance services offering similar services. Some of these competitors will be independently owned and operated, while others will be like franchise operations. You will also face normal business risks that could have an adverse effect on your Franchised Business. These include industry developments, such as pricing policies of competitors, and supply and demand. Another risk factor is CITY WIDE's dependence on key personnel, the loss of whom could have an adverse effect on CITY WIDE. CITY WIDE's ability to fulfill CITY WIDE's obligations under the Franchise Agreement depends

in part on CITY WIDE's present and future financial condition. Litigation risks also exist, which may not be foreseeable.

### **Regulations**

You must comply with all local, state and federal laws and regulations in operating your Franchised Business. CITY WIDE is not aware of any special laws covering the commercial janitorial business, but every municipal body or state may have local laws governing the right to do business in their locale. Certain services that your Franchised Business will provide are governed by state and local licensing laws. For example, the state in which you will operate your CITY WIDE franchise may require you to obtain a general contractor's license. You must obtain all such licenses before opening your business and performing such services, and you agree to maintain all such licenses at all times during the term and any successor term of the Franchise Agreement.

## **ITEM 2 BUSINESS EXPERIENCE**

### **Founder: Frank Oddo**

Mr. Oddo is the Founder and former CEO of City Wide Maintenance Company, Inc., of Lenexa, Kansas, since its incorporation on March 1, 1965. Mr. Oddo now serves on each of the boards of directors of the various Affiliates set forth in ITEM 1.

### **Founder and CEO: Jeffrey B. Oddo**

Mr. Oddo is the Founder and has been the CEO of City Wide Franchise Company, Inc. since its incorporation on May 22, 2001. Mr. Oddo also serves as an officer and director on each of the boards of directors of the various Affiliates outlined in ITEM 1. Since February 2020, he has been a member of CW Silicon Valley LLC, which operates a franchise known as City Wide Facility Solutions of Silicon Valley, located in Belmont, CA. He has been President of CWF Acquisition Corporation, which operates a franchise known as City Wide Facility Solutions of Minnesota, located in Burnsville, MN since March 1, 2021, as well as President of CW Northern Virginia, LLC, which operates a franchise known as City Wide Facility Solutions of Northern Virginia, located in Fairfax, Virginia since November 2021. He has been President of CW Nassau, LLC which operates a franchise known as City Wide Facility Solutions of Nassau, located in Bellmore, New York since September 1, 2023 and has been the President of CW San Jose, LLC, which operates a franchise known as City Wide Facility Solutions of San Jose, located in the city of Santa Clara, CA since December 1, 2023.

### **Vice President of Finance / CFO: John Martin**

Mr. Martin has been the Chief Financial Officer of CITY WIDE since March 2022. Prior to this, Mr. Martin was Founder and Managing Member of CEOview LLC, Leawood, KS from June 2020 to February 2022. Prior to this, Mr. Martin was with Clinical Reference Laboratory, Inc., Lenexa, KS from 2014 to 2019, serving as President and CEO from 2015 to 2019 and Executive Vice President in 2014. Mr. Martin has served as a member of the board of directors of Deciphera Pharmaceuticals, Inc. (NASDAQ: DCPH), Waltham MA since 2015.

### **Director of Franchise Development: Adria Hartwig**

Ms. Hartwig has been the Director of Franchise Development of CITY WIDE since October 2023. Prior to this, Ms. Hartwig was the Director of Conversion, Mergers and Acquisitions for RE/MAX in

Lenexa Kansas from June to October of 2023. Prior to that, Ms. Hartwig was the Director of Franchise Development for Anywhere Real Estate, Inc., out of Madison, New Jersey from June 2018 to July 2023.

**Franchise Development Coordinator: Savannah Oddo**

Ms. Oddo has been the Franchise Development Coordinator of CITY WIDE since January 2022. Prior to this, Ms. Oddo was a Registered Nurse at Sarah Cannon Cancer Center in Nashville, TN from 2019 to December 2021. Prior to that, Ms. Oddo worked for Saint Thomas West Hospital in Nashville, TN as a Nurse Extern from 2018-2019. Prior to that, Ms. Oddo attended and graduated college at Belmont University in Nashville, TN from 2017 to 2019.

**Vice President of Operations: Willie Ramirez**

Mr. Ramirez has been the Vice President of Operations of CITY WIDE since June 2020. Prior to this, Mr. Ramirez served as the Director of People and Culture of CITY WIDE from February 2016 to June 2020. Prior to this, Mr. Ramirez was the Vice President of Human Resources & Administration of CARSTAR, of Leawood, Kansas, from March 2008 to December 2015.

**Chief Technology Officer: Travis Sill**

Mr. Sill has been the Chief Technology Officer of CITY WIDE since January 2017. Prior to this, Mr. Sill served as Chief Information Officer of CARSTAR, Inc. of Leawood, Kansas, from October 2014 until November 2015. Prior to that, Mr. Sill had several Technology Leadership roles with H and R Block, Inc. from 2004 to 2014.

**Executive Vice President, Service Delivery and Innovation: Ryan Sklar**

Mr. Sklar has been the Executive Vice President, Service Delivery and Innovation of CITY WIDE since December 2021. Prior to that, Mr. Sklar was the Divisional Vice President of the National Business Division of CITY WIDE since August 2019. Additionally, Mr. Sklar has served as the COO of Arete Facility Management, LLC since August 2019. Prior to this, Mr. Sklar served as Vice President, Client Services of W Services Group, LLC., of Hauppauge, New York from October 2014 through May 2019.

**Director of Field Operations, Service Delivery & Innovation: Melissa Flach**

Ms. Flach has been Director of Field Operations, Service Delivery & Innovation for CITY WIDE since January 2023, prior to that, Ms. Flach was a Franchise Performance Consultant of CITY WIDE from April 2018 through December 2022. Prior to this, Ms. Flach was an Event Coordinator for Great Life Golf of Kansas City, from March 2018 to April 2018. Prior to this, she was a Consultant for Art of the Ask, LLC of Kansas City, from July 2017 to February 2018. Prior to this, Ms. Flach was a Business Coach for The Maids, International of Omaha, Nebraska, from October 2012 to June 2017.

**Vice President – National Business Development: Robert Natale**

Mr. Natale has been Vice President of National Business Development for CITY WIDE since June 2021. Prior to that, Mr. Natale initially served as a consultant and then as Vice President of Operations for NYCO Environmental & Dewatering Company in Islandia, NY from 2018 through 2021. Prior to consulting for NYCO, Mr. Natale was Senior Vice President of Sales for Diversified Maintenance Solutions of Tampa, FL from 2014 through 2018.

**Director of National Business Development: Steve Dennis**

Mr. Dennis has been the Director of National Business Development for CITY WIDE since January 2016. Before that, Mr. Dennis was a Regional Sales Manager for CITY WIDE from May 2012 to December 2015.

**Senior Vice President of Franchise Service and Support: Paul Weybrew**

Mr. Weybrew has been the Senior Vice President of Franchise Service and Support of CITY WIDE since June 2020. Prior to this, Mr. Weybrew had the following positions at CITY WIDE: Vice President of Operations from January 2018 to June 2020; and Franchise Performance Consultant from January 2016 to January 2018.

**Director of Sales: Chad Raborn**

Mr. Raborn has been the Director of Sales of CITY WIDE since September 2023. Before that, Mr. Raborn was a Franchise Business Consultant at CITY WIDE since April 2022. Previously, Mr. Raborn was a Senior Leader for Restoration Hardware from November 2020 to March 2022. Before that, Mr. Raborn served as Operations Manager with Amazon from September 2019 to October 2020 and as General Manager at Basset Furniture from March 2016 to September 2019.

**Director of Sales: Nicole Artzer**

Ms. Artzer has been Director of Sales for CITY WIDE since November 2023. Before that, Ms. Artzer was an Area Sales Manager for Portwest from March 2023 through October 2023. Before that, Ms. Artzer was an Outside Sales Representative for Fire Master Fire Equipment, Inc. from May 2021 through March 2022. Before this, Ms. Artzer was a Territory Sales Manager for Edge PPE from September 2019 through May 2021. Before that, Ms. Artzer was the Regional Sales and Operations Director for Bear Facility Supply from June 2016 through September 2019.

**Franchise Performance Consultant: Mike Panethere**

Mr. Panethere has been a Franchise Performance Consultant of CITY WIDE since August 2017. Prior to this, Mr. Panethere was Chair of Vistage Worldwide in Leawood, Kansas, from October 2014 to August 2017.

**Franchise Performance Consultant: Rhonda Savage**

Ms. Savage has been a Franchise Performance Consultant of CITY WIDE since January 2019. Previously, Ms. Savage was a Franchise Consultant for H&R Block of Kansas City, from June 2005 to January 2019.

**Franchise Performance Consultant: David Learned**

Mr. Learned has been a Franchise Performance Consultant of CITY WIDE since January 2021. Previously, Mr. Learned was a Strategic Operations Manager for Quest Diagnostics, Inc. from January 2001 to December 2020.

**Franchise Business Consultant: Megan Carter**

Ms. Carter has been a Franchise Business Consultant at CITY WIDE since October 2022. Prior to that she was a Franchise Consultant for Scooter’s Coffee, LLC in Overland Park, Kansas from October 2012 to October 2022.

**Franchise Business Consultant: Kenna Giambalvo**

Ms. Giambalvo has been a Franchise Business Consultant of CITY WIDE since July 2023. From May 2022 to June 2023, Ms. Giambalvo was a Director of Franchise Operations at VIO Medical Spa of Medina, Ohio. Prior to that, Ms. Giambalvo was a Director of Franchise Operations for Regis Corporation of Edina Minnesota, from July 2013 to October 2021.

**Franchise Business Consultant: Krista Neal**

Ms. Neal has been a Franchise Business Consultant of CITY WIDE since September 2023. From July 2020 to August 2023, Ms. Neal was a District Sales Manager for Kimball Midwest, in Columbus, Ohio. Prior to that, Ms. Neal was a District Manager for Aramark, in Kansas City, Missouri from September 2015 to January 2020.

**Director Strategic Marketing: Kasey Skala**

Mr. Skala has been the Director of Strategic Marketing at CITY WIDE since January 2022. Prior to this, Mr. Skala was the Director of Marketing for Vytal, from July 2021 to December 2021. Prior to this, he was the Manager, Digital Strategy at Cerner Corporation in Kansas City, Missouri from September 2018 to July 2021. Prior to this, Mr. Skala was the Senior Manager, Brand Marketing & Digital Media at Virgin Mobile, from August 2016 to April 2018.

**Director of People & Culture: Lisa Grego**

Ms. Grego has been the Director of People & Culture with CITY WIDE since July of 2020. Prior to that, Ms. Grego was the Manager of Human Resources for Wabtec Global Services, a global manufacturer for the transportation industry, located in Kansas City, Missouri from 2017 through 2020. Prior to this, she was the Sr. Associate Resources Manager for Q Services LLC, a privately held fiber optics and cloud computing company located in Overland Park, Kansas from 2014 through 2017.

**ITEM 3  
LITIGATION**

*Dauntless Enterprises, Inc. and Kenneth Ayers v. City Wide Franchise Company, Inc.* (United States District Court for the District of Kansas, Case No. 2:23-cv-02273, filed June 16, 2023). Dauntless Enterprises, Inc., a CITY WIDE franchisee (“Dauntless”), and Kenneth Ayers, its owner (“Ayers”), filed this suit against CITY WIDE seeking a preliminary injunction in connection with the expiration of Dauntless’ franchise agreement. Plaintiffs alleged that Dauntless satisfied each of the renewal conditions set forth in the franchise agreement with CITY WIDE and was therefore entitled to a 10-year renewal term of the franchise agreement. CITY WIDE disagreed that Dauntless satisfied all renewal conditions (although CITY WIDE had agreed provide a step-up renewal if Dauntless met certain financial and operational milestones). In their Complaint, plaintiffs alleged breach of contract against CITY WIDE and further sought to enjoin CITY WIDE from: (i) refusing to renew Dauntless’ franchise agreement and (ii) terminating the franchise agreement upon the expiration of the initial 15-year term on June 19, 2023, pending a final ruling

on plaintiffs' claims in arbitration. CITY WIDE opposed plaintiff's motion for preliminary injunction. On or around June 22, 2023, Dauntless and Ayers filed a demand for arbitration alleging breach of contract and breach of the covenant of good faith and fair dealing, seeking to require CITY WIDE to specifically perform the franchise agreement by entering into a new franchise agreement for a 10-year term. The parties settled all claims on July 7, 2023. Under a definitive settlement agreement dated July 28, 2023, the parties extended the initial term of the franchise agreement through December 31, 2026 (the "2026 Calendar Year") and provided Dauntless with the option to obtain a successor term from January 1, 2027, through April 3, 2033, if Dauntless satisfies certain renewal conditions. The renewal conditions vary depending on the amount of Gross Sales that Dauntless will achieve in the 2026 Calendar Year. Pursuant to the settlement agreement, Dauntless also agreed to retain at least four sales executives throughout the term of the franchise agreement, including any successor term. On August 1, 2023, the arbitration and federal court case were both dismissed with prejudice.

Other than the action described above, no litigation is required to be disclosed in this ITEM.

#### **ITEM 4 BANKRUPTCY**

No bankruptcies are required to be disclosed in this ITEM.

#### **ITEM 5 INITIAL FEES**

##### **Initial Fees**

Upon your execution of the Franchise Agreement, you must pay to CITY WIDE the initial franchise fee ("**Initial Franchise Fee**") of \$70,000 for the right to operate one CITY WIDE franchise. The Initial Franchise Fee is imposed uniformly on all franchisees (including franchisees who purchase existing territories). You must also pay an initial training fee ("**Initial Training Fee**") in the amount of \$7,500.

To honor those men and women who have served in the U.S. military, the Veterans Transition Franchise Initiative, known as "VetFran," was developed to help those individuals' transition to civilian life. This initiative is a voluntary effort of International Franchise Association (IFA) member-companies and is designed to encourage franchise ownership by offering financial incentives to honorably discharged veterans. CITY WIDE offers a ten percent (10%) discount of the Initial Franchise Fee for the first Franchised Business to individuals who qualify under VetFran.

In addition to the Initial Franchise Fee and Initial Training Fee, upon your execution of the Franchise Agreement, you must pay to CITY WIDE an initial territory fee ("**Initial Territory Fee**"), which is based upon your Designated Territory's population (as set forth in **Attachment B** to the Franchise Agreement), as set forth in the following chart:

<b>TERRITORY SIZE</b>	<b>INITIAL TERRITORY FEE</b>
Less than 1,000,000 population	\$15,000
1,000,001 to 1,499,999 population	\$30,000
1,500,000 – 1,999,999	\$35,000
2,000,000 and above	\$50,000

All population determinations shall be based upon the latest United States Census information available for the proposed Designated Territory, including any data available at <https://www.census.gov>. The determination of a Designated Territory’s size and the Initial Territory Fee to be paid for such Designated Territory shall be solely in the discretion of CITY WIDE. The Initial Territory Fee is deemed to be fully earned and non-refundable under any circumstances.

A technology provisioning fee (“**Technology Provisioning Fee**”) of \$12,500 is payable to CITY WIDE prior to the opening of the Franchised Business. The Technology Provisioning Fee is payment for the establishment of the CITY WIDE proprietary operating software systems.

CITY WIDE refers to the Initial Franchise Fee, Initial Training Fee, Initial Territory Fee and the Technology Provisioning Fee collectively as “**Initial Fees.**” In CITY WIDE’s most recent fiscal year, the range of Initial Fees CITY WIDE collected was from \$92,500 to \$127,500, due to the size of the franchisees’ respective territories.

**Non-Refundability of Initial Fees**

Upon your execution of the Franchise Agreement, the Initial Franchise Fee and Initial Territory Fee are deemed to be fully earned and non-refundable under any circumstances, except as provided below:

a. If CITY WIDE, in its sole discretion, after evaluating your personal abilities, aptitudes and financial qualifications to be a franchisee, elects within 15 days following the submission of all data to terminate your Franchise Agreement, you will receive a refund of your Initial Fees, less an evaluation fee which will not exceed \$2,500.

b. If you are unable to provide adequate proof of financing or have sufficient assets and in an acceptable form, in CITY WIDE’s sole discretion, within 30 days of the execution of the Franchise Agreement, then upon written notice by either party, CITY WIDE or you may terminate the Franchise Agreement and CITY WIDE will refund the Initial Fees paid to CITY WIDE by you, less the sum of \$2,500 as liquidated damages. (See Section 3.4 of the Franchise Agreement)

c. If you or your designees do not successfully complete the required initial training program or fail to secure an acceptable site for your Franchised Business’s office, as determined by CITY WIDE, in its sole discretion, CITY WIDE may terminate the Franchise Agreement and refund to you your Initial Franchise Fee, less training and other expenses incurred by CITY WIDE, which will not exceed \$10,000.

**ITEM 6  
OTHER FEES**

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Royalty Fee <sup>2</sup>	The greater of 5% of total Gross Sales or the Minimum Royalty Fee, including Gross Sales involving national accounts.	Payable monthly by the 10th day of the next month on the previous month’s Gross Sales.	Payable to CITY WIDE. ACH withdrawals of all fees is required.
Marketing Fund	1% of total Gross Sales, or as set forth in the Operating Manual.	Same as Royalty Fee.	The Marketing Fund is used to pay CITY WIDE’s costs of producing support materials and similar activities for your local advertising and marketing

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
			programs and developing national and regional opportunities through the National Business Development Program.
Local Advertising	\$1,200 per year	When incurred	You must spend at least this amount per year for advertising and promoting the Franchised Business in your local market.
Late Fee	The greater of \$30 or 10% APR of balance due, or highest interest rate allowed by law.	On payment of past due amount.	If you are late in making any two payments of the Royalty Fee or Marketing Fee, CITY WIDE may require you to pay by bank draft or wire transfer. ACH withdrawal is required. Interest begins accruing from the date of underpayment.
Accounting Services Fee	\$1,500 per month for the first twelve months of operations.	Same as Royalty Fee.	Payable via ACH to CITY WIDE. You are required to use Franchisor's financial reporting, bookkeeping and other accounting services for your Franchised Business for the first twelve months after you have completed the initial training program. This amount might be higher if you voluntarily elect additional services. (See ITEM 11).
IT Services Fee	\$120 - \$500 per user per month for the first thirty-six months of operations for ongoing IT desktop services and support. Additional Laptop Hardware will be procured, configured and charged at then Market Rates.	Payable monthly by the 10th day of the next month, commencing with the date Franchise Agreement is fully executed.	Payable via ACH to CITY WIDE. You are required to use Franchisor's IT services for your Franchised Business for the ongoing support once you begin the initial training program for the first thirty-six months from the date of the fully signed Franchise Agreement. This amount might be higher if you voluntarily elect additional services, hardware, software and/or peripherals. (See ITEM 11).
Non-sufficient Funds Fee	\$30 plus interest at the highest rate permitted by applicable state law for each day amount is then past due	When incurred	Payable to CITY WIDE.
Business Development Center	\$3,500 per month (per one 20 hour call block per week) plus bonus and commissions, for the	Same as Royalty Fee.	Payable via ACH to CITY WIDE. You are required to use the Business Development Center for business

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
	first twelve months of operations.		development purposes for your Franchised Business for the first twelve months after you have completed the initial training program (See ITEM 11).
Transfer Fee	The lesser of \$25,000 or 10% of the purchase price.	Due before approved transfer of Franchise.	The Transfer Fee is in addition to any initial fees payable by the transferee under the current form of franchise agreement (including the Initial Fees). No Transfer Fee is assessed for a transfer to your survivor or the transfer of the Franchised Business by you as an individual or partnership to a corporation controlled by you.
Resale Marketing Fee	The greater of \$25,000 or 10% of the purchase price, plus any applicable broker fee payable to a third party.	Upon billing by CITY WIDE.	Payable to CITY WIDE for providing assistance in locating a buyer for the Franchised Business upon your request. This is in lieu of the Transfer Fee. This fee is exclusive of any fee that might be payable to a broker, which payment will be your responsibility.
Audit	Amount of underpayment, plus interest at highest legal rate, not to exceed 10%. If underpayment is 2% or more, you must reimburse CITY WIDE for its audit costs. Audit costs may run as much as \$6,000.	Upon billing by CITY WIDE.	Payable only if audit shows an understatement of at least 2% of Gross Sales for any month.
Successor Fee	50% of the then current Initial Franchise Fee.	At the time of signing the Successor Franchise Agreement.	None
Additional Franchisee In-Person Training or On-site Assistance or Supervision	\$500 per day plus actual expenses.	At time of training.	Payable if you request or require additional training or request on-site assistance or supervision, for yourself or any of your personnel. These charges may vary based upon the actual time spent by CITY WIDE's staff and the duration of the training or assistance provided.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Additional Franchisee Online Training	Up to \$600 per month.	At time of training.	Payable if you request or require additional training for yourself or any of your personnel relating to online training.
CITY WIDE's Operation of Franchised Business	\$500 per day plus actual expenses.	30 days after date of billing.	CITY WIDE may elect to operate the Franchised Business upon your death, incapacity or illness.
Legal Fees and Indemnification	Actual costs of suit, attorneys and accountants' fees incurred by CITY WIDE.	Upon billing by CITY WIDE.	You must hold harmless and indemnify CITY WIDE for damages from the operation of your Franchised Business.
Prospective Supplier Sample Tests	Actual costs of testing, which may exceed \$1,000.	30 days after date of billing.	These costs are only for non-approved suppliers submitted to CITY WIDE for approval.
National Meetings	\$650 national attendance fee, plus the actual costs of travel, food and hotels. If you fail to attend or send an authorized representative (approved by CITY WIDE in advance) without CITY WIDE's consent, you will be charged a non-attendance fee of \$2,000.	Due at the time of meeting.	National Meetings are not expected to occur more than once a year. You are required to attend all National Meetings, or you will incur the non-attendance fee.
Software/ Equipment Update or Replacement	Actual costs of replacement or updates, which may exceed \$2,000.	Due at the time of replacement or update.	<u>See</u> Section 7.31 of the Franchise Agreement
Franchise Advisory Council ("FAC") Expenses	All actual costs incurred by the FAC, which may range from \$300 to \$500 per year/Franchisee.	Due at time of FAC meetings.	Travel meetings of the FAC occur no more than three times a year. The actual travel expenses are divided evenly among all franchisees.
National Technology Development Expense	Expenses and materials involving design, development, testing, and deployment of technology capabilities, which currently are approximately \$1,864 per month. Recurring monthly.	Due at the time of implementation of the program or on a monthly basis as determined by CITY WIDE.	Payable to CITY WIDE. These expenses are not paid as a part of the Marketing Fund ( <u>See</u> ITEM 11).
Predictive Index - Certification	\$750	One time certification fee due at time of selection upon billing of CITY WIDE.	Payable to CITY WIDE if you elect to utilize this service.

Type of Fee <sup>1</sup>	Amount	Due Date	Remarks
Ancillary optional license/subscription fees per user	\$4,500 - \$5,500	Due if selected, upon billing by CITY WIDE	Payable to CITY WIDE for the selected license/subscription which are optional enhancements to your business.
Zen Recruiter Placement	\$5,000 - \$7,000	Due if selected, upon billing by CITY WIDE	Payable to CITY WIDE if you elect to utilize this service.

**NOTES:**

(1) Type of Fee: These fees are uniformly imposed by CITY WIDE and are payable to CITY WIDE. All fees are nonrefundable unless otherwise stated.

(2) Royalty Fee: You are required to pay to CITY WIDE a royalty fee (“**Royalty Fee**”) the greater of 5% of total Gross Sales or the minimum Royalty Fee (“**Minimum Royalty Fee**”). “**Gross Sales**” includes all of the Franchised Business’s revenues invoiced by anyone and in anyway resulting from the conduct and operation of your Franchised Business, or from any business which is derived from or similar to the business activities embodied by the Franchised Business (See Section 3.5 of the Franchise Agreement). You must also pay CITY WIDE as an additional Royalty Fee a sum equal to any excise, sales, or privilege tax that any government or governmental agency levies or imposes on CITY WIDE on account of the Franchise Agreement, or any consideration or fee you pay under this Agreement (but the taxes contemplated by the preceding clause do not include any income or corporate franchise tax imposed on CITY WIDE). The Minimum Royalty Fee is determined as follows:

**Minimum Royalty Fee Chart  
(Over 1,000,000 population in Designated Territory) \***

Months in Operation	Minimum Royalty Fee
1-6 months	No Minimum Royalty Fee
7-9 months	\$1,000/mo.
10-12 months	\$1,400/mo.
13-15 months	\$1,800/mo.
16-18 months	\$2,250/mo.
19-21 months	\$2,700/mo.
22-24 months	\$3,150/mo.
25 -36 months	\$3,600/mo.
37 and all months thereafter	\$5,000/mo.

\*As designated by CITY WIDE in its sole discretion

**Minimum Royalty Fee Chart  
(Under 1,000,000 population in Designated Territory) \***

Months in Operation	Minimum Royalty
1-6 months	No Minimum Royalty Fee
7-9 months	\$750/mo.
10-12 months	\$1,150/mo.
13-15 months	\$1,550/mo.
16-18 months	\$2,000/mo.
19-21 months	\$2,450/mo.
22-24 months	\$2,900/mo.
25 and all months thereafter	\$3,350/mo.

\*As designated by CITY WIDE in its sole discretion

CITY WIDE will administer a royalty rebate program (“**Royalty Rebate Program**”) through which you may be able to receive a royalty rebate (“**Royalty Rebate**”) in a given calendar year if you exceed certain thresholds in Gross Sales in your Designated Territory and comply with CITY WIDE’s System Standards, as determined by CITY WIDE in its sole discretion (See Section 3.14 of the Franchise Agreement relating to the Royalty Rebate Program).

**ITEM 7  
ESTIMATED INITIAL INVESTMENT  
YOUR ESTIMATED INITIAL INVESTMENT  
FRANCHISE AGREEMENT**

Type of Expenditure <sup>1</sup>	Amount	Method of payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee <sup>2</sup>	\$70,000	Lump Sum	At Signing of Franchise Agreement	CITY WIDE
Initial Training Fee	\$7,500	Lump Sum	At Signing of Franchise Agreement	CITY WIDE
Initial Territory Fee <sup>3</sup>	\$15,000 to \$50,000	Lump Sum	At Signing of Franchise Agreement	CITY WIDE
Technology Provisioning Fee <sup>4</sup>	\$12,500	Lump Sum	At Signing of Franchise Agreement	CITY WIDE
Travel and Living Expenses While Training <sup>5</sup>	\$4,000 to \$10,000	As Incurred	During Training/ Before Opening	Airlines, hotels, Restaurants, Car Rental Companies, and other vendors
Real Estate / Rent Deposit <sup>6</sup>	\$16,000 to \$28,000	As Arranged	Before Opening	Your Landlord
Leasehold Improvements <sup>7</sup>	\$0 to \$5,000	As Arranged	Before Opening	Landlord, Contractors, and Vendors
Signage <sup>8</sup>	\$700 to \$2,500	As Arranged	Before Opening	Approved Suppliers and Vendors

Type of Expenditure <sup>1</sup>	Amount	Method of payment	When Due	To Whom Payment is to be Made
Utility and Security Deposits <sup>9</sup>	\$0 to \$3,000	As Arranged	Before Opening	Landlord and Utility Companies
Furniture, Fixtures, and Equipment <sup>10</sup>	\$2,000 to \$18,000	As Arranged	Before Opening	Approved Suppliers and Vendors
Computer Hardware, Software, Peripherals and Licensing Fees <sup>11</sup>	\$2,000 to \$9,000	As Arranged	Before Opening	CITY WIDE
IT Support Services <sup>12</sup>	\$120 - \$500 per user per month for the first thirty-six months of operations for ongoing IT desktop services and support.	Monthly	At training	CITY WIDE
Accounting Services <sup>13</sup>	\$1,500	Monthly	Upon Opening	CITY WIDE
Business Development Services <sup>14</sup>	\$3,500 to \$10,500	Monthly	Upon Opening	CITY WIDE
Technology Development Fee <sup>15</sup>	\$2,200 to \$3,000	As Arranged	As Incurred	CITY WIDE
Office Supplies and Stationery <sup>16</sup>	\$100 to \$1,000	As Arranged	As Arranged	CITY WIDE
Recruitment Advertising <sup>17</sup>	\$4,500 to \$18,500	As Arranged	As Arranged	Various Providers
Insurance <sup>18</sup>	\$2,500 to \$6,500	Installment/As Arranged	Monthly/As Arranged, A Portion Before Opening	Insurance Company
Payroll Service <sup>19</sup>	\$1,500 to \$5,000	As Arranged	As Incurred	Required Suppliers
Professional Fees and License Fees <sup>20</sup>	\$3,000 to \$10,000	As Arranged	As Incurred	Approved Suppliers, Governmental Agencies, Accountants, Attorneys
Additional Funds <sup>21</sup>	\$21,000 to \$100,000	As Incurred	As Incurred	Various Provider
<b>TOTAL</b>	<b>\$173,620 to \$372,000</b>			

**NOTES:**

(1) Type of Expenditure: All fees are uniformly imposed by and are payable to CITY WIDE, unless otherwise noted. Any interest owed begins to accrue from the date of underpayment. No other fees or payments are to be paid to CITY WIDE, nor does CITY WIDE impose or collect any other fees or payments for any third party. Any fees paid to CITY WIDE are nonrefundable unless otherwise noted. Any fees paid to any third party may be refundable, depending upon the contracts, if any, between a third party and you. CITY WIDE relied on its own experience in the business, and that of CITY WIDE's Affiliates, to compile these estimates. You should review these estimates carefully with a business advisor before making any decisions to purchase the Franchised Business.

(2) Initial Franchise Fee: Upon your execution of the Franchise Agreement, the Initial Franchise Fee is deemed to be fully earned and non-refundable under any circumstances, except as provided in ITEM 5.

(3) Initial Territory Fee: Upon your execution of the Franchise Agreement, the Initial Territory Fee is deemed to be fully earned and non-refundable under any circumstances.

(4) Technology Provisioning Fee: This fee is for us to set you up on our CITY WIDE intranet computer software and customer relationship management software to facilitate communication and collaboration with us and the System.

(5) Travel and Living Expenses While Training: You must participate in CITY WIDE's training programs. You must involve your Manager (as defined in ITEM 15) in all CITY WIDE training programs as stated in ITEM 11 of this Disclosure Document. The fee for the initial training program is covered by the Initial Franchise Fee. However, you must make arrangements for and pay the expenses of any persons attending the training program on your behalf, including transportation, lodging, meals and wages. The amount will depend, in part, on the distance you must travel and the type of accommodation you choose. The estimate is for attendance by two people.

(6) Real Estate/Rent Deposit: Rent expense (sometimes first month's rent required in advance) for the Location (as defined in ITEM 11) will vary based on location and square footage, and other factors. CITY WIDE anticipates that you will need approximately 1,000 to 1,500 square feet of usable floor space, located in a commercial office building. A projected high/low dollar investment as to leasing space in an office building is difficult to determine due to the many variables which must be taken into consideration (i.e., geographic location, square footage, site dimensions, and other relevant factors peculiar to each acquisition).

(7) Leasehold Improvements: The cost of construction and leasehold improvements depends upon the size and condition of the premises, the local cost of contract work and the location of the Franchised Business's office. In some cases, a "turn-key" office is available which can be used without requiring extensive demolition or renovation. In other cases, the space may require extensive renovation, construction of ceilings, walls, plumbing, flooring and lighting before finishes can be installed. The range of figures for the Location set forth above is only for minor additions to standard finish of office space, and does not include the cost of reasonable renovation or leasehold improvements.

(8) Signage. You must acquire interior and exterior signage bearing the Marks as required by CITY WIDE. You must use at least the signage shown on the standard list of signage CITY WIDE requires for every Location. Some franchisees choose to have more than the standard signage quantities. The cost of signage may vary depending on the type, size, and location of the signs, and may also be affected by applicable municipal code and zoning restrictions. You must obtain logo files from CITY WIDE. Any signage must be reviewed and approved by the CITY WIDE marketing department before being produced.

(9) Utility and Security Deposits: You may need to pay a lease deposit (typically the last month's rent) before you can enter the premises. Utility companies may require you to place a deposit and/or pay an installation fee before occupying the premises or installing telephone, gas, electricity and related utility services. These deposits may be refundable under agreements made with the landlord and utility companies.

(10) Furniture, Fixtures and Equipment: The equipment estimate does not include freight or unique design alterations requested by you or as may be necessitated by any unusual configuration of the designated site. The equipment necessary for the operation of a Franchise Office is listed in the confidential

Operating Manual (as defined in ITEM 11). You may purchase or lease approved brands and models from approved suppliers. The cost of the equipment will depend on financing terms available, the size of the Franchise location, brands purchased, and other relevant factors. You are not required to purchase any equipment, fixtures, etc., from CITY WIDE or any specified source. However, all equipment, fixtures, construction, leasehold improvements and interior decor (if applicable) must meet CITY WIDE's standards and specifications and must be approved by CITY WIDE. Local ordinances may result in variances in the type of required equipment, which may affect the total price.

(11) Computer Hardware, Software, Peripherals and Licensing Fees: CITY WIDE will provide you with the hardware, computers meeting all CITY WIDE specifications and requirements, loaded with all required software and related licensing. The range of estimated costs shown is for purchasing the hardware. If you decide to purchase additional equipment or software, your costs will increase accordingly.

(12) Information Technology Support Services: CITY WIDE will provide you with desktop monitoring, troubleshooting assistance, software updates and technology support of your CITY WIDE technology systems (required for the first thirty-six (36) months of operation).

(13) Accounting Services: CITY WIDE will provide you with various financial reporting, bookkeeping, collecting, budgeting and other financial services in support of your CITY WIDE Franchised Business (required for the first twelve (12) months of operation).

(14) Business Development Services: CITY WIDE will provide you with assistance in prospecting and developing clientele, sales data clean-up, social media management and IC recruitment in support of your CITY WIDE Franchised Business (required for the first twelve (12) months of operation).

(15) Technology Development Fees: Technology development fees are incurred for the proprietary software programs required to be used in connection with the Franchised Business as further detailed in the Operating Manual.

(16) Office Supplies and Stationery: A start-up collateral kit will be supplied to you after you complete your initial training. Additional stationery and marketing collateral must be ordered via CITY WIDE's online ordering portal.

(17) Recruitment Advertising: The range of estimated costs includes newspaper and radio advertising for subcontractor and employee recruiting.

(18) Insurance: You must obtain and maintain the required insurance coverage (See ITEM 9). The cost of insurance will vary based on types and limits of insurance purchased, location of the Franchised Business, terms available and other related factors. The estimate provided is for your insurance deposit.

(19) Payroll Services Providers: You are required to select between two payroll providers (ADP or Paychex) for your payroll services. You may not use payroll services from any other provider than those set forth on the list of Required Suppliers provided in the Operating Manual.

(20) Professional Fees and License Fees: This range of estimated costs includes accounting, legal, incorporation, and other professional expenses that you may incur in connection with any review of your Franchise Agreement or the establishment of your Franchised Business. Other fees considered in this category include the costs associated with obtaining business licenses and permits, training costs, and other "soft" costs incurred by you. Professional fees vary dramatically depending on the individual or firm, the market, and the experience of the professionals. You must pay business license fees and other similar fees

before commencing operations of your Franchised Business. Such fees will vary depending upon local or state government requirements.

(21) Additional Funds: This amount of working capital is projected as sufficient to cover operating expenses for three months.

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

### **Franchise Office and Location**

You, CITY WIDE, and CITY WIDE's approved agents will work together to select and secure a Location for your Franchised Business. You must lease a Location that meets CITY WIDE guidelines, subject to CITY WIDE approval (See ITEM 12).

### **Specifications and Standards**

To maintain the high standards of the quality assurance program and ensure compliance with products specifications, we encourage you to purchase, lease, or license any inventory, products, fixtures, furniture, equipment, signs, stationery, supplies, and other items or services necessary to operate the Franchised Business (“**Approved Supplies**”) from manufacturers, suppliers, and distributors previously approved in writing by CITY WIDE (“**Approved Suppliers**”). All items must conform to current CITY WIDE standards. You must comply with CITY WIDE specifications for brands and types of equipment used in operation of the Franchised Business. From time to time, CITY WIDE will provide you with a list of Approved Suppliers authorized for the Franchised Business (“**Approved Suppliers List**”) and a list of Approved Supplies (“**Approved Supplies List**”).

From time to time as set forth in the Operating Manual, CITY WIDE may designate suppliers on the Approved Suppliers List as required suppliers (“**Required Suppliers**”) from whom you must purchase inventory, products, services or other items and services. Currently, on the list of Required Suppliers are two payroll providers from whom you are required to select for your payroll services. You may not use payroll services from any other provider than those set forth in the list of Required Suppliers. We, or our affiliate, is a Required Supplier for each of your Technology Systems (defined below) and for the IT Services (defined below).

The suggested or mandatory specifications, product lines, standards, operating procedures, and rules required for Locations may also appear in the Operating Manual. CITY WIDE may periodically modify the Operating Manual to reflect changes in the specifications, product lines, standards, operating procedures, and rules. Similarly, CITY WIDE may revise the Approved Suppliers List and Approved Supplies List from time to time in its sole discretion. Any changes to or modifications of the System, the Operating Manual, the Approved Suppliers List, Approved Supplies List, or any standard will be promptly communicated to all Franchisees.

We encourage you to use in the operation of your Franchised Business only those providers and products which are approved by CITY WIDE and listed on the Approved Suppliers List, Approved Supplies List, or in the Operating Manual. CITY WIDE will be the sole approved supplier of bookkeeping services for your Franchised Business for the first six months after you have completed the initial training program.

If you propose to use at your Location any equipment or any brand of product which is not currently approved by CITY WIDE, or to purchase any product from a supplier that is not then designated by CITY WIDE as an Approved Supplier on CITY WIDE's Approved Suppliers List, you must first notify CITY

WIDE and must, upon request by CITY WIDE, submit samples or other information as CITY WIDE requires for examination and testing or to otherwise determine whether the proposed supply or supplier meets CITY WIDE's specifications and quality standards. CITY WIDE will not consider franchise owners or their affiliates requesting to become Approved Suppliers. A charge not to exceed the reasonable cost of CITY WIDE's inspection and evaluation, which CITY WIDE generally anticipates to range not to exceed \$250, plus the actual cost of any test will be paid to CITY WIDE by you or the supplier. CITY WIDE will notify you within 45 business days whether it approves or disapproves of the proposed supply or supplier. If CITY WIDE approves the proposed supply or supplier, you will be permitted to purchase that supply or use that supplier in connection with your Franchised Business unless such approval is revoked. CITY WIDE reserves the right at its option, to re-inspect the facilities and products of any supplier of an approved item and to revoke its approval of any item which fails to continue to meet any of CITY WIDE's criteria.

CITY WIDE applies the following general criteria in designating a proposed supplier as an Approved Supplier:

1. Ability to make the product to CITY WIDE quality specifications;
2. Production and delivery capability;
3. All such items must meet CITY WIDE'S Approved Suppliers standards; and
4. Integrity of the supplier.

CITY WIDE currently receives a rebate from multiple suppliers, based upon the dollar amount of purchases made by franchisees.

CITY WIDE may negotiate purchase arrangements for all Franchisees with various suppliers, for the mutual benefit of all Franchisees, which may include price terms. There are no purchasing or distribution cooperatives associated with CITY WIDE.

CITY WIDE does not provide material benefits of any kind to any Franchisees based on a Franchisee's use of designated or approved sources.

Except as stated in this ITEM 8, neither CITY WIDE nor any persons affiliated with CITY WIDE are currently Approved Suppliers of any required goods or services, although CITY WIDE and its Affiliates reserve the right to become Approved Suppliers. CITY WIDE also reserves the right to derive revenues as a result of required purchases or leases by you in accordance with CITY WIDE specifications or from suppliers approved by CITY WIDE. CITY WIDE does not provide you with any benefits based on your use of any particular supplier.

We estimate that 50% to 60% of your purchases and leases of good and services to establish the Franchised Location will be from CITY WIDE or its affiliates.

For the fiscal year which ended December 31, 2023, CITY WIDE received approximately \$4.2 million, which represents approximately 13.0% of CITY WIDE's total revenue of \$32.5 million for the fiscal year which ended December 31, 2023.

### **Bookkeeping and Records**

CITY WIDE owns all business records, accounts, books, data, licenses, reports, and contracts ("**Business Records**") with respect to customers, employees, independent contractors, and other service

professionals of, and related to, the Franchised Business including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and all other records contained in the database, and all other Business Records created and maintained by you. At all times during and after the termination, expiration or cancellation of the Franchise Agreement, CITY WIDE may access such Business Records, and may utilize, transfer, or analyze such Business Records as CITY WIDE determines to be in the best interest of the System, in CITY WIDE's sole discretion. You are required to maintain for not less than three years original, full, and complete Business Records which will accurately reflect all particulars relating to Franchisee's Franchised Business and such other statistical and other information as CITY WIDE may reasonably require.

You will acquire and maintain a license per user for the customized version of the CITY WIDE budgeting platform, CITY WIDE Bid Module, specified business intelligence and reporting software, and operations platform software programs from CITY WIDE only for use in your franchise office. You will subscribe to the CITY WIDE monthly technology development program outlined in ITEM 11. You will use this software to establish and maintain a bookkeeping, accounting and record-keeping system conforming to all CITY WIDE requirements, as may be periodically revised. You will submit periodic reports, forms, and records as specified in writing by CITY WIDE in the Franchise Agreement or the Operating Manual or otherwise. All required reports will be generated by these required software programs. Additionally, you will purchase software programs for use in your franchise office as recommended by CITY WIDE.

Jeffrey Oddo owns an interest in CITY WIDE, an Approved Supplier of marketing materials for CITY WIDE and the sole Approved Supplier of bookkeeping services, accounting services, and IT services for your Franchised Business for the first twelve to thirty-six months after you have completed the initial training program. There are no other Approved Suppliers in which any of CITY WIDE's officers owns an interest.

### **National Business Development Program**

CITY WIDE has established a program focused on attracting and servicing clients that have a regional or national presence ("**National Business Development Program**"). While CITY WIDE has the right to establish and maintain such a program, it has no obligation to do so; CITY WIDE reserves the right to modify or discontinue the National Business Development Business Program at any time upon written notice to you. (See Section 3.6 of the Franchise Agreement). The details of the National Business Development Program are included in the Operating Manual and other written communications from CITY WIDE.

Notably, there are two aspects of the National Business Development Program. CITY WIDE may establish various national accounts ("**National Accounts**") to be serviced by multiple franchisees in different Designated Territories, but not necessarily in all Designated Territories. CITY WIDE has established national accounts with national companies with locations all over the United States with whom CITY WIDE typically negotiates one contract for each personal account ("**National Account Contract**") for the provision of facility maintenance services for all of the national account's locations ("**Top Down Account**"). CITY WIDE also might be designated a preferred vendor by a regional or national account ("**Preferred Vendor Account**").

### **Insurance Requirements**

You must obtain and maintain, at your own expense, the insurance coverages that CITY WIDE periodically requires and satisfy other insurance-related obligations. All insurance policies must name City

Wide Franchise Company, Inc. as an additional insured. The current required insurance types and minimum coverages as further described below and in the Operating Manual, include but are not limited to the following:

**Insurance Types and Minimum Coverages:**

- Comprehensive General Liability \$1,000,000 per occurrence
- Aggregate \$2,000,000 per occurrence
- Hired/Non-Owned Auto Coverage \$1,000,000 per occurrence
- Cyber Insurance \$1,000,000 per occurrence
- Crime/Employee Dishonesty \$100,000 per occurrence
- Employment Practices liability insurance
- Worker’s Compensation Statutory Benefits (must at least satisfy the minimum obligations of the state in which you operate)
- Business Interruption Insurance coverage for actual losses sustained (calculated on an annualized basis with the Support Center, ahead of coverage renewal)

**Recommended (required if client requires it):**

- General Liability Umbrella \$5,000,000 (recommended, required if client requires it)
- Employee Honesty Bond \$50,000 (recommended, required if client requires it)
- Errors and Omissions insurance (recommended)

**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.**

**FRANCHISE AGREEMENT**

<b>Obligation</b>		<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
a.	Site selection and acquisition /lease	Section 6 and Exhibit B	ITEM 12
b.	Pre-opening Purchases/leases	Sections 6, 7, 10, and 17	ITEM 8
c.	Site development and other pre-opening requirements	Sections 4, 6, and 10	ITEM 12
d.	Initial & ongoing training	Sections 4 and 7	ITEM 11
e.	Opening	Sections 4 and 7	ITEM 7
f.	Fees	Sections 3, 10, 11, and 13	ITEM 5
g.	Compliance with standards and policies/Operating Manual	Sections 6, 7, 8, 9, 10, 11, 12 and 18	ITEM 8

<b>Obligation</b>		<b>Section in Franchise Agreement</b>	<b>Disclosure Document Item</b>
h.	Trademarks and proprietary information	Sections 5, 8, and 9	ITEM 13
i.	Restrictions on products/ services offered	Section 7	ITEMS 8 and 16
j.	Warranty and Customer Service Requirements	Section 7	ITEM 8
k.	Territory development and sales quotas	Section 6	ITEM 12
l.	Ongoing product/service purchases	Section 7	ITEM 8
m.	Maintenance, appearance and remodeling requirements	Sections 2, 6, and 7	ITEM 8 & 11
n.	Insurance	Section 17	ITEMS 6 and 8
o.	Advertising	Sections 3.7 and 10	ITEM 11
p.	Indemnification	Section 19	Not Applicable
q.	Owner's participation management/staffing	Sections 7.11 and 12.1	ITEM 15
r.	Records and reports	Section 11	Not Applicable
s.	Inspections and audits	Section 11.7	ITEM 6
t.	Transfer	Section 13	ITEM 17
u.	Renewal	Section 2.2	ITEM 17
v.	Post-termination obligations	Section 15	ITEM 17
w.	Non-competition covenants	Section 12, Non-Compete Agreement, and Attachment F	ITEM 17
x.	Dispute Resolution	Section 27	ITEM 17
y.	Guarantee and Assumption of Obligations	Attachment A	ITEM 15

**ITEM 10  
FINANCING**

CITY WIDE does not offer direct or indirect financing. CITY WIDE does not guarantee your note, lease or obligation.

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

**Except as listed below, CITY WIDE is not required to provide any assistance to you.**

Before you open your business, CITY WIDE will:

1. Provide you with a mandatory initial training program (See Section 4.1 of the Franchise Agreement);

2. Provide you with one copy of (or electronic access to) the confidential Operating Manual for you to use during the term of the Franchise Agreement (See Section 4.5 of the Franchise Agreement); and

3. Provide you with the required CITY WIDE hardware, software, peripherals, and related licenses at or before initial training.

During the operation of your business, CITY WIDE will:

1. Provide you with ongoing assistance and supervision that CITY WIDE considers necessary and appropriate (See Section 4.2 of the Franchise Agreement);

2. Provide specifications for equipment and other components for the Franchised Business (See Section 4.3 of the Franchise Agreement);

3. Provide you with continuing advisory assistance in the operation of the Franchised Business (See Section 4.4 of the Franchise Agreement);

4. Advise you concerning operating problems, new techniques and administrative, bookkeeping, accounting and operating methods disclosed by reports to or inspections made by CITY WIDE (See Section 4.6 of the Franchise Agreement);

5. Provide assistance as CITY WIDE, in its sole discretion, may consider reasonably required, including advice and guidance with respect to new and improved methods of operation or business procedures developed by CITY WIDE, use of the Operating Manual, management material, promotional material, advertising forms, and the Marks (See Section 4.6 of the Franchise Agreement); and

6. Review all promotional and advertising materials you intend to use before you use them (See Section 4.10 of the Franchise Agreement).

**Advertising & Marketing** (See Section 10 of the Franchise Agreement)

CITY WIDE utilizes both digital marketing and physical collateral to disseminate its advertising and marketing materials, in addition to public relations/media outreach, search engine optimization (SEO), and search engine marketing (SEM) to drive awareness and leads. The coverage of advertising is regional and national. CITY WIDE provides pre-approved marketing collateral for your usage. If you chose to produce additional materials for your use, at your own cost, you must consult with CITY WIDE and CITY WIDE must approve the advertising or collateral materials in advance which includes obtaining approval from CITY WIDE to utilize the marks before you produce or distribute anything. CITY WIDE will review and approve or disapprove all promotional and advertising materials prior to franchisee's use and within three business days of CITY WIDE's receipt of such materials. If CITY WIDE does not respond to your request within that time, your proposed materials will be deemed disapproved. From time to time CITY WIDE will provide you with local marketing materials, including without limitation, merchandising materials, sales aids, special promotions, and similar marketing materials, at a price equal to their cost, including allocable overhead, to CITY WIDE plus 10%.

The Marketing Fund ("Fund") is used to fund research and development, placement of media, creation of national and international marketing and advertising materials, promotion and marketing of the franchise system, and development of the National Business Development Program and is funded by the franchisees. The Fund is currently 1% of your total gross sales, or as set forth in the Operating Manual. The business which is operated by CITY WIDE does not contribute to the Fund on the same basis as the

franchisees. The Fund is administered by CITY WIDE accounting and marketing personnel. An annual audited financial statement of the Fund is available to any franchisee upon request. CITY WIDE is not required to spend any amount on advertising in the designated territory where the franchise is located. No advertising expenditures from the Fund will be devoted principally to the sale of new franchises. Any amounts remaining in the Fund at the end of the Fund fiscal year will be carried over to the next succeeding year. The accounting/financial statements for the Fund will be made available every year to you, upon your request by telephone or written correspondence. During CITY WIDE's last fiscal year which ended on December 31, 2023, CITY WIDE spent 81% of the Fund on the National Business Development Program; 17% on general marketing activities and 2% on local sales consulting and coaching. The entire amount was spent on other purposes such as sales staff expense, sales activities, digital marketing, marketing staff, NBD operations and accounting and customer appreciation. None of these funds were spent to solicit new franchise sales.

CITY WIDE has the right to require cooperatives to be formed, dissolved or merged. For example, CITY WIDE may designate a local or regional advertising coverage area in which your Franchised Business and at least one other Franchised Business is located for purposes of developing a cooperative local or regional advertising or promotional program. You will contribute your share to such cooperative advertising and promotional program agreed upon by 50% or more of the Franchised Businesses within the designated dominant market area (“DMA”) as defined by Nielsen Media Research, a company of the Dun & Bradstreet Corporation, or comparable industry designation. The cost of the program will be allocated among each CITY WIDE Franchised Business in such area and each franchisee's share will be in proportion to its Gross Sales during the preceding twelve-month period, or portion of that period. Such payments will be in addition to and exclusive of any other sums you are required to spend on advertising.

Currently, however, CITY WIDE has no franchisee cooperatives, but does have one franchisor-owned outlet. CITY WIDE owned outlets do not have controlling voting power on fees imposed by any franchisee cooperatives formed in the future.

Through funding from the Marketing Fund, CITY WIDE establishes on your behalf directory listings on relevant outlets (e.g., Yelp, Bing Yellow Pages, Better Business Bureau) within your Designated Territory. You are required to notify CITY WIDE if your physical address changes so these listings can be updated; you are responsible for the cost to make changes to already established listings. You can claim the listings established on your behalf. You may also conduct local advertising in form, content, and in media approved by CITY WIDE and to make every reasonable effort to promote and increase the demand for the products and services of your own Franchised Business and of other franchisees under the System, and agree to conduct your local advertising in conformity with the requirements set forth periodically in the Operating Manual.

CITY WIDE will establish a Google My Business (“GMB”) account for each new franchise location. For the protection of its franchise locations, CITY WIDE shall be the designated Owner of all CITY WIDE GMB accounts, both established and new. Each franchisee should have Manager access to their respective GMB account; other Managers can be added at the franchisee's request. Manager access allows the same capabilities within the GMB account as Owner (including editing the listing and managing reviews), with the exception of the ability to delete the listing and add/remove users.

You will not advertise or use in advertising or any other form of promotion the Marks or commercial symbols of CITY WIDE without appropriate registration marks or the designations TM or SM where applicable. You will conform all advertising or promotional uses of the Marks to the guidelines set forth in the Operating Manual and other documentation provided by CITY WIDE.

Under the Franchise Agreement, you must obtain CITY WIDE's prior written consent before you establish a presence on or market your Franchised Business using the Internet. CITY WIDE retains the sole right to market on the Internet, including the use of social media websites (including but not limited to Facebook, LinkedIn, Twitter and YouTube), communication devices (including but not limited to mobile phones), domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. You may be requested to provide content for CITY WIDE's Internet marketing and you must follow CITY WIDE's Internet usage rules, policies, and requirements as contained in the Operating Manual. CITY WIDE retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. You must also use and participate in any Intranet system or other related technology hosting system that CITY WIDE establishes. (See Section 10.7 of the Franchise Agreement)

You will participate actively with the Franchise Advisory Council ("**FAC**") and participate in all FAC programs approved by CITY WIDE. The purposes of the FAC include, but are not limited to, exchanging ideas and problem-solving methods, advising CITY WIDE on expenditures for marketing and advertising development, providing back-up support and staffing for lobbying and community influence, and coordinating System franchisee efforts. You will pay all FAC assessments levied by the FAC. CITY WIDE has the right to enforce this obligation. Amounts and expenditures may vary periodically due to variations in FAC costs as determined by the FAC and as approved by CITY WIDE. A group may be formed by CITY WIDE and franchisees at a time that CITY WIDE deems the formation of a FAC to be appropriate. See also ITEMS 6, 8 and 9.

### **Computer Systems**

You will not need an electronic point-of-sale system in the Franchised Business.

CITY WIDE has designed a certain compilation of computer software (the "**Software**") to install on hardware, such as a laptop, for use in the operation and management of your Franchised Business (such Software and hardware collectively, "**Technology System**"). The Technology System may include components licensed to CITY WIDE or to Franchisee directly by third parties ("**Suppliers**"). You will purchase a from CITY WIDE a Technology System for you and each of your employees. The approximate cost of purchasing the Technology System ranges from \$8,000 to \$24,000 depending on number of employees.

CITY WIDE will also provide you with desktop monitoring, troubleshooting assistance, software updates and other technology-related assistance ("**IT Services**") to support the efficiency of your Technology Systems. You are obligated to retain CITY WIDE for these IT Services for the first thirty-six (36) months of operations, as further set forth in the IT Services Agreement on Attachment M to the Franchise Agreement.

You will be responsible for the costs of all computer hardware upgrades and replacements of all equipment required to operate the Franchised Business.

CITY WIDE will have independent access to the information generated and stored in City Wide Client Management System, hardware and software.

You must also maintain a functioning e-mail address (provided for you by CITY WIDE) for each employee in your business.

## **Operating Manual**

During the term of the Franchise Agreement, CITY WIDE provides you access to its confidential operating manual (“Operating Manual”) containing reasonable and mandatory specifications, standards, operating procedures, and rules prescribed periodically by CITY WIDE for Franchise Operations and information relative to other obligations of you and the operation of your Franchise. You must adhere to all of the terms and conditions in the current Operating Manual. CITY WIDE’s interpretation of the provisions of the current Operating Manual is controlling, and you must abide by CITY WIDE’s interpretations. CITY WIDE will have the right to add to and otherwise modify the Operating Manual periodically to reflect changes in the specifications, standards, operating procedures, and rules required by CITY WIDE for Franchised Businesses, provided no addition or modification will change your fundamental status and rights under the Franchise Agreement or require you to spend unreasonable additional capital investment. (See Section 8 of the Franchise Agreement)

The table of contents of the Operating Manual, as of CITY WIDE’s last fiscal year end, is in **Exhibit F** to this Franchise Disclosure Document. It consists of 271 pages.

Failure to follow the mandatory specifications and standards in the Operating Manual, as amended, may constitute a material breach of the Franchise Agreement. If a material breach is not cured within 30 days of receipt of the written notice from CITY WIDE, CITY WIDE may terminate the Franchise Agreement. (See Section 8 of the Franchise Agreement)

## **Site Selection Procedures** (See Section 6 of the Franchise Agreement)

You must operate the Franchised Business within your Designated Territory (See ITEM 12). You must operate your business from an office. You must submit to CITY WIDE a description of the proposed office site and surrounding areas (“**Location**”). If you are leasing the premises, you must provide CITY WIDE with a copy of the proposed lease and site plan, in which case CITY WIDE has a period of 15 days upon receipt of the proposal to approve or disapprove the proposed Location. If CITY WIDE does not respond to your request within that time, your proposed Location will be deemed disapproved.

CITY WIDE evaluates proposed Locations based upon factors such as population, demographic characteristics, general location, co tenancy, economics, and physical appearance. Even though CITY WIDE may offer assistance, it is your responsibility to secure the premises for the Location of your Franchised Business prior to the Opening Date.

You must secure an acceptable Location prior to commencing any business or promotional activities. If you fail to secure an acceptable Location, CITY WIDE may terminate the Franchise Agreement and refund to you your Initial Franchise Fee, less training and other expenses incurred by CITY WIDE, which will not exceed \$10,000.

CITY WIDE anticipates the time between signing the Franchise Agreement and opening for business is likely to range from 30 to 120 days, depending on various factors like ease of obtaining equipment and licenses. You will commence operation of the Franchised Business not later than 120 calendar days after the execution and acceptance of the Franchise Agreement. (See Section 7 of the Franchise Agreement)

## **Training Programs** (See Section 4.1 of the Franchise Agreement)

At least one week prior to scheduling the initial training program, you must successfully complete an online “CITY WIDE University Training Program.”

Before you begin operating the Franchised Business, you must attend, and complete the mandatory initial training program. You, or a person designated by you (Owner, General Manager, Director of Operations), must complete the mandatory initial training program, to our satisfaction within approximately 10 weeks of signing the Franchise Agreement. All training must be completed to CITY WIDE's satisfaction. If you and your employees do not satisfactorily complete the training program, City Wide may terminate the Franchise Agreement.

### TRAINING PROGRAM

The initial training program consists of the following:

Subject	Hours of Classroom Training <sup>1</sup>	Hours of On-the-Job Training <sup>2</sup>	Location
<b>Owner/GM Guide</b>	8	0	Kansas City Metropolitan Area or virtual
<b>Contract Sales &amp; Bidding</b>	48	0	Kansas City Metropolitan Area or virtual
<b>Operations Quality Control</b>	8	0	Kansas City Metropolitan Area or virtual
<b>Cleaning</b>	8	0	Kansas City Metropolitan Area or virtual
<b>Office Administration</b>	4	0	Kansas City Metropolitan Area or virtual
<b>Accounting and Financial</b>	4	0	Kansas City Metropolitan Area or virtual
<b>Getting Started</b>	4	0	Kansas City Metropolitan Area or virtual
<b>Computers</b>	2	0	Kansas City Metropolitan Area or virtual
<b>Review &amp; Quiz</b>	2	0	Kansas City Metropolitan Area or virtual
<b>Total</b>	88	0	

**NOTES:**

(1) Hours of Classroom Training: The length of time spent on a subject and nature of subjects taught may vary depending upon the individual Franchisee's experience and ability.

(2) Hours of On-the-Job Training: Training may not be necessary for the full fourteen days.

The initial training program will consist of both classroom instruction and on-the-job training. The length of time spent on a subject and nature of subjects taught may vary depending upon the individual Franchisee's experience and ability.

The initial training program is conducted at a designated training facility located in the Kansas City metropolitan area. Any other training deemed necessary by CITY WIDE is usually conducted at your Location before opening and may include up to two weeks of on-the-job training.

The initial training program is conducted by Jeff Oddo and Paul Weybrew, whose relevant histories are set forth in ITEM 2. Other trainers include experts in the subjects in which they are training, with each having experience in excess of ten years. Willie Ramirez, whose history is set forth in ITEM 2, is CITY WIDE's Vice President of Operations and manages all training. CITY WIDE reserves the right to make changes in its training staff as CITY WIDE deems necessary and advisable, without prior notice.

The initial training program consists primarily of hands-on instruction in all major aspects of franchise operations, including financial controls, bookkeeping procedures, control and other operational techniques, maintenance procedures, familiarization with the System, implementation techniques of CITY WIDE's business concept, and maintenance and business standards. The instruction materials include written manuals regarding franchise ownership, operations, positionalized training, and sales.

The course fee for the initial training program is included in the Initial Franchise Fee. CITY WIDE will make training available to additional managers or staff members designated by you, at your expense, as described in ITEM 6 of this Disclosure Document.

CITY WIDE conducts the initial training program approximately five times per year (or more frequently if needed). All training programs will be at times designated by CITY WIDE. For all required additional training courses, seminars and programs, CITY WIDE will provide instructors and training materials. You or your employees will be responsible for any and all other expenses incurred in connection with any courses, seminars and programs, including the costs of transportation, lodging, meals and wages.

Additional training programs will be held in Lenexa, Kansas, will last for no more than five days, and will not occur more frequently than four times per year. CITY WIDE reserves the right to require you to attend additional training if, at any time during your first year of operations, your Franchised Business does not generate enough Gross Sales to pay a Royalty Fee that exceeds the Minimum Royalty Fee.

During both the initial training and any additional training, you must pay the travel, lodging and living expenses during training. For additional training programs, CITY WIDE may also charge a reasonable training fee.

CITY WIDE will also conduct initial on-site start-up assistance at your Location for a period not to exceed 10 working days.

CITY WIDE conducts an annual convention and may periodically conduct additional conferences or training sessions (collectively, "**National Meetings**") and, if CITY WIDE does, CITY WIDE will determine its duration, curriculum and location (which may be virtual). You must attend each annual convention. You will be responsible for any and all other expenses incurred in connection with any such meetings, including the costs of transportation, lodging, meals, and wages. If you do not attend the annual convention, you will be required to pay a \$2,000 non-attendance fee.

### **Equipment, Signs, Fixtures, Opening Inventory and Supplies**

Except as stated hereinabove, in your Franchise Agreement, or in the Operating Manual, you are not required to purchase any equipment, signs, fixtures, opening inventory or supplies from CITY WIDE or any specified source. However, all such items must meet CITY WIDE's standards and specifications and must be approved by CITY WIDE. CITY WIDE will provide these standards and specifications to you but will not deliver or install these items.

### **Insurance**

You must maintain certain types of insurance coverage as outlined in the Franchise Agreement and Operating Manual. If you do not, CITY WIDE may immediately obtain or reinstate those required coverages on your behalf, and you must promptly reimburse CITY WIDE for the costs of obtaining such insurance coverage and any additional costs incurred by it in obtaining your coverage or reinstatement.

## **Accounting Services**

For the first twelve months after you have completed the initial training program, you are required to use CITY WIDE to handle various financial reporting and accounting services for your Franchised Business which may include: (a) the generation of monthly business reports that you believe are necessary to operate your Franchised Business; (b) the preparation of customer invoices to be sent out by your Franchised Business; (c) the preparation of service provider payments to be made by your Franchised Business; (d) accounts receivable entries; and (e) accounts payable entries.

## **Business Development Center**

You must utilize the in-house call center, known as the Business Development Center, for the first twelve months after you complete the initial training program.

## **ITEM 12 TERRITORY**

### **Franchise Agreement**

During the term of the Franchise Agreement, as long as you are not in material breach of the Franchise Agreement, CITY WIDE will grant you the right to operate one Franchised Business in a designated territory (“**Designated Territory**”) (See Section 1.1 and Attachment B to the Franchise Agreement). There is no prescribed minimum area granted to you, as each Designated Territory is based upon various factors including population, density of population, whether the territory is categorized as residential or business, and other factors, including the number and density of office buildings in the proposed Designated Territory.

CITY WIDE will permit you to relocate your Franchised Business to an alternate territory within the same general vicinity (“**Substitute Designated Territory**”), which, in CITY WIDE’s sole discretion, is a suitable location for the operation of the Franchised Business, if in the sole judgment of CITY WIDE, changes in the character of the Designated Territory are sufficiently detrimental to warrant relocation of the Franchised Business to the Substitute Designated Territory. CITY WIDE reserves the right to charge you a reasonable relocation fee as a condition of approval of any Substitute Designated Territory for the Franchised Business. Any such relocation will be at Franchisee’s sole expense and CITY WIDE will have the right to charge Franchisee for any costs incurred by CITY WIDE, and a reasonable fee for its services, in connection with any such relocation of the Franchised Business.

You must establish your office for the Franchised Business (“**Office**”) at a location (“**Location**”) within your Designated Territory prior to the commencement of any business or promotional activities. You may not change the Location without CITY WIDE’s approval. You must give CITY WIDE at least 30 days’ prior written notice of any such change and CITY WIDE shall have 30 days within which to approve such Location and the proposed decor and signage. If CITY WIDE does not approve of such Location, decor or signage within such 30-day period, your request shall be deemed disapproved.

At a minimum, your Office must include telephone service dedicated to the Franchised Business which will be answered by an employee, telephone answering service or voice mail (or combination thereof) and which will take calls from customers or employees 24 hours a day (See Section 6.3 of the Franchise Agreement). CITY WIDE reserves the right, from time to time, to establish additional requirements concerning the establishment and operation of the Office and you are required to promptly comply with such requirements upon receipt of notice from CITY WIDE.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that CITY WIDE or its affiliates own, or from other channels of distribution or competitive brands that CITY WIDE or its affiliates control.

CITY WIDE will not operate or license others to operate a CITY WIDE Franchised Business using the Marks within your Designated Territory unless you do not meet the annual revenue per capita (“**Annual Revenue Per Capita Growth**”) in every year during the term of your Franchise Agreement.

Specifically, you will be required to grow the gross revenues generated by your CITY WIDE Franchised Business to no less than \$0.15 per person per year in your Designated Territory. You must meet this requirement each year, however, CITY WIDE will measure your Annual Revenue Per Capital Growth by calculating the average revenues generated by Franchisee's Franchised Business in the preceding three (3) years of operations. Each year thereafter, CITY WIDE will measure your Annual Revenue Per Capita Growth by calculating the average revenues generated by your CITY WIDE Franchised Business in the immediately preceding three (3) years of operations. If you fail to satisfy the Annual Revenue Per Capita Growth requirement in any thirty-six month period, it will be deemed a material breach of the Franchise Agreement, and CITY WIDE will then have the right to reduce the size of your Designated Territory, grant additional franchises within the Designated Territory or to terminate your Franchise Agreement, however, you will have a period not to exceed one (1) year to cure such breach.

These Annual Revenue Per Capita Growth figures are not financial performance representations for your CITY WIDE Franchised Business. Other than as provided in ITEM 19, CITY WIDE does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a CITY WIDE Franchised Business. If you renew your Franchise Agreement, your Annual Revenue Per Capita Growth must increase by no less than \$0.15 per capita in your Designated Territory during each year of the Successor Term, beginning in the first year of the Successor Term with \$0.15 per capita more than you were required to satisfy during the last year of the Initial Term, unless CITY WIDE’s then-current form of Franchise Agreement specifically requires the satisfaction of different Annual Revenue Per Capita Growth figures.

Furthermore, the license granted to you by CITY WIDE is limited to the right to develop and operate one Franchised Business at the Location located in the Designated Territory, and does not include (i) any right to market or sell products or services identified by the Marks at any location other than the Location, or through any other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce including but not limited to social media websites and mobile communication devices), except by policies stated in the Operating Manual; (ii) any right to sell products or services identified by the Marks to any person or entity for resale or further distribution; or (iii) any right to exclude, control, or impose conditions on CITY WIDE's development of future franchised, company, or Affiliate-owned Franchised Businesses at any time outside of the Territory.

You also acknowledge and agree that CITY WIDE and its Affiliates reserve the right to:

1. Establish and/or license other Franchised Businesses at any location outside of the Designated Territory as CITY WIDE deems appropriate.
2. Establish and license others to establish businesses under other systems using the Marks or other proprietary marks, which businesses may be located within or outside the Designated Territory, provided, however, that, except as specifically provided in the Franchise Agreement, CITY WIDE will not license or establish a business substantially similar to the Franchised Business and using the Marks within your Designated Territory.

3. Sell the services, products, materials and related equipment authorized for your Franchised Business under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and under terms CITY WIDE deems appropriate within and outside your Designated Territory.

4. Advertise and sell the services, products, materials, and related equipment authorized as associated with your Franchised Business under the Marks through dissimilar channels of distribution including, without limitation, by electronic means such as the Internet and websites CITY WIDE establishes and under terms CITY WIDE deems appropriate within and outside your Designated Territory.

5. Advertise the System on the Internet and create, operate, maintain and modify, or discontinue the use of one or more websites using the Marks.

6. Acquire the assets or ownership interest of one or more businesses providing services, products, materials and related equipment like those provided at your Franchised Business, and franchise under a service mark or trademark other than CITY WIDE's Marks, license or grant the right to others to operate those businesses once acquired, regardless of whether these businesses are located or operating within your Designated Territory.

7. Be acquired by a business providing services, products, materials and equipment like those provided at your Franchised Business, even if such business operates, franchises and /or licenses competitive businesses in your Designated Territory.

8. Maintain the National Business Development Program. If you do not participate in the National Business Development Program or are unable to fully service a National Account in your Designated Territory, CITY WIDE, an Affiliate, or a third party CITY WIDE designee (including another CITY WIDE franchisee) may provide the services necessary to fulfill a National Account in your Designated Territory and you will not be entitled to any compensation in connection with that transaction. CITY WIDE currently uses its affiliate, Areté Facility Management, LLC, to provide these services.

9. Engage in any other activities not expressly prohibited in the Franchise Agreement.

In consideration of CITY WIDE's agreement not to grant another CITY WIDE franchise in your Designated Territory, you must at all times use your best efforts to promote and increase the sales and service of the Franchised Business and to affect the widest and best possible distribution, sale and placement, solicitation and servicing of all potential clients for authorized CITY WIDE services throughout the Designated Territory.

You may solicit or accept orders from consumers outside of your Designated Territory, in contiguous areas to the Designated Territory, provided that such order is not within the Designated Territory of another franchisee or company-owned location. If you accept orders outside of your Designated Territory in a contiguous area, and the area subsequently becomes the Designated Territory of another franchisee or company-owned location, those orders will need to be transferred and transitioned to the new owner of that Designated Territory, as agreed to between the parties.

You have no options or rights of first refusal to acquire additional franchises outside the Designated Territory or in any contiguous territory. However, CITY WIDE will favorably consider granting additional territory to Franchisees who meet its qualifications.

**ITEM 13  
TRADEMARKS**

CITY WIDE is the exclusive licensee of CITY WIDE Franchise Holding Company, Inc., of the trade name and service marks “CITY WIDE”, and “CITY WIDE” and Design, the trade dress of the franchise materials, and associated logos and commercial symbols, for use in a commercial cleaning franchise system, throughout the United States, Canada and Mexico. Under the Franchise Agreement, CITY WIDE grants to Franchisee the right, franchise, privilege and license to operate a Franchised Business under the trade name and service mark “CITY WIDE” and “CITY WIDE” and Design, and under any other trade names, trademarks, service marks, logotypes, or other commercial symbols (“**Marks**”) currently authorized for use or that may thereafter be authorized by CITY WIDE for use in connection with the operation of Franchises under the System. Under a license agreement dated January 12, 2021 between CITY WIDE Franchise Holding Company, Inc. and CITY WIDE, CITY WIDE is the sole and exclusive licensee for franchising of the Marks and the sole licensor of all right, title, and interest in the Marks for commercial cleaning franchises. The term of the license agreement is in perpetuity, and the license agreement cannot be modified or terminated except by the mutual agreement of the parties.

CITY WIDE has registered the following Marks with the USPTO on the Principal Register:

Mark	Registration Date	Registration Number	Status
	March 17, 2009	Reg. No. 3,590,034	Registered on the Principal Register
	August 9, 2011	Reg. No. 4,009,441	Registered on the Principal Register
<b>CITY WIDE FACILITY SOLUTIONS</b>	March 16, 2021	Reg. No. 6,292,637	Registered on the Principal Register
	July 19, 2022	Reg. No. 6,791,952	Registered on the Principal Register
	July 19, 2022	6,791,953	Registered on the Principal Register

Mark	Registration Date	Registration Number	Status
	February 21, 2023	6,987,575	Registered on the Principal Register

CITY WIDE has made all required renewal and affidavit filings (if any are due) for these registrations.

You are authorized to use the Marks appearing in both tables above, or other Marks subsequently developed and designated by CITY WIDE, in the operation of your Franchised Business, if you do so following CITY WIDE's standards and specifications.

No state registrations of any of the Marks have been applied for or granted. CITY WIDE's Licensor, CITY WIDE Franchise Holding Company, Inc., as the owner of all rights, title, and interest to the Marks, claims common law rights to the Marks.

CITY WIDE is not aware of any presently effective determinations of the United States Patent and Trademark Office, the trademark administrator of any state, or any court, or of any pending interference, opposition, or cancellation proceeding, or any pending material litigation concerning any of the Marks.

There are no infringing uses known to CITY WIDE that could materially affect your use of the Marks in this state or in any other state in which the Franchised Businesses are to be located. There are no agreements currently in effect that significantly limit the rights of CITY WIDE to use or license the use of the Marks, trade names, logotypes or other commercial symbols in any manner material to the franchise, except as set forth herein.

CITY WIDE may change or modify the System presently identified by the Marks including the adoption and use of new or modified trade names, service marks, trademarks or copyrighted materials, new programs or systems for the franchise system, new product lines, new employee training, new equipment or new techniques and you shall accept, use and display any changes in the System as if they were part of the Franchise Agreement at the time of its execution.

All usage of the Marks by you and any goodwill established thereby will inure to the exclusive benefit of CITY WIDE and its Licensor. You are prohibited from contesting the validity or ownership of any of the Marks or assisting any other person in contesting the validity or ownership of any Marks during the term of the Franchise Agreement or at any time thereafter.

You shall promptly notify CITY WIDE of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation thereof. You shall notify CITY WIDE of any action, claim, or demand against you relating to the Marks, within 10 calendar days after you receive notice of said action, claim, or demand. Upon receipt of timely notice of an action, claim, or demand against you relating to the Marks, CITY WIDE or its Licensor, shall have the sole right to defend any action. CITY WIDE or its Licensor shall have the exclusive right and obligation to contest or bring action against any third party regarding the third party's use of any of the Marks and shall exercise this right in its sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by CITY WIDE or its Licensor, you shall cooperate with CITY WIDE or its Licensor sign any documents and take all actions as may be desirable or necessary in the opinion of CITY WIDE's or Licensor's counsel, to carry out this defense or prosecution.

All parties will make every effort consistent with the foregoing to protect, maintain, and promote the Marks as identifying the System. CITY WIDE makes no representation or warranty, express or implied, as to the use, exclusive ownership, validity, or enforceability of the Marks.

CITY WIDE has no obligation, under the Franchise Agreement or other agreement to indemnify you for damages if you are a party to any administrative or judicial proceeding involving the Marks.

You may not use any of the Marks as part of any corporate or trade name, or in any modified form or in connection with the sale of any unauthorized product or service. You must comply within a reasonable time if CITY WIDE notifies you that the use of any Mark be discontinued or modified.

CITY WIDE or its agents shall, at all reasonable times, and in a reasonable manner, have the right of entry and inspection of your Franchised Business. CITY WIDE shall have the right to observe the manner in which you are rendering services and conducting operations and to inspect equipment, merchandise, accessories, products, supplies, reports, forms, documents, and related data for test of content and evaluation purposes to make certain that your Franchised Business is being operated in accordance with the quality control provisions and performance standards established by CITY WIDE.

In the highly unlikely event that CITY WIDE would lose the right to license the Mark, CITY WIDE would promptly initiate an effort to acquire, and provide the use thereof to you of an appropriate Mark or Marks to replace the “CITY WIDE” Mark, at no additional cost to you, except for stationery and other supplies.

Your use of the trademarks, service marks, or commercial symbols of CITY WIDE in any advertising or in any form of promotion shall conform to the guidelines stated in Section 5 of the Franchise Agreement, Attachment D to the Franchise Agreement, and the Operating Manual, and as that Attachment D to the Franchise Agreement is periodically modified in the Operating Manual.

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

CITY WIDE owns no registered patents that are material to the System. If, in the sole discretion of CITY WIDE, it becomes advisable at any time to acquire additional patents or copyrights, you shall be obligated to use this patent or copyright as prescribed by CITY WIDE.

CITY WIDE claims common law rights and copyright protection for the signage, promotional materials, Operating Manual, training materials, agreements, bid sheet, bid system, and any other documents and materials used in connection with the operation of the System and CITY WIDE facilities and Franchised Businesses.

There are no pending patent applications that are material to the franchise.

#### **Proprietary Information**

You are prohibited from duplication of the CITY WIDE System and shall not disclose or cause to be disclosed any part of the CITY WIDE System or Operating Manual.

Your entire knowledge of the operation of the Franchised Business is derived from information disclosed to you by CITY WIDE and certain information is proprietary, confidential, and a trade secret of CITY WIDE. “**Trade Secret**” includes the Business Records and the whole or any portion of know-how, knowledge, methods, specifications, processes, procedures, and/or improvements regarding the Franchised

Business that is valuable and secret in the sense that it is not generally known to competitors of CITY WIDE. You shall maintain the absolute confidentiality of all trade secret information during and after the term of the franchise and will not use any information in any other business or in any manner not specifically authorized or approved in writing by CITY WIDE. However, your obligation to maintain proprietary information confidential should not include the following exceptions: (i) information as previously known by you before disclosure by CITY WIDE if you identify any information as previously known; (ii) information disclosed to you by a third party, unless the third party is under a duty not to disclose or use the information, or unless the third party is not in rightful possession of any information; or (iii) information generally known in the pertinent trade. Information shall be deemed generally known only if you can establish that the full particulars of the proprietary information in the combination disclosed to you are well known or generally used within the trade or industry.

Exceptions (i) - (iii) above shall only apply if you notify CITY WIDE of the pertinent exception (i) - (iii) within 30 days after disclosure of CITY WIDE to you of any confidential proprietary information.

Proprietary information shall not be deemed to be within the foregoing exceptions merely because this information is embraced by part of or more general information in the public domain or in your possession. In addition, any combination of features shall not be deemed to be within the foregoing exceptions merely because individual features are in the public domain and are in your possession, but only if the combination itself, its principal of operation, knowledge, or know-how are in the public domain or in your possession.

You will divulge confidential information and trade secrets only to those of your employees as they must have access to it in order to operate the Franchised Business. Any and all information, knowledge and know-how, including, specifications and materials concerning commercial janitorial services, commercial janitorial supplies, carpet cleaning, window washing, construction clean-up, blind cleaning, hard surface floor care, pest control, upholstery cleaning, concrete coatings, and other commercial services concepts, and the CITY WIDE System, systems and activities, and other data which CITY WIDE designates as confidential shall be deemed confidential for purposes of the Franchise Agreement.

CITY WIDE is entitled to immediate equitable remedies, including restraining orders and injunctive relief, in order to safeguard the proprietary, confidential, unique, and special information of CITY WIDE. All of your employees having access to the confidential and proprietary information of CITY WIDE shall sign a confidentiality agreement in a form acceptable to CITY WIDE.

CITY WIDE has no obligations under the Franchise Agreement or otherwise to protect any or all rights that you have or may acquire to use a patent, patent application, or copyright which CITY WIDE may have or obtain.

There is no infringing use known to CITY WIDE or its affiliates, which would materially affect your use of proprietary and/or copyrighted materials.

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

If you are an individual or an entity owned by an individual, you must devote your constant personal attention to the day-to-day operation of the Franchised Business. Alternatively, if the Franchised Business is performing in the top twenty-five percent (25%) of the System in terms of Annual Revenue Per Capita Growth or a similar metric, Franchisee may nominate a trained and competent employee acting as full-time manager (“**Manager**”) to run the day-to-day operations of the Franchised Business with Franchisee

providing its best efforts to support the Manager. The Manager must have the necessary experience to operate the Franchised Business in accordance with the System Standards and Operating Manual. The Manager must have at least a 20 percent ownership interest in Franchisee; provided, however, that CITY WIDE may agree to an alternative arrangement (other than direct ownership by the Manager) in exceptional circumstances. The Manager must sign the Guaranty and Assumption of Obligations, the Confidentiality Agreement, and the Non-Compete Agreement, attached hereto as Attachments A, E, and F respectively. CITY WIDE's approval of the Manager may be withdrawn if Franchisee is in default of this Agreement. From time to time, CITY WIDE may modify the criteria outlined herein and establish new criteria as it relates to the appointment of the Manager.

You must comply with CITY WIDE's staffing requirements which are detailed in the Operating Manual. Your failure to comply with these requirements will constitute a material breach of the Franchise Agreement and will permit CITY WIDE to terminate the Franchise Agreement.

Any partner of yours that is a partnership; each shareholder, director, and officer of yours that is a corporation; and each member of a Franchisee that is a limited liability company must sign an agreement guaranteeing Franchisee's obligations under the Franchise Agreement (See Section 12.3 of the Franchise Agreement and **Attachment A** to the Franchise Agreement). Each partner, shareholder, director, officer, or member of a Franchisee and, if applicable, any spouses of each partner, shareholder, director, officer, or member of Franchisee and Manager must sign the Non-Compete Agreement contained in the Franchise Agreement.

See also ITEMS 14 and 17 of this Franchise Disclosure Document.

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

You may sell those services that consist solely of providing commercial janitorial services, commercial janitorial supplies, carpet cleaning, window washing, construction clean-up, blind cleaning, hard surface floor care, pest control, upholstery cleaning, concrete coatings, and other commercial services to a variety of commercial customers typically through the use of independent contractors. You may sell only within your Designated Territory, except as provided herein for solicitation of sales outside of your Designated Territory.

CITY WIDE may change or add additional authorized services or items and there are no limits to CITY WIDE's rights to do so.

See also ITEMS 8, 9 and 12 of this Franchise Disclosure Document.

#### **ITEM 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

##### **THE FRANCHISE RELATIONSHIP**

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

## FRANCHISE AGREEMENT

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 2	10 years.
b. Successor or extension of the term	Section 2	Two (2) additional terms of five (5) years each.
c. Requirements for you to renew or extend	Section 2	Your Successor Franchise right permits you to remain as a franchise after the initial term of your Franchise Agreement expires. If you wish to do so, and you satisfy the pre-conditions to obtaining a Successor Franchise, the Franchisor will offer you the right to obtain an additional term of 5 years. You must be in good standing, including compliance with the Annual Revenue Per Capita Growth and Operating Manual; notify CITY WIDE in writing 12 months before the Franchise Agreement expires that you want a Successor Term; perform all required maintenance, refurbishing, renovating, remodeling, and equipment upgrades at your expense; sign CITY WIDE's then-current form of Franchise Agreement, which may materially differ from the terms of the original Franchise Agreement; pay a Successor fee of 50% of your Initial Franchise Fee; sign a general release of all claims you may have against CITY WIDE; and provide proof to CITY WIDE that you have the right to remain at your Location.
d. Termination by you	Not Applicable	Not Applicable.
e. Termination by Franchisor without cause	Section 14	CITY WIDE cannot terminate without cause.
f. Termination by Franchisor with cause	Section 14	CITY WIDE can terminate only for cause.
g. "Cause" defined – defaults which can be cured	Section 14.2	Failure to operate the Franchised Business or forfeiture of the right to transact business in the jurisdiction containing the Designated Territory; violation of safety or other laws, regulations or ordinances; failure to meet financial obligations or timely submit reports; failure to comply with any provision of the Franchise Agreement, System Standards, or Operating Manual; misuse or impairment of the Marks or Software; copyright infringement; failure to maintain a net worth of \$100,000; default under the Promissory Note; unauthorized assignment; failure to comply with

Provision	Section in Franchise Agreement	Summary
		CITY WIDE requirements regarding Minimum Royalty Fee or Minimum Customer Retention; failure to have two full-time persons selling in the Designated Territory, one of whom may be you during the first 36 months of operating your Franchised Business.
h. "Cause" defined - non-curable defaults	Section 14.1	Specified financial problems; conviction of a crime involving moral turpitude; falsification of books or records; inability to satisfactorily complete training; repeated defaults; failure to operate according to standards in the Operating Manual or the Franchise Agreement; any other franchise agreement between Franchisor and you is terminated; or abandonment.
i. Your obligations on termination/non-renewal	Section 15	You must stop using the Marks; pay any monies you owe under the Agreement; return the Operating Manual and other CITY WIDE materials; change all phone numbers; provide all Business Records to CITY WIDE; upon CITY WIDE's request, assign and resell to CITY WIDE at depreciated market value your interest in any proprietary equipment and items bearing the Marks; if necessary, assign to CITY WIDE or its designee any assumed name or equivalent registration which contains the name "CITY WIDE" or any other Mark; pay to CITY WIDE all damages, costs, and expenses, including reasonable attorneys' fees, incurred by CITY WIDE subsequent to termination or expiration in connection with obtaining injunctive or other relief under the Franchise Agreement; provide all signage to CITY WIDE; and take further action as may be required by the Operating Manual or reasonably requested by CITY WIDE.
j. Assignment of contract by Franchisor	Section 13	No restriction on CITY WIDE's right to assign.
k. "Transfer" by you - definition	Section 13	Includes transfer of contract or assets or change in ownership.
l. Franchisor's approval of transfer by you	Section 13	CITY WIDE has the right to approve all transfers, but will not unreasonably withhold approval.
m. Conditions for Franchisor's approval of transfer	Section 13	You must ask CITYWIDE at least 60 days before to approve a transfer; you must pay a transfer fee equal to the lesser of \$25,000 or 10 percent of the purchase price (or 10 percent of the purchase price if Franchisor provides resale assistance) and pay any applicable third-party broker fee; you must be in compliance with the Franchise Agreement and Operating Manual; transferee must meet CITY

Provision	Section in Franchise Agreement	Summary
		WIDE's standards, agree to make required upgrades, sign the current form of franchise agreement, and pay all required fees (including Initial Fees).
n. Franchisor's right of first refusal to acquire your business	Section 20	If you propose to sell the Franchised Business, its assets or part of the ownership of Franchisee, CITY WIDE will have a right of first refusal for 60 days to purchase for the price, terms and conditions offered to you (except CITY WIDE may substitute cash for payment terms).
o. Franchisor's option to purchase your business	Section 20	When the Agreement terminates or expires, CITY WIDE will have an option, but not an obligation, to purchase from you any assets of the Franchised Business and any materials containing the Marks at the lower of fair market value or your cost; CITY WIDE must notify you within 60 days after the termination or expiration. CITY WIDE shall have up to six months to pay the entirety of the agreed-upon purchase price.
p. Your death or disability	Sections 13 & 21	Survivor or estate may continue to operate if it meets CITY WIDE standards, completes training, and signs an agreement that the survivor or estate agrees to be bound by the Franchise Agreement; Survivor will have up to 60 days to elect to acquire or retain such interest (subject to CITY WIDE's approval). If Survivor does not desire to acquire or retain such interest, then Survivor will thereafter have six (6) months to make a transfer to a transferee acceptable to CITY WIDE, subject to compliance with the transfer restrictions above; provided, however, that the Survivor will, throughout such period, fulfill all duties of Franchisee under this Agreement. The 6 months will be extended by up to 60 days to account for CITY WIDE's right of first refusal under described above. Failure to so dispose of the interest within such time will constitute a material breach of the Franchise Agreement.
q. Non-competition covenants during the term of the franchise	Section 12; Attachment F	You cannot be involved in a competing business.
r. Non-competition covenants after the franchise is terminated or expires	Section 12; Attachment F	You cannot be involved in a competing business in your Designated Territory for 2 years after the Franchise Agreement terminates or expires, within the Standard Metropolitan Statistical Area (SMSA) where the Franchised Business Location is located, or within 150 miles of any other CITY WIDE

<b>Provision</b>	<b>Section in Franchise Agreement</b>	<b>Summary</b>
		location, whether franchised or operated by CITY WIDE or one of its franchisees or affiliates.
S. Modification of the agreement	Section 22	The Franchise Agreement cannot be modified unless both parties have signed the modifications in writing, but Operating Manual may be changed by CITY WIDE. However, if, at any time during the Term, 60% or more of the franchisees then operating within the CITY WIDE System provide their written consent to a written request by CITY WIDE to modify a provision in the Franchise Agreement, you are deemed to have provided your assent to such a modification to the Franchise Agreement.
t. Integration/merger clause	Section 30.7	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to state law). Any representations or promises outside of this disclosure document and Franchise Agreement may not be enforceable. Nothing in any agreement is intended to disclaim the express representations made in this disclosure document, its exhibit, and amendments.
u. Dispute resolution by arbitration or mediation	Section 27	Except for certain matters, you must arbitrate all disputes in Johnson County, Kansas.
v. Choice of forum	Section 27	Must arbitrate or litigate in Johnson County, Kansas (subject to applicable state law).
w. Choice of law	Section 29	Kansas law applies (subject to applicable state law).

**ITEM 18  
PUBLIC FIGURES**

CITY WIDE does not use public figures to promote the business or the franchise system.

**ITEM 19  
FINANCIAL PERFORMANCE REPRESENTATIONS  
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.

Introduction to Table No. 1

The figures below in **Table No. 1** represent the average Gross Sales (“**Average Gross Sales**”) generated by the sale of CITY WIDE services made by the franchisees that satisfied the Average Gross Sales Reporting Criteria (defined below) during the twelve month periods ending December 31, 2022, and December 31, 2023.

**TABLE NO. 1  
AVERAGE GROSS SALES FOR 2022 AND 2023**

	<b>2022 Gross Sales</b>	<b>2023 Gross Sales</b>
High	\$42,025,444	\$33,406,500
Low	\$198,053	\$373,591
Median	\$6,486,127	\$4,963,714
<b>Average</b>	<b>\$8,070,934</b>	<b>\$7,839,821</b>

**Notes to Table No. 1:**

(1) As of December 31, 2022, CITY WIDE had 84 CITY WIDE franchisees operating in the CITY WIDE System. Of the total number of CITY WIDE franchisees operating, 69 CITY WIDE franchisees met all of the following criteria (“**Average 2022 Gross Sales Reporting Criteria**”): each CITY WIDE franchise was operated under a standard Franchise Agreement, had been open and operating for at least one full 12 month period by December 31, 2022 (“**Average 2022 Gross Sales Reporting Period**”), had submitted required Royalty Fee reports, and had operated continuously during the period between January 1, 2022 and December 31, 2022. The results of the remaining one CITY WIDE franchisee did not satisfy one or more of the Average 2022 Gross Sales Reporting Criteria. All 84 CITY WIDE franchisees that satisfied the Average 2022 Gross Sales Reporting Criteria are included in this table.

(2) As of December 31, 2023, CITY WIDE had 93\* CITY WIDE franchisees operating in the CITY WIDE System. Of the total number of CITY WIDE franchisees operating, 85 CITY WIDE franchisees met all of the following criteria (“**Average 2023 Gross Sales Reporting Criteria**”): each CITY WIDE franchise was operated under a standard Franchise Agreement, had been open and operating for at least one full 12 month period by December 31, 2023 (“**Average 2023 Gross Sales Reporting Period**”), had submitted required Royalty Fee reports, and had operated continuously during the period between January 1, 2023 and December 31, 2023. The results of the remaining eight CITY WIDE franchisees did not satisfy one or more of the Average 2023 Gross Sales Reporting Criteria. All CITY WIDE franchisees that satisfied the Average 2023 Gross Sales Reporting Criteria are included in this table.

\* Included in this total of CITY WIDE Franchisees are two franchises that were reacquired by CITY WIDE toward the end of 2023. These two franchises meet both the Average 2023 Gross Sales Reporting Criteria and Average 2023 Gross Sales Reporting Period. For purposes of ITEM 20, these two franchises are reflected as reacquired by the franchisor.

(3) Of the 69 CITY WIDE franchisees who satisfied the Average 2022 Gross Sales Reporting Criteria, 22 met or exceeded the average 2022 Gross Sales figure above of \$8,070,934 in 2022 Gross Sales.

(4) Of the 85 CITY WIDE franchisees who satisfied the Average 2023 Gross Sales Reporting Criteria, 31 met or exceeded the average 2023 Gross Sales figure above of \$7,839,821 in 2023 Gross Sales.

(5) The Average Gross Sales were prepared from the sales records and reports, as generated by our required accounting software, and submitted to us by franchisees, based on prices charged for CITY WIDE services by the managers or owners of each of the CITY WIDE franchisees satisfying the Average 2022 Gross Sales Reporting Criteria or the Average 2023 Gross Sales Reporting Criteria, as applicable.

(6) The Average Gross Sales figures are derived from the aggregate sales of CITY WIDE services, prepared from sales records and reports, as generated by our required accounting software, and submitted to us by the CITY WIDE franchisees satisfying the Average 2022 Gross Sales Reporting Criteria or the Average 2023 Gross Sales Reporting Criteria.

(7) CITY WIDE has written substantiation in our possession to support the information appearing in this ITEM 19. Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request. Franchisees or former franchisees listed in this disclosure document may also be a source of information.

(8) CITY WIDE does not know of an instance, nor does it have reason to believe, that any manager or owner would overstate financial information. However, this information has not been audited, and CITY WIDE has not independently verified any of the franchisee-supplied figures reported in this ITEM 19.

#### Introduction to Table No. 2 through Table No. 5

**Table No. 2, Table No. 3, Table No. 4, and Table No. 5** contain information about the financial performance of the 69 franchised locations that satisfied the Quartile Reporting Criteria during the twelve-month period ending December 31, 2022, and the 85 franchised locations that satisfied the Quartile Reporting Criteria during the twelve-month period ending December 31, 2023. Specifically, the information in the four tables is organized into four quartiles (“**Quartiles**”) which were determined based on the Gross Sales generated by those franchised locations during the respective fiscal year in descending order.

The first quartile is comprised of the 18 franchised locations that generated the most Gross Sales during the 2022 fiscal year and the 22 franchised locations that generated the most Gross Sales during the 2023 fiscal year (“**First Quartile**”); the second quartile is comprised of the next 17 franchised locations for the 2022 fiscal year and the next 21 locations for the 2023 fiscal year (“**Second Quartile**”); the third quartile is comprised of the next 17 franchised locations for the 2022 fiscal year and the next 21 franchised locations for the 2023 fiscal year (“**Third Quartile**”); and the fourth quartile is comprised of the remaining 17 franchised locations for the 2022 fiscal year and the remaining 21 franchised locations for the 2023 fiscal year (“**Fourth Quartile**”).

The figures in **Table No. 2(a), Table No. 3(a), Table No. 4(a), and Table No. 5(a)** represent Monthly Gross Sales generated and Net Royalties paid by franchisees during the first 12 months, 24 months, 36 months, 48 months, and 60 months of operations. The information is broken down by Quartiles as they existed on **December 31, 2023**.

The figures in **Table No. 2(b)(i) and (ii), Table No. 3(b)(i) and (ii), Table No. 4(b)(i) and (ii), and Table No. 5(b)(i) and (ii)** represent Annual Gross Sales experienced by franchisees in each of the four

Quartiles **for the 2022 and 2023 fiscal years** resulting from the sale of CITY WIDE services during the 2023 fiscal year.

The figures in **Table No. 2(c)(i) and (ii), Table No. 3(c)(i) and (ii), Table No. 4(c)(i) and (ii), and Table No. 5(c)(i) and (ii)** represent Independent Labor Costs and Gross Margin as a percentage of Gross Sales experienced by franchisees relating to the sale of CITY WIDE services during the **2022 and 2023 fiscal years**.

**TABLE NO. 2  
FIRST QUARTILE**

**Table No. 2(a)  
Monthly Gross Sales and Net Royalties in Specific Time Frames at December 31, 2023**

Monthly Gross Sales - Specific Time Frames	At the 12th Month	At the 24th Month	At the 36th Month	At the 48th Month	At the 60th Month
High - Monthly Revenue	\$334,339	\$513,714	\$493,722	\$627,556	\$1,085,144
Low – Monthly Revenue	\$86,457	\$165,827	\$214,758	\$265,797	\$350,178
Average Monthly Gross Sales	\$161,965	\$233,618	\$311,078	\$368,152	\$544,164
Number of Locations That Met or Exceeded Average Monthly Gross Sales	11	5	6	7	6
Median Monthly Gross Sales	\$143,227	\$183,038	\$294,504	\$351,363	\$492,922
Average Monthly Net Royalties	\$8,098	\$11,681	\$15,554	\$19,308	\$27,208
Median Monthly Net Royalties	\$7,161	\$9,512	\$14,725	\$17,568	\$24,646
Number of Locations That Met or Exceeded Average Monthly Net Royalties	11	5	6	7	6

**Table No. 2(b)(i)  
2022 Annual Revenue for 18 Locations**

	Annual Revenue
High	\$42,025,444
Low	\$11,210,630
Median	\$13,133,805
Average (met or exceeded by 7 locations, or 39%)	\$17,967,681

**Table No. 2(b)(ii)**

**2023 Annual Revenue for 22 Locations**

	<b>Annual Revenue</b>
High	\$33,406,500
Low	\$9,920,964
Median	\$15,773,158
Average (met or exceeded by 7 locations, or 32%)	\$18,853,194

**Table 2(c)(i)**

**2022 Costs as a Percentage of Annual Revenue for 18 Locations**

	<b>Independent Labor Cost as a Percentage of Total Revenue</b>	<b>Gross Margin as a Percentage of Total Revenue</b>
Average	67.48%	32.5%
Number of Locations That Met or Exceeded Average	9	10
Median	67.59%	33.14%

**Table 2(c)(ii)**

**2023 Costs as a Percentage of Annual Revenue for 22 Locations**

	<b>Independent Labor Cost as a Percentage of Total Revenue</b>	<b>Gross Margin as a Percentage of Total Revenue</b>
Average	66.74%	33.03%
Number of Locations That Met or Exceeded Average	10	15
Median	66.46%	33.68%

**[remainder of page blank]**

**TABLE NO. 3  
SECOND QUARTILE**

**Table 3(a)  
Monthly Gross Sales and Net Royalties in Specific Time Frames at December 31, 2023**

Monthly Gross Sales - Specific Time Frames	At the 12th Month	At the 24th Month	At the 36th Month	At the 48th Month	At the 60th Month
High - Monthly Revenue	\$85,084	\$140,142	\$209,573	\$256,685	\$326,303
Low - Monthly Revenue	\$48,755	\$85,200	\$125,123	\$154,086	\$176,046
Average Monthly Gross Sales	\$61,954	\$110,499	\$165,904	\$208,414	\$245,917
Number of Locations That Met or Exceeded Average Monthly Gross Sales	10	10	7	8	7
Median Monthly Gross Sales	\$56,549	\$114,830	\$161,199	\$208,954	\$239,020
Average Monthly Net Royalties	\$3,098	\$5,525	\$8,295	\$10,421	\$12,296
Number of Locations That Met or Exceeded Average Monthly Net Royalties	10	10	7	8	7
Median Monthly Net Royalties	\$2,827	\$5,742	\$8,060	\$10,448	\$11,951

**Table 3(b)(i)  
2022 Annual Revenue for 17 Locations**

	Annual Revenue
High	\$11,764,006
Low	\$6,486,127
Median	\$7,717,256
Average (met or exceeded by 6 locations, or 35.29%)	\$7,942,530

**Table 3(b)(ii)  
2023 Annual Revenue for 21 Locations**

	Annual Revenue
High	\$9,533,082
Low	\$4,963,714
Median	\$7,348,324
Average (met or exceeded by 10 locations, or 48%)	\$7,460,637

**Table 3(c)(i)**  
**2022 Costs as a Percentage of Annual Revenue for 17 Locations**

	<b>Independent Labor Cost as a Percentage of Total Revenue</b>	<b>Gross Margin as a Percentage of Total Revenue</b>
Average	66.28%	33.23%
Number of Locations That Met or Exceeded Average	8	9
Median	66.13%	33.88%

**Table 3(c)(ii)**  
**2023 Costs as a Percentage of Annual Revenue for 21 Locations**

	<b>Independent Labor Cost as a Percentage of Total Revenue</b>	<b>Gross Margin as a Percentage of Total Revenue</b>
Average	64.62%	35.00%
Number of Locations That Met or Exceeded Average	16	6
Median	66.06%	33.77%

**TABLE NO. 4**  
**THIRD QUARTILE**

**Table 4(a)**  
**Monthly Gross Sales and Net Royalties in Specific Time Frames at December 31, 2023**

Monthly Gross Sales - Specific Time Frames	At the 12th Month	At the 24th Month	At the 36th Month	At the 48th Month	At the 60th Month
High - Monthly Revenue	\$48,122	\$84,330	\$117,686	\$153,432	\$175,231
Low - Monthly Revenue	\$28,711	\$59,782	\$77,760	\$102,680	\$126,576
Average Monthly Gross Sales	\$36,554	\$69,010	\$97,663	\$127,148	\$154,019
Number of Locations That Met or Exceeded Average Monthly Gross Sales	10	6	10	8	7
Median Monthly Gross Sales	\$34,839	\$66,414	\$101,052	\$128,884	\$155,048
Average Monthly Net Royalties	\$1,828	\$3,451	\$4,883	\$6,357	\$7,7701
Number of Locations That Met or Exceeded Average Monthly Net Royalties	10	6	10	8	7
Median Monthly Net Royalties	\$1,742	\$3,321	\$5,053	\$6,444	\$7,752

**Table 4(b)(i)**  
**2022 Annual Revenue for 17 Locations**

	<b>Annual Revenue</b>
High	\$6,413,892
Low	\$2,859,858
Median	\$4,036,065
Average (met or exceeded by 8 locations, or 47%)	\$4,198,868

**Table 4(b)(ii)**  
**2023 Annual Revenue for 21 Locations**

	<b>Annual Revenue</b>
High	\$4,656,964
Low	\$2,010,947
Median	\$3,291,847
Average (met or exceeded by 11 locations, or 52%)	\$3,243,531

**Table 4(c)(i)**  
**2022 Costs as a Percentage of Annual Revenue for 17 Locations**

	<b>Independent Labor Cost as a Percentage of Total Revenue</b>	<b>Gross Margin as a Percentage of Total Revenue</b>
Average	65.09%	34.1%
Number of Locations That Met or Exceeded Average	9	10
Median	66.27%	34.25%

**Table 4(c)(ii)**  
**2023 Costs as a Percentage of Annual Revenue for 21 Locations**

	<b>Independent Labor Cost as a Percentage of Total Revenue</b>	<b>Gross Margin as a Percentage of Total Revenue</b>
Average	63.59%	36.03%
Number of Locations That Met or Exceeded Average	18	2
Median	66.12%	34.07%

**TABLE NO. 5  
FOURTH QUARTILE**

**Table 5(a)**

Monthly Gross Sales and Net Royalties in Specific Time Frames at December 31, 2023

Monthly Gross Sales - Specific Time Frames	At the 12th Month	At the 24th Month	At the 36th Month	At the 48th Month	At the 60th Month
High - Monthly Revenue	\$48,782	\$59,853	\$72,965	\$101,127	\$113,611
Low - Monthly Revenue	\$8,138	\$18,897	\$24,251	\$52,565	\$22,747
Average Monthly Gross Sales	\$21,716	\$37,514	\$55,130	\$74,952	\$83,134
Number of Locations That Met or Exceeded Average Monthly Gross Sales	13	8	11	7	9
Median Monthly Gross Sales	\$22,861	\$34,803	\$56,598	\$71,814	\$83,702
Average Monthly Net Royalties	\$1,086	\$1,876	\$2,756	\$3,748	\$4,157
Number of Locations That Met or Exceeded Average Monthly Net Royalties	13	8	11	7	9
Median Monthly Net Royalties	\$1,143	\$1,740	\$2,830	\$3,591	\$4,185

**Table 5(b)(i)**

**2022 Annual Revenue for 17 Locations**

	Annual Revenue
High	\$2,665,929
Low	\$198,053
Median	\$1,575,012
Average (met or exceeded by 9 locations or 56.25%)	\$1,592,498

**Table 5(b)(ii)**

**2023 Annual Revenue for 21 Locations**

	Annual Revenue
High	\$2,001,011
Low	\$373,591
Median	\$1,432,865
Average (met or exceeded by 11 locations or 52%)	\$1,277,474

**Table 5(c)(i)**  
**2022 Costs as a Percentage of Annual Revenue for 17 Locations**

	<b>Independent Labor Cost as a Percentage of Total Revenue</b>	<b>Gross Margin as a Percentage of Total Revenue</b>
Average	61.58%	33.38%
Number of Locations That Met or Exceeded Average	12	6
Median	66.05%	33.18%

**Table 5(c)(ii)**  
**2023 Costs as a Percentage of Annual Revenue for 21 Locations**

	<b>Independent Labor Cost as a Percentage of Total Revenue</b>	<b>Gross Margin as a Percentage of Total Revenue</b>
Average	66.56%	32.42%
Number of Locations That Met or Exceeded Average	10	10
Median	66.45%	32.38%

**Notes to Table No. 2 through Table No. 5 above:**

(1) As of December 31, 2023, CITY WIDE had 93\* CITY WIDE franchisees operating in the CITY WIDE System (including three franchised outlets owned by CITY WIDE's principals). Of the total number of CITY WIDE franchisees operating, 85 CITY WIDE franchisees met all of the following criteria (“**2023 Quartile Reporting Criteria**”): each CITY WIDE franchise was operated under a standard Franchise Agreement, had been open and operating for at least one full 12-month period by December 31, 2023 (“**2023 Quartile Reporting Period**”), had submitted required Royalty Fee reports, and had operated continuously during the period between January 1, 2023, and December 31, 2023. In addition, during the 2023 Quartile Reporting Period, CITY WIDE had 69 CITY WIDE franchisees that had been operating at least 24 full months, 66 CITY WIDE franchisees that had been operating at least 36 full months, 60 CITY WIDE franchisees that had been operating at least 48 months, and 55 CITY WIDE franchises that had been operating at least 60 months. The results of the remaining CITY WIDE franchisee did not satisfy one or more of the Quartile Reporting Criteria. All CITY WIDE franchisees that satisfied the Quartile Reporting Criteria are included in this table.

\*Included in the figures above are two franchises that were reacquired by CITY WIDE toward the end of 2023.

(2) As of December 31, 2022, CITY WIDE had 84 CITY WIDE franchisees operating in the CITY WIDE System (including three franchised outlets owned by CITY WIDE's principals). Of the total number of CITY WIDE franchisees operating, 69 CITY WIDE franchisees met all of the following criteria (“**2022 Quartile Reporting Criteria**”): each CITY WIDE franchise was operated under a standard Franchise Agreement, had been open and operating for at least one full 12-month period by December 31, 2022 (“**2022 Quartile Reporting Period**”), had submitted required Royalty Fee reports, and had operated continuously during the period between January 1, 2022, and December 31, 2022. In addition, during the 2022 Quartile Reporting Period, CITY WIDE had 66 CITY WIDE franchisees that had been operating at

least 24 full months, 60 CITY WIDE franchisees that had been operating at least 36 full months, 55 CITY WIDE franchisees that had been operating at least 48 months, and 54 CITY WIDE franchises that had been operating at least 60 months. The results of the remaining CITY WIDE franchisee did not satisfy one or more of the Quartile Reporting Criteria. All CITY WIDE franchisees that satisfied the Quartile Reporting Criteria are included in this table.

(3) The Monthly Gross Sales and Monthly Net Royalties were prepared from the sales records and reports, as generated by CITY WIDE's required accounting software, and submitted to CITY WIDE by franchisees, based on prices charged for CITY WIDE services by the managers or owners of each of the CITY WIDE franchisees satisfying the Quartile Reporting Criteria. CITY WIDE does not know of an instance, nor does CITY WIDE have reason to believe, that any manager or owner would overstate his or her sales price or monthly gross sales in his or her report. However, these Monthly Gross Sales and Monthly Net Royalties numbers have not been audited and CITY WIDE has not independently verified any of the figures reported in this chart.

(4) The Monthly Gross Sales and Monthly Net Royalties figures are derived from the aggregate sales of CITY WIDE services and supplies, prepared from sales records and reports, as generated by CITY WIDE required accounting software, and submitted to CITY WIDE by the CITY WIDE franchisees satisfying the Quartile Reporting Criteria. A franchisee's Monthly Gross Sales is likely to be lower in its first year of business.

(5) Independent Labor Cost as a Percentage of Total Annual Revenues is calculated by deducting the cost of independent labor ("**Independent Labor Cost**") incurred on an annual basis from total Annual Revenue where an Independent Contractor, generally under contract, for the performance of such work. Revenue generated by each CITY WIDE franchisee and reported by managers or owners of each of the CITY WIDE franchisees satisfying the Quartile Reporting Criteria. Independent Labor Cost is comprised of all costs and expenses paid by CITY WIDE franchisees that satisfied the Quartile Reporting Criteria to outside vendors who performed services for customers of CITY WIDE franchisees. CITY WIDE does not know of an instance, nor does CITY WIDE have reason to believe, that any manager or owner would overstate or understate his or her Independent Labor Cost in his or her report. However, neither the Annual Revenue associated with Independent Contractors nor the annual Independent Labor Cost figures have been audited and CITY WIDE has not independently verified these average monthly sales or cost numbers.

(6) Gross Margin as a Percentage of Total Annual Revenue is determined by deducting the Independent Labor Cost and additional cost of goods sold, as a Percentage of Total Annual Revenue from Total Annual Revenue reported by managers or owners or each of the CITY WIDE franchises satisfying the Quartile Reporting Criteria.

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**TABLE NO. 6**  
**AFFILIATE-OWNED KANSAS CITY**

	<b>FY 2022</b>	<b>FY 2023</b>
Average Monthly Contract Gross Sales	\$2,540,635	\$2,675,441
Average Monthly Non-Contract Gross Sales	\$1,454,215	\$1,559,052
Annual Gross Sales	\$47,938,208	\$50,813,924
Direct Labor Cost as % of Gross Sales	67.62%	65.75%
Gross Margin as % of Gross Sales	32.31%	31.7%
Operations Expense as % of Gross Sales	7.51%	7.51%
Sales Expense as % of Gross Sales	3.53%	3.86%
General and Administrative Expenses as % of Gross Sales	6.04%	6.07%
<i>Imputed Net Royalty Fee</i>	<i>3.73%</i>	<i>3.69%</i>
<i>Imputed Net Marketing Fee</i>	<i>0.13%</i>	<i>0.15%</i>

**Notes to Table No. 6:**

(1) The information provided above is based on the actual performance of CITY WIDE's Corporate location in the greater Kansas City metropolitan area for the 12-month periods ending December 31, 2022, and December 31, 2023. The information is not based on any CITY WIDE franchised locations. Because the representation relates to the performance of CITY WIDE's Corporate Location, CITY WIDE franchised outlets will share some of the same characteristics, including, degree of competition, services or goods sold, and services supplied by CITY WIDE. As noted above, excluded from this Table No. 6 are the two CITY WIDE franchised locations that were reacquired by CITY WIDE toward the end of 2023. These two franchises are included in the tables above setting forth the performance by CITY WIDE franchised locations and both meet the Average 2023 Gross Sales Reporting Criteria and Average 2023 Gross Sales Reporting Period. For purposes of ITEM 20, these two franchised locations are reflected as reacquired by the franchisor.

(2) The Corporate Location was not subject to the Royalty Fee, Marketing Fee, or any other fees due to CITY WIDE under the Franchise Agreement. However, the Net Royalty Fee and Net Marketing

Fee have been included in this table to account for the differences between a company-owned outlet and an operational franchise outlet.

(3) The Average Monthly Contract Gross Sales is the average monthly gross sales recognized from sales with an annual contract.

(4) The Average Monthly Non-Contract Gross Sales is the average monthly gross sales recognized from one-time services or supply sales.

(5) The Annual Gross Sales is calculated by adding the Monthly Contract Gross Sales and the Monthly Non-Contract Gross Sales generated by the business over the entire year.

(6) The Direct Labor Cost as a Percentage of Gross Sales is the percentage of the gross sales related to the cost of the contractor or employee(s) performing the services.

(7) The Gross Margin as a Percentage of Gross Sales is the percentage of the Annual Gross Sales remaining after deducting the labor and merchandise costs from the Annual Gross Sales.

(8) The Operations Expense as a Percentage of Gross Sales is the percentage of the Annual Gross Sales that is related to the expense of the operations staff managing the various sales.

(9) The Sales Expense as a Percentage of Gross Sales is the percentage of the Annual Gross Sales that is related to the cost of the sales staff that generates the various sales.

(10) The General and Administrative Expenses as a Percentage of Gross Sales is the percentage of the Annual Gross Sales that is related to the general and administrative expenses to run the business, including but not limited to accounting, human resources, information technology, office supplies, and facilities.

(11) You must receive approval from CITY WIDE before selling any product or service other than CITY WIDE's authorized services or products.

(12) Allowances should also be made for legal, accounting, loan interest and other additional costs not reflected in this financial performance representation.

**Some outlets have sold this amount. Your individual results may differ. There is no assurance you'll sell as much.**

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**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

TABLE NO. 1  
Systemwide Outlet Summary  
For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
<b>Franchised</b>	2021	66	67	+1
	2022	67	84	+17
	2023	84	91	+7
<b>Company-Owned*</b>	2021	1	1	0
	2022	1	1	0
	2023	1	3	+2
<b>Total Outlets</b>	<b>2021</b>	<b>67</b>	<b>68</b>	<b>+1</b>
	<b>2022</b>	<b>68</b>	<b>85</b>	<b>+17</b>
	<b>2023</b>	<b>85</b>	<b>94</b>	<b>+9</b>

\* The company-owned location disclosed in this ITEM 20 is the business owned and operated by CITY WIDE's Affiliate, CITY WIDE Maintenance Company, Inc. These charts do not include a single outlet in Canada.

\* The totals in this ITEM 20 of the company-owned location and the franchised locations will differ by two from the totals in ITEM 19. The units located in Nassau, New York and in San Jose, California were reacquired toward the end of 2023. For purposes of ITEM 20, they are reflected as "reacquired by Franchisor". For purposes of ITEM 19, these two units are included in Table 2 through Table No. 5.

TABLE NO. 2  
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
For Years 2021 to 2023

State	Year	Number of Transfers
<b>California</b>	2021	1
	2022	0
	2023	0
<b>Connecticut</b>	2021	0
	2022	0
	2023	1
<b>Georgia</b>	2021	1
	2022	0
	2023	0
<b>Illinois</b>	2021	1

	2022	0
	2023	0
<b>Minnesota</b>	2021	1
	2022	0
	2023	0
<b>Pennsylvania</b>	2021	1
	2022	0
	2023	0
<b>Virginia</b>	2021	1
	2022	0
	2023	0
<b>TOTAL</b>	<b>2021</b>	<b>6</b>
	<b>2022</b>	<b>0</b>
	<b>2023</b>	<b>0</b>

TABLE NO. 3  
Status of Franchised Outlets  
For Years 2021 to 2023

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased-Operations - Other Reasons	Outlets at End of the Year
<b>Alabama</b>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Arkansas</b>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Arizona</b>	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
<b>California</b>	2021	3	0	0	0	0	0	3
	2022	3	6	0	0	0	0	9
	2023	9	3	0	0	1	0	11
<b>Colorado</b>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Connecticut</b>	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>Delaware</b>	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased-Operations - Other Reasons	Outlets at End of the Year
Florida	2021	6	0	0	0	0	0	6
	2022	6	0	0	0	0	0	6
	2023	6	1	0	0	0	0	7
Georgia	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Illinois	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Idaho	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Iowa	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Indiana	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Kansas	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Kentucky	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Louisiana	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Maryland	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Massachusetts	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Michigan	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Minnesota	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased-Operations - Other Reasons	Outlets at End of the Year
Missouri	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nebraska	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Nevada	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Hampshire	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
New Jersey	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
New York	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	1	0	0	1	0	2
North Carolina	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Ohio	2021	3	0	0	0	0	0	3
	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Oklahoma	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Oregon	2021	2	0	0	0	0	0	2
	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
Pennsylvania	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	1	0	0	0	0	5
Rhode Island	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
South Carolina	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased-Operations - Other Reasons	Outlets at End of the Year
Tennessee	2021	3	0	0	0	0	0	3
	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
Texas	2021	4	0	0	0	0	0	4
	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
Utah	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Virginia	2021	2	0	0	0	0	0	2
	2022	2	1	0	0	0	0	3
	2023	3	1	0	0	0	0	4
Washington	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
Wisconsin	2021	1	0	0	0	0	0	1
	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
<b>TOTAL</b>	<b>2021</b>	<b>66</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>67</b>
	<b>2022</b>	<b>67</b>	<b>17</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>84</b>
	<b>2023</b>	<b>84</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>2</b>	<b>0</b>	<b>91</b>

**NOTES**

(1) The numbers in the “Totals” rows may exceed the numbers referenced within the state subtotals due to multiple events occurring in the same year relating to the same outlet. For example, the same outlet may have had multiple owners in the same year.

TABLE NO. 4  
Status of Company-Owned Outlets\*  
For Years 2021 To 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
California	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
Kansas	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
New York	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	1	0	0	1
TOTAL	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	2	0	0	3

\* The company-owned location disclosed in this ITEM 20 is the business owned and operated by CITY WIDE's Affiliate, CITY WIDE Maintenance Company, Inc.

TABLE NO. 5  
Projected Openings as of December 31, 2023\*

State/Country	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets Opening in the Next Fiscal Year	Projected New Company-Owned Outlet in the Next Fiscal Year
Florida	1	1	0
Connecticut	1	1	0
<b>Total</b>	<b>2</b>	<b>2</b>	<b>0</b>

\* **NOTE:** This is a projection of the number of new franchises CITY WIDE expects will open in the next fiscal year. It is, however, only a projection. The chart shows those states which CITY WIDE considers priority states; however, CITY WIDE does not plan to sell franchises in all of those states in the upcoming year. CITY WIDE continues to look for new franchisees throughout the United States and will open locations in any state in which CITY WIDE finds qualified franchisees. Therefore, the actual number of new franchisees in any state that open in the next fiscal year could vary from the number described above.

**Exhibit C** lists the names of all current franchises and the addresses and telephone numbers of their outlets as of December 31, 2023.

**Exhibit D** lists the name, city and state, and the current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during CITY WIDE's most recently completed fiscal year or who has not communicated with CITY WIDE within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, CITY WIDE has not signed any confidentiality clauses with a current or former franchisee, except for the Confidentiality Agreements attached to this Disclosure Document, as **Attachment E** to the Franchise Agreement.

In 2007, CITY WIDE organized, sponsored and endorsed the CITY WIDE FRANCHISE ADVISORY COUNCIL. The address, telephone number, e-mail address and Web address, (to the extent known) of this advisory council is as follows:

City Wide Franchise Advisory Council  
15230 W. 105<sup>th</sup> Terrace  
Lenexa, KS 66219  
913-888-5700

The following independent franchisee organization has asked to be included in this disclosure document. CW Strategic Partners Association, Inc. (“CWA”) is a nonprofit corporation incorporated under Florida law and is formed as an independent franchisee association of City Wide franchisees. The address, telephone number, and email address of CWA is as follows:

CW Strategic Partners Association, Inc.  
8950 9th Street North, Suite 103  
St. Petersburg, FL 33702  
[402-331-1000](tel:402-331-1000)  
[admin@cwstrategic.org](mailto:admin@cwstrategic.org)

## **ITEM 21 FINANCIAL STATEMENTS**

Attached to this Franchise Disclosure Document as **Exhibit A** are the audited financial statements of CITY WIDE for the fiscal years ending on December 31, 2021, December 31, 2022 and December 31, 2023, with the independent auditor’s reports attached.

## **ITEM 22 CONTRACTS**

The following agreements are attached as exhibits to this Franchise Disclosure Document:

- Exhibit B: Form of Franchise Agreement
  - Attachment A: Guaranty and Assumption of Obligations
  - Attachment B: Designated Territory
  - Attachment E: Confidentiality Agreement
  - Attachment F: Non-Compete Agreement
  - Attachment G: Acknowledgement Regarding Ownership
  - Attachment H: ACH Recurring Payment Authorization Form
  - Attachment I: SBA Addendum
  - Attachment J: Successor Addendum
  - Attachment K: Business Development Center Agreement
  - Attachment L: Accounting Services Agreement
  - Attachment M: IT Services Agreement
  
- Exhibit G: State Specific Addenda
- Exhibit H: Form of General Release
- Exhibit J: Statement of Franchisee

## **ITEM 23 RECEIPT**

The last page of this Disclosure Document, **Exhibit J**, is a detachable Receipt to be signed by you, dated, and delivered to CITY WIDE. A copy of the Receipt for your records is also included in **Exhibit J**.



**EXHIBIT A**

**FRANCHISE DISCLOSURE DOCUMENT**

**CITY WIDE FRANCHISE COMPANY, INC.**

**FINANCIAL STATEMENTS**



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# **City Wide Franchise Company, Inc. & Subsidiaries**

## **Independent Auditor's Report and Consolidated Financial Statements**

December 31, 2023, 2022 and 2021

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# City Wide Franchise Company, Inc. & Subsidiaries

December 31, 2023, 2022 and 2021

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## Independent Auditor's Report

Board of Directors  
City Wide Franchise Company, Inc. & Subsidiaries  
Lenexa, Kansas

### ***Opinion***

We have audited the consolidated financial statements of City Wide Franchise Company, Inc. & Subsidiaries ("the Company"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the related consolidated statements of income and comprehensive income, stockholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

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

### ***Emphasis of Matter***

The 2021 consolidated financial statements, before they were restated in 2022 for the matter discussed in *Note 2*, were audited by other auditors, and their report thereon, dated June 27, 2022, expressed an unmodified opinion. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

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

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements that collectively comprise the Company's consolidated financial statements. The consolidating schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements.

The consolidating schedules have not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on it.

**FORVIS, LLP**

Kansas City, Missouri  
March 22, 2024

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Consolidated Balance Sheets**  
**December 31, 2023, 2022 and 2021**

**Assets**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Current Assets</b>			
Cash and cash equivalents	\$ 17,836,030	\$ 20,166,393	\$ 12,104,676
Accounts receivable	4,711,498	4,120,583	3,441,894
Notes receivable, current maturities	143,061	337,830	96,981
Deferred franchise costs, current portion	150,281	146,607	123,747
Prepaid expenses	644,999	628,582	519,047
Inventory	75,493	75,418	67,063
Total current assets	<u>23,561,362</u>	<u>25,475,413</u>	<u>16,353,408</u>
<b>Property and Equipment, net</b>	<u>2,018,516</u>	<u>3,081,584</u>	<u>4,177,503</u>
<b>Right-of-Use Asset - Operating Leases, net</b>	<u>698,572</u>	<u>789,931</u>	<u>-</u>
<b>Other Assets</b>			
Notes receivable, less current maturities	4,133,296	4,158,686	5,036,564
Software subscription	1,522,554	-	-
Deferred franchise costs, net of current portion	724,741	791,318	682,037
Cash surrender value of life insurance	1,142,666	793,187	685,007
Total other assets	<u>7,523,257</u>	<u>5,743,191</u>	<u>6,403,608</u>
Total assets	<u>\$ 33,801,707</u>	<u>\$ 35,090,119</u>	<u>\$ 26,934,519</u>

**Liabilities and Stockholders' Equity**

<b>Current Liabilities</b>			
Accounts payable	\$ 13,026,131	\$ 9,791,091	\$ 6,580,030
Accrued expenses	889,963	776,610	412,853
Current portion of operating lease liabilities	182,963	180,007	-
Deferred franchise revenue, current	692,473	605,215	458,016
Other deferred income	358,640	225,115	3,193
Total current liabilities	<u>15,150,170</u>	<u>11,578,038</u>	<u>7,454,092</u>
<b>Long-Term Liabilities</b>			
Deferred tenant improvements	-	-	826,560
Operating lease liabilities, less current portion	1,164,873	1,347,836	-
Deferred franchise revenue, net of current portion	3,618,971	3,284,052	2,429,783
Deferred compensation	780,228	310,936	191,736
Refundable advance	2,041,208	-	-
Total long-term liabilities	<u>7,605,280</u>	<u>4,942,824</u>	<u>3,448,079</u>
Total liabilities	<u>22,755,450</u>	<u>16,520,862</u>	<u>10,902,171</u>
<b>Stockholders' Equity</b>			
Common stock			
Class A voting, \$.01 par value; 300,000 shares authorized, 210,000 shares issued and outstanding	2,100	2,100	2,100
Class B nonvoting, \$.01 par value; 30,000,000 shares authorized, 21,000,000 shares issued and outstanding	210,000	210,000	210,000
Additional paid-in capital	366,366	366,366	366,366
Accumulated other comprehensive income (loss)	14,840	21,493	(5,506)
Retained earnings	10,452,951	17,969,298	15,459,388
Total stockholders' equity	<u>11,046,257</u>	<u>18,569,257</u>	<u>16,032,348</u>
Total liabilities and stockholders' equity	<u>\$ 33,801,707</u>	<u>\$ 35,090,119</u>	<u>\$ 26,934,519</u>

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Consolidated Statements of Income and Comprehensive Income**  
**Years Ended December 31, 2023, 2022 and 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>			
Royalties	\$ 24,303,311	\$ 20,595,555	\$ 17,443,347
Franchise fees	825,418	620,722	382,418
Other franchise goods and services	<u>11,947,867</u>	<u>8,773,822</u>	<u>6,092,696</u>
Total revenues	<u>37,076,596</u>	<u>29,990,099</u>	<u>23,918,461</u>
<b>Expenses</b>			
Advertising and marketing	986,941	754,532	740,280
Cost of service and supplies	3,578,645	2,378,710	1,817,470
Depreciation	1,063,068	1,095,919	1,027,351
Dues and subscriptions	281,306	261,741	149,627
Facilities	313,881	302,197	285,782
Franchise meetings and awards	677,098	607,632	199,962
Miscellaneous	502,862	326,209	1,739,055
Office supplies	46,077	50,386	57,198
Professional fees and services	1,674,776	1,695,367	1,635,690
Salaries and benefits	11,875,148	10,021,695	8,482,276
Taxes and licenses	110,935	89,265	56,780
Training	13,436	20,588	12,163
Travel and meals	<u>422,308</u>	<u>436,364</u>	<u>208,394</u>
Total expenses	<u>21,546,481</u>	<u>18,040,605</u>	<u>16,412,028</u>
<b>Operating Income</b>	<u>15,530,115</u>	<u>11,949,494</u>	<u>7,506,433</u>
<b>Other Income (Expense)</b>			
Management fee	(2,507,195)	(1,380,004)	(2,260,735)
Interest income	767,173	195,476	133,447
Interest expense	(184)	131	(188)
Other income	<u>406,379</u>	<u>176,453</u>	<u>1,464,678</u>
Total other income (expense)	<u>(1,333,827)</u>	<u>(1,007,944)</u>	<u>(662,798)</u>
<b>Net Income</b>	14,196,288	10,941,550	6,843,635
Other comprehensive income (loss)	<u>(6,653)</u>	<u>26,999</u>	<u>(11,985)</u>
<b>Comprehensive Income</b>	<u>\$ 14,189,635</u>	<u>\$ 10,968,549</u>	<u>\$ 6,831,650</u>

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Consolidated Statements of Stockholders' Equity**  
**Years Ended December 31, 2023, 2022 and 2021**

	<u>City Wide Franchise Company, Inc. &amp; Subsidiaries</u>					
	<u>Common Stock</u>		<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Income (Loss)</u>	<u>Total</u>
	<u>Class A</u>	<u>Class B</u>				
<b>Balance January 1, 2021</b>	\$ 2,100	\$ 210,000	\$ 366,366	\$ 9,438,942	\$ 6,479	\$ 10,023,887
Net income	-	-	-	6,843,635	-	6,843,635
Other comprehensive loss	-	-	-	-	(11,985)	(11,985)
Distributions	-	-	-	(823,189)	-	(823,189)
<b>Balance December 31, 2021</b>	2,100	210,000	366,366	15,459,388	(5,506)	16,032,348
Net income	-	-	-	10,941,550	-	10,941,550
Other comprehensive income	-	-	-	-	26,999	26,999
Distributions	-	-	-	(8,431,640)	-	(8,431,640)
<b>Balance December 31, 2022</b>	2,100	210,000	366,366	17,969,298	21,493	18,569,257
Net income	-	-	-	14,196,288	-	14,196,288
Other comprehensive loss	-	-	-	-	(6,653)	(6,653)
Distributions	-	-	-	(21,712,635)	-	(21,712,635)
<b>Balance December 31, 2023</b>	<u>\$ 2,100</u>	<u>\$ 210,000</u>	<u>\$ 366,366</u>	<u>\$ 10,452,951</u>	<u>\$ 14,840</u>	<u>\$ 11,046,257</u>

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023, 2022 and 2021**

	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b>Operating Activities</b>			
Net income	\$ 14,196,288	\$ 10,941,550	\$ 6,843,635
Items not requiring (providing) cash			
Depreciation	1,063,068	1,095,919	1,027,351
Bad debt expense	54,103	13,153	180,656
Noncash operating lease cost	91,359	88,451	-
Change in deferred tenant improvement	-	-	(94,464)
Effect of foreign currency translation (gain) loss	(6,653)	26,999	(11,985)
Increase in surrender value of life insurance	(349,479)	(108,180)	(230,580)
Deferred compensation	614,155	-	-
Changes in			
Accounts receivable	(645,018)	(691,842)	(1,090,483)
Deferred franchise costs and prepaid expenses	46,486	(241,676)	(332,031)
Inventory	(75)	(8,355)	20,888
Software subscription	(891,054)	-	-
Accounts payable	2,603,540	3,211,061	2,228,931
Accrued expenses	113,353	363,757	(275,843)
Operating lease liabilities	(180,007)	(177,099)	-
Deferred franchise revenue and other deferred income	555,702	1,223,390	2,541
Deferred compensation	(144,863)	119,200	93,094
Refundable advance	2,041,208	-	-
Net cash provided by operating activities	<u>19,162,113</u>	<u>15,856,328</u>	<u>8,361,710</u>
<b>Investing Activities</b>			
Purchase of property and equipment	-	-	(532,391)
Issuance of notes receivable - franchisees	-	(1,070,908)	-
Issuance of notes receivable - stockholder	(753,141)	-	(1,190,590)
Payments received on notes receivable	599,904	1,707,937	424,522
Net cash provided by (used in) investing activities	<u>(153,237)</u>	<u>637,029</u>	<u>(1,298,459)</u>
<b>Financing Activities</b>			
Distributions to stockholders	(21,339,239)	(8,431,640)	(823,189)
Net cash used in financing activities	<u>(21,339,239)</u>	<u>(8,431,640)</u>	<u>(823,189)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(2,330,363)</b>	<b>8,061,717</b>	<b>6,240,062</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>20,166,393</u>	<u>12,104,676</u>	<u>5,864,614</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 17,836,030</u>	<u>\$ 20,166,393</u>	<u>\$ 12,104,676</u>
<b>Supplemental Cash Flows Information</b>			
Interest paid (net of amount capitalized)	\$ -	\$ -	\$ 188
Software subscription in accounts payable	631,500	-	-
Dividends applied to notes receivable	373,396	-	-

# **City Wide Franchise Company, Inc. & Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2023, 2022 and 2021**

#### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

##### ***Nature of Operations***

City Wide Franchise Company, Inc. & Subsidiaries offers franchise opportunities for commercial janitorial services, commercial janitorial supplies, carpet cleaning, window washing, construction clean-up, blind cleaning, hard surface floor care, pest control, upholstery cleaning, concrete coatings, and other commercial services to a variety of commercial customers, all of which are conducted in the territory in which the franchisee is designated to operate.

##### ***Principles of Consolidation***

The consolidated financial statements include the accounts of the City Wide Franchise Company, Inc. and its wholly-owned subsidiaries, City Wide Franchise Company of Canada, Inc. (an entity domiciled in British Columbia, Canada) and City Wide International Franchise Company, collectively “the Company.” All significant intercompany accounts and transactions have been eliminated in consolidation.

##### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### ***Cash and Cash Equivalents***

The Company considers all liquid investments with original maturities of three months or less to be cash equivalents. Cash and cash equivalents consisted primarily of deposit accounts with financial institutions.

At December 31, 2023, the Company’s cash accounts exceeded federally insured limits by approximately \$2,755,000.

##### ***Accounts Receivable***

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts.

Accounts receivable are ordinarily due upon the issuance of the invoice. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

During the years ended December 31, 2023, 2022 and 2021, credit loss expense related to doubtful accounts receivable, where collectability is not reasonably assured, was \$54,103, \$13,153 and \$180,656, respectively.

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023, 2022 and 2021**

**Notes Receivable**

Notes receivable are offered to franchisees to support net working capital needs in the form of a promissory note. The Company also holds a note receivable from their principal stockholder.

Notes receivable are stated at the outstanding principal amount, net of allowance for credit loss on notes, if any. The Company provides an allowance for credit loss on notes, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions adjusted for current conditions and reasonable and supportable forecasts. Outstanding notes accrue interest based on the terms of the respective note agreements. Delinquent notes are written off based on individual credit evaluation and specific circumstances of the borrower. There was no allowance for credit losses on notes recorded for the years ended December 31, 2023, 2022 and 2021.

**Inventories**

Inventories consist of preprinted marketing materials and specialty cleaning equipment for sale to franchisees. Inventories are stated at the lower of cost or net realizable value.

**Deferred Franchise Costs**

Deferred franchise costs relate to the Company's consideration of relevant costs incurred to obtain a new contract, namely brokerage fees paid to external referral sources for new franchisee agreements. The asset is recognized over the expected life of the contract with annual consideration for impairment.

During 2023, there were impairment losses of approximately \$44,000 for terminated agreements. There were no impairment losses for the years ended December 31, 2022 and 2021.

**Property and Equipment**

Property and equipment acquisitions are stated at cost, less accumulated depreciation. Depreciation is charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	Shorter of lease term or useful life
Automobiles	5 years
Office furniture and equipment	3 - 5 years
Computer equipment	5 years
Computer software	3 - 10 years
Telephone equipment	5 years

# **City Wide Franchise Company, Inc. & Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2023, 2022 and 2021**

#### ***Software Subscription***

During 2023, the Company entered into a multi-year software subscription which is accounted for as a cloud computing arrangement. The expected in-service date is during 2024 and the arrangement ends during 2028.

#### ***Long-Lived Asset Impairment***

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2023, 2022 and 2021.

#### ***Deferred Revenue***

Deferred revenue, a contract liability, represents the Company's obligation to transfer services to a customer when consideration has already been received from the customer. Deferred revenue is primarily composed of contract consideration attributable to the franchise right, training and other technology services.

#### ***Revenue Recognition***

Revenue is recognized when control of the promised services is transferred to the Company's customers, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the services provided and the terms and conditions of the customer contract. See *Note 3* for additional information about the Company's revenue.

#### ***Marketing Fund***

The Company has the contractual right to charge a fixed percentage of franchisees gross sales amounts to be used for research and development, placement of media and creation of national and international marketing and advertising materials, promotion and marketing of the franchise system, and development of the National Business Development Program. All amounts collected are recorded as other services revenue to the extent that expenses have been incurred. Contributions collected but not yet expended are reflected as deferred income on the consolidated balance sheets. To the extent the marketing fund is overspent at year-end and the Company has not billed the maximum fixed percentage allowed for under the franchise agreements, a corresponding receivable is recorded at year-end. Amounts due from franchisees for marketing funds at December 31, 2023, 2022 and 2021 was approximately \$0, \$447,000 and \$304,000, respectively. To the extent the marketing fund is underspent at year-end, a corresponding liability is recorded at year-end. Amounts accrued to be spent for marketing funds at December 31, 2023, 2022 and 2021 was approximately \$228,000, \$0 and \$0, respectively.

# **City Wide Franchise Company, Inc. & Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2023, 2022 and 2021**

#### ***Taxes Collected from Customers and Remitted to Governmental Authorities***

Taxes collected from customers and remitted to governmental authorities are presented in the accompanying consolidated statements of income and comprehensive income on a gross basis.

#### ***Income Taxes***

The Company's stockholders have elected to have the Company's income taxed as an S corporation under provisions of the Internal Revenue Code and a similar section of state income tax law. Therefore, taxable income or loss is reported to the individual stockholders for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these consolidated financial statements. The Company has elected to be taxed at the pass-through entity level for state and local income tax purposes for the years ended December 31, 2023 and 2022. As a result, the Company paid state and local income taxes on behalf of the stockholders which are classified as equity distributions for financial reporting purposes.

#### ***Foreign Currency Translation and Transactions***

The functional currency for the Canadian operation, which is included in the consolidated financial statements, is the local currency. Statements of income are translated into U.S. dollars using the average exchange rates for the year. Assets and liabilities are translated into U.S. dollars using the current exchange rate at December 31, 2023, 2022 and 2021, and the net currency translation adjustment is recorded in accumulated other comprehensive income (loss). Gains and losses that arise from exchange rate changes on transactions denominated in a currency other than the functional currency of an entity are included in the consolidated statements of income and comprehensive income as incurred.

#### ***Comprehensive Income***

Comprehensive income consists of net income and other comprehensive income (loss). Other comprehensive income (loss) is comprised of gains and losses resulting from foreign currency translations.

#### ***Refundable Advance***

In response to the economic impact of the COVID-19 pandemic, Congress introduced the Employee Retention Credit (ERC). The ERC is a refundable payroll tax credit available to eligible employers who meet either the gross receipts test or a government mandate test. The tax credit is equal to a specified percentage of qualified wages paid to employees subject to certain limits.

Laws and regulations concerning the ERC are complex and subject to varying interpretation. These credits may be subject to retroactive audit and review. Payments representing the full balance with interest, totaling approximately \$2,041,000 were received by the Company during the year ended December 31, 2023. Given the uncertainty on what may qualify under the government mandate test, the Company has deferred the credits received and recorded as a refundable advance as of December 31, 2023.

# **City Wide Franchise Company, Inc. & Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2023, 2022 and 2021**

#### **Note 2: Revenue from Contracts with Customers**

##### ***Performance Obligations***

The Company's franchise arrangement is documented in the form of a franchise agreement. The franchise arrangement requires the Company to perform various activities to support the brand that do not directly transfer services to the franchisee, but instead represent a single performance obligation, which is the transfer of the franchise license. The intellectual property subject to the franchise license is symbolic intellectual property as it does not have significant standalone functionality, and substantially all of the utility is derived from its association with the Company's past or ongoing activities.

The nature of the Company's promise in granting the franchise license is to provide the franchisee with access to the brand's symbolic intellectual property over the term of the license. The services provided by the Company are highly interrelated with the franchise license and as such are considered to represent a single performance obligation. The transaction price in a standard franchise arrangement primarily consists of initial franchise fees, renewal and transfer fees, royalties and marketing fees. Since the Company considers the licensing of the franchising right to be a single performance obligation, no allocation of the transaction price is required.

The Company has elected the revenue recognition practical expedient established by ASU 2021-02, *Franchisors – Revenue from Contracts with Customers: Practical Expedient*. Under the expedient, certain pre-opening services including training and technology are determined to be distinct performance obligations and recognized separately. The Company also provides other complementary services, such as administrative services, that are a separate performance obligation.

##### **Franchise Right Performance Obligation**

###### *Initial Franchise and Territory Fees*

Upon the initial sale of a franchise, the Company is obligated to provide franchisees access to certain proprietary programs, written materials, trademarks, and tools and support associated with their franchise business. Initial franchise fees have been recognized as the Company satisfies the performance obligation over the franchise term on a straight-line basis. The unrecognized portion of initial franchise fees is recorded as deferred franchise revenue. Similarly, broker fees are an incremental cost of obtaining a contract under and are capitalized as deferred franchise costs and amortized over the term of the franchise agreement.

###### *Renewal and Transfer Franchise Fees*

Franchisees have the option to renew the franchise agreement at the end of the initial franchise term subject to certain conditions and franchisor acceptance. When a franchisee chooses to renew their agreement, a nonrefundable renewal fee is charged to the franchisee similar to the initial franchise fee. Renewed franchise fees are recognized ratably on a straight-line basis over the term of the renewed franchise agreement. Transfer fees determined to not be a contract modification are charged when ownership transfers for an existing franchisee. These fees are recognized ratably over the remaining franchise term. If transfer fees are determined to be a

# **City Wide Franchise Company, Inc. & Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2023, 2022 and 2021**

contract modification, the existing contract is considered terminated and unrecognized consideration is combined with the new contract consideration and allocated over the performance obligations.

#### *Royalties*

Royalties from franchisees are calculated as defined in the franchise agreements as a percentage of monthly franchisee gross sales over the term of the franchise agreement. The franchise agreement royalties represent sales-based royalties and are related entirely to the Company's performance obligation under the franchise agreement. Contract consideration pertaining to royalties are not estimated at contract inception, instead royalties are recognized as franchisee sales occur in accordance with the sales-based royalty methodology of revenue recognition.

The Company also offers annual royalty rebate programs where franchisees may earn rebates based on franchisee gross sales during a calendar year. When rebate thresholds are achieved, the rebate is recognized as contra-revenue. Rebate programs are measured on an annual basis, in line with the Company's fiscal year.

#### *Marketing Fees*

As discussed in *Note 1*, the Company charges a fixed percentage of franchisees gross sales amounts to be used for research and development, placement of media and creation of national and international marketing and advertising materials, promotion and marketing of the franchise system, and development of the National Business Development Program. All amounts collected are recorded as other services revenue to the extent that expenses have been incurred. Marketing fees revenue and expenses are recorded gross and generally has no impact on operating income or net income.

#### **Other Goods and Services**

Other goods and services revenue are for technology and hosting fees, training, and professional services, such as IT, call centers and accounting. The revenue is recognized as services are performed.

#### ***Disaggregation of Revenue***

Substantially all of the Company's revenue is recognized over time for the years ended December 31, 2023, 2022 and 2021.

The Company has determined that the nature, amount, timing and uncertainty of revenue and cash flows are primarily affected by the enterprise size of the customer.

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023, 2022 and 2021**

**Contract Balances**

The following table provides information about the Company’s receivables and deferred revenue from contracts with customers:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Accounts receivable, beginning of year	\$ 4,120,583	\$ 3,441,894	\$ 2,532,067
Accounts receivable, end of year	4,711,498	4,120,583	3,441,894
Deferred revenue, beginning of year	4,114,382	2,890,992	2,888,451
Deferred revenue, end of year	4,670,084	4,114,382	2,890,992

**Significant Judgments**

For contracts where control is transferred over time, the Company recognizes revenue over time as progress is made toward satisfying the performance obligations of each contract in a variety of manners. Fixed consideration for the franchise right derived from initial franchise and territory fees is recognized straight-line over the franchise period, as the Company continuously provides access to the symbolic intellectual property. Variable consideration for the franchise right derived from royalties and the marketing fund are measured under the sales-based royalty approach. Contract consideration attributable to other services are recognized as performed, in proportion to the overall service period.

**Accounting Policies and Practical Expedients Elected**

For incremental costs of obtaining a contract, the Company elected a practical expedient, which permits an entity to recognize incremental costs to obtain a contract as an expense when incurred if the amortization period is less than one year. Costs to obtain a contract primarily relate to broker expenses incurred by the Company and are presented as deferred franchise costs in the accompanying consolidated balance sheets.

The Company is also applying an accounting policy election, which allows an entity to exclude from revenue any amounts collected from customers on behalf of third parties, such as sales taxes and other similar taxes the Company collects concurrent with revenue-producing activities. Therefore, revenue is presented net of sales taxes and similar revenue-based taxes.

**Note 3: Franchise Ownership**

The Company has the right, but not the obligation to buy back franchises previously sold at a purchase price based on an offer that the franchisee has obtained.

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023, 2022 and 2021**

The following changes in franchise ownership occurred during the years ended December 31 in the United States:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Franchises Operating, Beginning of Year	84	68	67
Newly Established Franchises	9	16	5
Repurchased Franchises	-	-	(4)
Terminated Franchises	-	-	-
Franchises Operating, End of Year	93	84	68
New Established Franchises Since End of Year	-	1	-
Franchises Operating, Financial Statement Issue Date	<u>93</u>	<u>85</u>	<u>68</u>

There are several franchises that are owned and operated by the principal stockholder of the Company.

For the years ended December 31, 2023, 2022 and 2021 there were four, two and one franchises operating in Canada, respectively. There are no active franchises in other international markets.

**Note 4: Property and Equipment**

Property and equipment consists of the following at December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 1,253,640	\$ 1,253,640	\$ 1,253,640
Automobiles	43,294	43,294	43,294
Office furniture and equipment	336,949	336,949	336,949
Computer equipment	148,679	148,679	148,679
Computer software	5,163,959	5,163,959	5,163,959
Telephone equipment	6,976	6,976	6,976
	<u>6,953,497</u>	<u>6,953,497</u>	<u>6,953,497</u>
Less: accumulated depreciation	<u>(4,934,981)</u>	<u>(3,871,913)</u>	<u>(2,775,994)</u>
Property and equipment, net	<u>\$ 2,018,516</u>	<u>\$ 3,081,584</u>	<u>\$ 4,177,503</u>

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023, 2022 and 2021**

**Note 5: Leases**

***Change in Accounting Principle***

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases* (Topic 842): *Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

The Company adopted Topic 842 on January 1, 2022 (the effective date), using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Company elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Company has lease agreements with nonlease components that relate to the lease components and has elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all leases. Also, the Company elected to keep short-term leases with an initial term of 12 months or less off the consolidated balance sheet. The Company did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2021.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$1,704,942. As part of adopting the standard, previously recognized liabilities for deferred tenant improvements of \$826,560 were reclassified as a component of the ROU assets. The standard did not significantly affect the consolidated statements of income and comprehensive income or cash flows.

The cumulative effect of the changes made to the consolidated balance sheets for the adoption of this standard was as follows:

	<b>December 31, 2021 As Reported</b>	<b>ASC 842 Adjustment January 1, 2022</b>	<b>January 1, 2022 As Adjusted</b>
<b>Assets</b>			
Right-of-use assets - operating leases (A)	\$ -	\$ 878,382	\$ 878,382
<b>Liabilities</b>			
Deferred tenant improvement (B)	826,560	(826,560)	-
Current portion of operating lease liabilities (C)	-	177,099	177,099
Long-term operating lease liabilities (C)	-	1,527,843	1,527,843

(A) The adjustment represents the capitalization of right-of-use assets – operating leases.

# **City Wide Franchise Company, Inc. & Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2023, 2022 and 2021**

- (B) The adjustment represents the reclassification of tenant improvement allowances to right-of-use assets – operating leases.
- (C) The adjustment represents the recognition of operating lease liabilities.

#### ***Accounting Policies***

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the consolidated balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

The Company combines lease and nonlease components, such as common area and other maintenance costs, in calculating the ROU assets and lease liabilities for all leases.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the consolidated balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

#### ***Nature of Leases***

The Company has entered into the following lease arrangements:

The Company leases office space at its headquarters that expires in 2030, under an operating sublease with a related party. The lease contains a renewal option for an additional five years. Lease payments have an escalating fee schedule consistent with individual lease contract rates. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

The Company's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

As of December 31, 2023, the Company has not entered into additional operating leases that have not yet commenced.

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023, 2022 and 2021**

**Quantitative Disclosures**

The lease cost and other required information for the years ended December 31, 2023 and 2022 are:

	<b>2023</b>	<b>2022</b>
Operating lease cost	\$ 114,922	\$ 114,922
Operating cash flows from operating leases	203,570	203,570
Weighted-average remaining lease term operating leases	6.75	7.75
Weighted-average discount rate on operating leases	1.63%	1.63%

Future minimum lease payments and reconciliation to the consolidated balance sheet at December 31, 2023, are as follows:

	<b>Operating Leases</b>
2024	\$ 203,570
2025	206,115
2026	213,748
2027	213,748
2028	213,748
Thereafter	374,060
Total future undiscounted lease payments	1,424,989
Less interest	(77,153)
Lease liabilities	\$ 1,347,836

At December 31, 2021, the Company leased its operating facility in Lenexa, Kansas under an operating lease with a related party, which expires in 2030. Lease incentives include a lessor provided improvement allowance of approximately \$944,000, which was fully utilized by the Company. The allowance is reflected as deferred tenant improvements and property and equipment in the accompanying consolidated balance sheets.

The deferred tenant improvements liability is amortized over the lease term as a reduction to rent expense. Rent expense, which is included in facilities expense in the accompanying consolidated statements of income and comprehensive income was approximately \$115,000 for the year ended December 31, 2021.

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023, 2022 and 2021**

**Note 6: Profit-Sharing Plans**

The Company has a 401(k) profit-sharing plan with entities related through common ownership covering substantially all employees. The Company's contributions to the plan are discretionary, to be determined by the Company annually. Contributions to the plan were approximately \$176,000, \$138,000 and \$123,000 for the years ended December 31, 2023, 2022 and 2021, respectively.

**Note 7: Deferred Compensation Agreements**

***Supplemental Executive Retirement Plan***

The Company has an unfunded deferred compensation agreement with selected officers that provides benefit upon achievement of five years of service, as defined in the plan. The liability for the discretionary, declared employer contributions are being accrued using the straight-line method over the remaining years to the full eligibility date. Expense for the years ended December 31, 2023, 2022 and 2021 was approximately \$225,000, \$119,000 and \$93,000, respectively.

***Long-Term Incentive Plan***

During 2023, the Company started an unfunded deferred compensation agreement with selected officers that provides benefit upon achievement of certain EBITDA targets and continued service, as defined in the plan. The liability for the plan is being accrued using the straight-line method over the remaining years of service required once the EBITDA targets have been achieved or are probable of being achieved. Expense for the year ended December 31, 2023 was approximately \$389,000. A portion of the plan includes a minimum EBITDA target to be achieved in 2026 that as of December 31, 2023 the Company did not believe was more likely than not of being achieved and as such did not record any liability related to it.

**Note 8: Related-Party Transactions**

During 2020, the Company made an unsecured line of credit totaling \$5,000,000 to a stockholder. Interest on the line is payable in quarterly installments beginning January 1, 2021, and extending through November 30, 2030. Interest is charged at 2 percent. As of the end of 2023, 2022 and 2021, the remaining principal balance due on this loan was \$4,133,296, \$3,753,551 and \$4,861,805, respectively.

The Company has \$488,024 of accounts receivable from related parties in the ordinary course of business as of December 31, 2023.

# **City Wide Franchise Company, Inc. & Subsidiaries**

## **Notes to Consolidated Financial Statements**

### **December 31, 2023, 2022 and 2021**

The Company regularly performs services for related parties that are included in the Company's normal course of business. The Company recognized revenue of approximately \$463,000, \$644,000 and \$200,000 in other franchise goods and services for the years ended December 31, 2023, 2022 and 2021, respectively. The Company recognized revenue of approximately \$1,292,000, \$1,331,000 and \$911,000 in royalties for the years ended December 31, 2023, 2022 and 2021, respectively.

The Company rents office space under an operating lease with a related party of the Company. The lease expires in September 2030. Annual lease payments for 2023, 2022 and 2021 were \$227,000, \$254,000 and \$223,000, respectively.

The Company capitalized approximately \$31,000 in property and equipment that was paid for by a related party during the year ended December 31, 2021.

For the years ended December 31, 2023, 2022 and 2021, approximately \$2,507,000, \$1,380,000 and \$2,261,000, respectively, was recorded in management fee expense.

The Company will regularly reimburse related parties for expenses paid on the Company's behalf. The Company recognized expense of approximately \$431,000, \$228,000 and \$44,000 for the years ended December 31, 2023, 2022 and 2021, respectively. In addition, the Company will regularly receive reimbursements from related parties for expenses paid by the Company. The Company received reimbursements of approximately \$134,000, \$423,000 and \$863,000 for the years ended December 31, 2023, 2022 and 2021, respectively.

#### **Note 9: Significant Estimates**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates. Those matters include the following:

##### ***General Litigation***

The Company is subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the consolidated financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

##### ***Allowance for Credit Losses***

The Company makes estimates for the expected amount of accounts and notes receivable to be uncollectible. These amounts are subject to change based on customer circumstances.

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023, 2022 and 2021**

**Note 10: Subsequent Events**

Subsequent events have been evaluated through March 22, 2024, which is the date the consolidated financial statements were available to be issued.

## **Supplementary Information**

# City Wide Franchise Company, Inc. & Subsidiaries

## Consolidating Schedule – Balance Sheet

### December 31, 2023

Assets	City Wide Franchise Company, Inc. (USA)	City Wide Franchise of Canada, Inc.	City Wide Franchise International, Inc.	Eliminating Entries	2023 Consolidated
<b>Current Assets</b>					
Cash and cash equivalents	\$ 17,276,909	\$ 559,121	\$ -	\$ -	\$ 17,836,030
Accounts receivable	5,748,745	87,705	-	(1,124,952)	4,711,498
Notes receivable, current maturities	143,061	-	-	-	143,061
Deferred franchise costs, current portion	143,581	6,700	-	-	150,281
Prepaid expenses	637,923	-	7,076	-	644,999
Inventory	75,493	-	-	-	75,493
Total current assets	<u>24,025,712</u>	<u>653,526</u>	<u>7,076</u>	<u>(1,124,952)</u>	<u>23,561,362</u>
<b>Property and Equipment, net</b>	<u>2,018,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,018,516</u>
<b>Right-of-Use Asset - Operating Leases, net</b>	<u>698,572</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>698,572</u>
<b>Other Assets</b>					
Notes receivable, less current maturities	4,133,296	-	-	-	4,133,296
Software subscription	1,522,554	-	-	-	1,522,554
Deferred franchise costs, net of current portion	673,024	51,717	-	-	724,741
Cash surrender value of life insurance	1,142,666	-	-	-	1,142,666
Total other assets	<u>7,471,540</u>	<u>51,717</u>	<u>-</u>	<u>-</u>	<u>7,523,257</u>
Total assets	<u>\$ 34,214,340</u>	<u>\$ 705,243</u>	<u>\$ 7,076</u>	<u>\$ (1,124,952)</u>	<u>\$ 33,801,707</u>
<b>Liabilities and Stockholders' Equity (Deficit)</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 12,924,995	\$ 840,101	\$ 385,987	\$ (1,124,952)	\$ 13,026,131
Accrued expenses	881,796	-	8,167	-	889,963
Current portion of operating lease liabilities	182,963	-	-	-	182,963
Deferred franchise revenue, current	656,895	35,578	-	-	692,473
Other deferred income	358,640	-	-	-	358,640
Total current liabilities	<u>15,005,289</u>	<u>875,679</u>	<u>394,154</u>	<u>(1,124,952)</u>	<u>15,150,170</u>
<b>Long-term Liabilities</b>					
Operating lease liabilities, less current portion	1,164,873	-	-	-	1,164,873
Deferred franchise revenue, net of current portion	3,356,631	262,340	-	-	3,618,971
Deferred compensation	780,228	-	-	-	780,228
Refundable advance	2,041,208	-	-	-	2,041,208
Total long-term liabilities	<u>7,342,940</u>	<u>262,340</u>	<u>-</u>	<u>-</u>	<u>7,605,280</u>
Total liabilities	<u>22,348,229</u>	<u>1,138,019</u>	<u>394,154</u>	<u>(1,124,952)</u>	<u>22,755,450</u>
<b>Stockholders' Equity (Deficit)</b>					
Common stock					
Class A voting, \$.01 par value; 300,000 shares authorized, 210,000 shares issued and outstanding	2,100	-	-	-	2,100
Class B nonvoting, \$.01 par value; 30,000,000 shares authorized, 21,000,000 shares issued and outstanding	210,000	-	-	-	210,000
Additional paid-in capital	366,366	-	-	-	366,366
Accumulated other comprehensive income	-	14,840	-	-	14,840
Retained earnings (accumulated deficit)	11,287,645	(447,616)	(387,078)	-	10,452,951
Total stockholders' equity (deficit)	<u>11,866,111</u>	<u>(432,776)</u>	<u>(387,078)</u>	<u>-</u>	<u>11,046,257</u>
Total liabilities and stockholders' equity	<u>\$ 34,214,340</u>	<u>\$ 705,243</u>	<u>\$ 7,076</u>	<u>\$ (1,124,952)</u>	<u>\$ 33,801,707</u>

**City Wide Franchise Company, Inc. & Subsidiaries**  
**Consolidating Schedule – Statement of Income (Loss) and Comprehensive Income (Loss)**  
**Year Ended December 31, 2023**

	<b>City Wide Franchise Company, Inc. (USA)</b>	<b>City Wide Franchise of Canada, Inc.</b>	<b>City Wide Franchise International, Inc.</b>	<b>Total</b>	<b>Eliminating Entries</b>	<b>2023 Consolidated</b>
<b>Revenues</b>						
Royalties	\$ 24,298,275	\$ 5,036	\$ -	\$ 24,303,311	\$ -	\$ 24,303,311
Franchise fees	801,705	23,713	-	825,418	-	825,418
Other franchise goods and services	11,782,212	165,655	-	11,947,867	-	11,947,867
Total revenues	<u>36,882,192</u>	<u>194,404</u>	<u>-</u>	<u>37,076,596</u>	<u>-</u>	<u>37,076,596</u>
<b>Expenses</b>						
Advertising and marketing	986,027	914	-	986,941	-	986,941
Cost of service and supplies	3,486,336	92,309	-	3,578,645	-	3,578,645
Depreciation	1,063,068	-	-	1,063,068	-	1,063,068
Dues and subscriptions	231,984	49,322	-	281,306	-	281,306
Facilities	313,627	-	254	313,881	-	313,881
Franchise meetings and awards	677,098	-	-	677,098	-	677,098
Miscellaneous	501,119	1,743	-	502,862	-	502,862
Office supplies	46,077	-	-	46,077	-	46,077
Professional fees and services	1,608,973	51,114	14,689	1,674,776	-	1,674,776
Salaries and benefits	11,843,139	32,009	-	11,875,148	-	11,875,148
Taxes and licenses	12,480	98,455	-	110,935	-	110,935
Training	13,436	-	-	13,436	-	13,436
Travel and meals	422,308	-	-	422,308	-	422,308
Total expenses	<u>21,205,672</u>	<u>325,866</u>	<u>14,943</u>	<u>21,546,481</u>	<u>-</u>	<u>21,546,481</u>
<b>Operating Income (Loss)</b>	<u>15,676,520</u>	<u>(131,462)</u>	<u>(14,943)</u>	<u>15,530,115</u>	<u>-</u>	<u>15,530,115</u>
<b>Other Income (Expense)</b>						
Management fee	(2,507,195)	-	-	(2,507,195)	-	(2,507,195)
Interest income	767,173	-	-	767,173	-	767,173
Interest expense	-	(184)	-	(184)	-	(184)
Other income	408,914	(2,535)	-	406,379	-	406,379
Total other income (expense)	<u>(1,331,108)</u>	<u>(2,719)</u>	<u>-</u>	<u>(1,333,827)</u>	<u>-</u>	<u>(1,333,827)</u>
<b>Net Income (Loss)</b>	<u>14,345,412</u>	<u>(134,181)</u>	<u>(14,943)</u>	<u>14,196,288</u>	<u>-</u>	<u>14,196,288</u>
Other comprehensive loss	<u>-</u>	<u>(6,653)</u>	<u>-</u>	<u>(6,653)</u>	<u>-</u>	<u>(6,653)</u>
<b>Comprehensive Income (Loss)</b>	<u>\$ 14,345,412</u>	<u>\$ (140,834)</u>	<u>\$ (14,943)</u>	<u>\$ 14,189,635</u>	<u>\$ -</u>	<u>\$ 14,189,635</u>



**EXHIBIT B**

**FRANCHISE AGREEMENT**



**FRANCHISE AGREEMENT**

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

**By and Between**

**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISOR**

**and**

\_\_\_\_\_

**d/b/a City Wide Facility Solutions** \_\_\_\_\_

**FRANCHISEE**

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City Wide Facility Solutions  
2024 FDD  
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**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISE AGREEMENT**

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**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (the “**Agreement**”) is made and entered into on \_\_\_\_\_, by and between **CITY WIDE FRANCHISE COMPANY, INC.**, a Kansas corporation whose principal place of business is 15230 W. 105<sup>th</sup> Terrace, Lenexa, KS 66219 (“**CITY WIDE**” or “**Franchisor**,” “**we**” or “**us**”) and \_\_\_\_\_ a \_\_\_\_\_ (state) corporation partnership sole proprietor limited liability company whose principal place of business is \_\_\_\_\_ (“**Franchisee**,” “**you**” or “**your**”).

**RECITALS**

CITY WIDE is engaged in the business of operating, developing, and licensing others to use the CITY WIDE system of commercial facility maintenance services including, but not limited to, commercial janitorial services and the distribution of commercial janitorial supplies, under the trade name and service mark, “CITY WIDE” and “CITY WIDE MAINTENANCE” (“**Franchised Business**”); and

CITY WIDE has developed a business plan and method of establishing and conducting the Franchised Business utilizing certain standards, specifications, methods, procedures, proprietary equipment, techniques, management techniques, proprietary marks and information, specifications and commercial symbols, and trade dress and other confidential information, as they may be changed, improved, and further developed from time to time by CITY WIDE (“**System**”); and

The distinguishing characteristics of the System include the trade names, trademarks, and service marks and associated logos and symbols found on **Attachment C** attached to and made a part of this Agreement and any other marks CITY WIDE may develop from time to time and designate for use in connection with the System (“**Marks**”); the trade dress of the facilities, if any, associated logos and commercial symbols, together with the goodwill associated with them; as well as commercial cleaning equipment and the proprietary commercial cleaning methods, commercial cleaning products, janitorial supplies, commercial cleaning specifications, formulae, exclusively designed signage, other equipment, furnishings and materials; the proprietary and confidential operating manual and other guides and manuals, including CITY WIDE’s written system standards (collectively referred to as the “**Operating Manual**”); uniform operating methods, procedures and techniques; methods and techniques for cost controls, record keeping and reporting, personnel management, purchasing, sales promotion, marketing and advertising, all of which CITY WIDE may change, improve and further develop from time to time; and all those Marks and other distinguishing characteristics being owned solely and exclusively by CITY WIDE; and

CITY WIDE has developed the System through the expenditure of time, money, and effort and has maintained high standards of quality and service for the System, because of which the System has acquired valuable goodwill and a favorable reputation; and

CITY WIDE has and continues to develop, use, protect, and control the Marks for the benefit and exclusive use of itself and its franchisees to identify for the public the source of the products and/or services marketed under the System and to represent the System’s high standards of quality; and

Franchisee desires to operate and has applied for a franchise to operate a business or facility according to the CITY WIDE System and using the Marks, and CITY WIDE has approved Franchisee’s application in reliance upon all of representations made in Franchisee’s application; and

Franchisee desires, upon the terms and conditions contained in this Agreement, to enjoy the benefits of operating under the System and of using the Marks and to be licensed to conduct the Franchised Business in strict accordance with the standards and specifications of the System; and

Franchisee acknowledges that it is essential to the maintenance of the high standards of the System, and to the preservation of the integrity of the System, Marks, and goodwill of CITY WIDE, that each franchisee in the System maintain and adhere to certain uniform standards, procedures and policies described in this Agreement, and operate the Franchised Business in strict conformity with the CITY WIDE standards and specifications; and

CITY WIDE is willing to grant Franchisee a license under the System and the Marks to operate a Franchised Business, subject to Franchisee's strict compliance with the terms and conditions of this Agreement; and

CITY WIDE expressly disclaims the making of, and Franchisee acknowledges that Franchisee has not received nor relied upon, any warranty or guaranty, express or implied, as to: (a) the validity, exclusive ownership or enforceability of any Mark; (b) the validity or enforceability of any copyright, patent, or trade secret; or (c) the revenues, profits or success of the business venture contemplated by this Agreement. Franchisee acknowledges that Franchisee has read this Agreement and CITY WIDE's Franchise Disclosure Document and that Franchisee has no knowledge of any representation by CITY WIDE, or its officers, directors, shareholders, employees, or agents that are contrary to the statements made in CITY WIDE's Franchise Disclosure Document or to the terms of this Agreement;

In consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration, the receipt of which is acknowledged, the parties to this Agreement agree as follows:

The Recitals stated above are incorporated herein by reference into this Agreement.

## **SECTION 1. Grant of Franchise**

1.1 Subject to all the terms and conditions contained in this Agreement, CITY WIDE grants Franchisee the exclusive right and license to operate a Franchised Business using the System, Software (as defined in Section 11), and Marks solely in the territory ("**Designated Territory**") as outlined in **Attachment B**, which is attached to and made a part of this Agreement by reference. Franchisee accepts such right and license, subject to such terms and conditions, and agrees to operate the Franchised Business and to use the System, Software and Marks solely in connection with the Franchised Business.

1.2 So long as this Agreement is in force and effect and Franchisee is not in material default under any of its terms, Franchisee will have the exclusive right to operate a Franchised Business in the Designated Territory. Other than in the Designated Territory described in **Attachment B**, CITY WIDE may itself operate or license to others the right to operate Franchised Businesses utilizing the System and the Marks.

1.3 The CITY WIDE System is a comprehensive system for operating businesses under the trade name and service mark "CITY WIDE" and "CITY WIDE FACILITY SOLUTIONS" respectively, which specialize in analyzing client facility maintenance needs and matching independent contractors with those clients to meet their needs. Independent contractors identified by CITY WIDE franchisees are experts in the fields of over twenty-five (25) maintenance services and operate under the trade name and service mark "CITY WIDE" and "CITY WIDE FACILITY SOLUTIONS." Any service outside of facility maintenance to be offered by Franchisee as a franchisee of CITY WIDE shall be subject to a separate

agreement. The CITY WIDE System is the essence and foundation of this Agreement. Franchisee's strict adherence to the CITY WIDE standards and policies providing for the uniform operation of all CITY WIDE Franchised Businesses, including standards for quality, service and operational integrity, is essential and mandatory. Franchisee's obligations as a Franchisee include, but are not limited to, the use of only prescribed equipment, layouts, and designs; strict adherence to the use of the proprietary information and Operating Manual; and selling of only designated service and product lines. Franchisee's compliance with the CITY WIDE standards and policies in conjunction with the Marks provides the basis for the valuable goodwill.

1.4 Moreover, the establishment and maintenance of a close personal working relationship with CITY WIDE in the conduct of Franchisee's Franchised Business, Franchisee's accountability for the performance of the obligations contained in this Agreement, and Franchisee's adherence to the tenants of the System constitute the essence of this Agreement.

1.5 The provisions of this Agreement will be interpreted to give effect to the intent of the parties stated in this section so that the Franchised Business will be operated in conformity with the CITY WIDE System through strict adherence to CITY WIDE standards and policies as they exist now, and as CITY WIDE may modify them from time to time. Franchisee acknowledges this understanding of CITY WIDE basic business policy outlined in this Agreement.

## **SECTION 2. Initial Term and Successor Term**

2.1 Initial Term. This Agreement will take effect on the date of execution of this Agreement ("**Effective Date**"). The initial term ("**Initial Term**") will expire on the tenth anniversary of the Effective Date, unless terminated according to Section 14 of this Agreement.

2.2 Successor Term. At Franchisee's option, Franchisee may enter into two (2) consecutive five (5) year Successor Terms of this Agreement (each a "**Successor Term**") ("**Initial Term**" and "**Successor Term**" collectively may be referred to as the "**Term**" of this Agreement), subject to any termination provisions contained in this Agreement or in the Franchise Agreement that Franchisee must sign as a condition of entering into any such Successor Term as outlined in Section 2.2.7 of this Agreement; provided that Franchisee may not exercise such option to enter into any Successor Term if this Agreement is not in full force and effect on the last day of any Term; and provided further that any granting by CITY WIDE of a Successor Term to Franchisee is subject to the following conditions, which must be met to the satisfaction of CITY WIDE before the commencement of any such Successor Term:

2.2.1 Franchisee must give CITY WIDE written notice of Franchisee's desire to enter into a Successor Term not less than one (1) year before the expiration of the then-current Franchisee's Term; upon receipt of Franchisee's notice, CITY WIDE will have sixty (60) days to respond to such request.

2.2.2 At least ninety (90) days before the Term is set to expire, CITY WIDE will inspect the Franchised Business and equipment and notify Franchisee of all required maintenance, refurbishing, renovating, remodeling, and equipment upgrades; Franchisee agrees to complete at Franchisee's expense and to the satisfaction of CITY WIDE, all such maintenance, refurbishing, renovating, remodeling and equipment upgrades no later than thirty (30) days after the respective Term expires.

2.2.3 Franchisee must not be in default of any provision of this Agreement, any amendment to this Agreement, or any other agreement between CITY WIDE or its respective subsidiaries or affiliates, and at all times Franchisee must have substantially complied with all the terms and conditions of this Agreement and any other agreements between the parties during the respective Terms, including but not limited to the Annual Revenue Per Capita Growth requirement (See Section 6.5).

2.2.4 Franchisee's operation of the Franchised Business must be in full compliance with the standards, specifications, requirements, instructions, and Operating Manual of CITY WIDE.

2.2.5 Franchisee's operations under all other Franchise Agreements, if any, must be in full compliance with the standards, specifications, requirements, instructions, and Operating Manual of CITY WIDE.

2.2.6 Franchisee must have satisfied all monetary obligations Franchisee owes to CITY WIDE and its subsidiaries and affiliates and timely met such obligations throughout the respective Term.

2.2.7 Franchisee must execute the form of franchise agreement being used by CITY WIDE at the time Franchisee renews ("**Successor Franchise Agreement**"), which agreement will in all respects supersede this Agreement and the terms of which may differ from the terms of this Agreement, including, without limitation, a higher percentage Royalty Fee (See Section 3.7.1) and Marketing Fee (See Section 3.7.2(a)).

2.2.8 Franchisee must pay CITY WIDE a renewal fee ("**Successor Fee**") equal to fifty percent (50%) of Franchisee's Initial Franchise Fee set forth herein in Section 3.1, at the time Franchisee executes the successor franchise agreement which amount will be instead of payment of a new Initial Franchise Fee.

2.2.9 Franchisees must comply with CITY WIDE's then-current criteria for operating a Franchised Business, including CITY WIDE's then-current franchisee qualification and training requirements.

2.2.10 Franchisee must execute a general release, in a form CITY WIDE prescribes, releasing any claims against CITY WIDE or its subsidiaries, affiliates, officers, directors, agents, and employees which Franchisee may have or assert at time of renewal; and

2.2.11 Franchisee must present evidence satisfactory to CITY WIDE that Franchisee has the right to remain in possession of the Location of the Office (See Item 12) for the the Term, or a mutually acceptable alternative Location.

If Franchisee elects not to enter into a Successor Franchise Agreement for any reason, or fails to sign the Successor Franchise Agreement before the expiration of Franchisee's Term, then Franchisee must sell Franchisee's rights to the Designated Territory to CITY WIDE, or a third party buyer approved by CITY WIDE, in accordance with the requirements outlined in the Operating Manual, and such sale must close before the expiration of the Term. For the avoidance of any confusion, Franchisee acknowledges and agrees that CITY WIDE always maintains its right of first refusal relating to the sale by Franchisee of any rights relating to the Designated Territory, and such right of first refusal does not in any way require CITY WIDE to purchase from Franchisee such rights relating to the Designated Territory.

2.3 Interim Period. If Franchisee does not sign a Successor Franchise Agreement before the expiration of this Agreement and Franchisee continues to accept the benefits of this Agreement after the expiration of this Agreement, then at CITY WIDE's option, this Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a license to do so and in violation of CITY WIDE's rights; or (ii) continued on a month-to-month basis ("**Interim Period**") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate thirty (30) days after receipt of the notice to terminate the Interim Period (unless applicable state law requires a longer notice period). In the latter case, all of

Franchisee's obligations shall remain in full force and effect during the Interim Period as if this Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Agreement shall be deemed to take effect upon termination of the Interim Period.

### **SECTION 3. Franchise Fees and Ongoing Payment Obligations of Franchisee**

3.1 **Initial Fees.** Contemporaneously with Franchisee's execution of this Agreement, Franchisee must pay CITY WIDE an initial franchise fee ("**Initial Franchise Fee**") of Seventy Thousand Dollars (\$70,000); plus, an initial training fee ("**Initial Training Fee**") of Seven Thousand Five Hundred Dollars (\$7,500) plus an initial territory fee ("**Initial Territory Fee**") in the amount set forth on Attachment B plus a Technology Provisioning Fee ("**Technology Provisioning Fee**") of Twelve Thousand Five Hundred Dollars (\$12,500) as set forth below. Initial Franchise Fee, Initial Training Fee, Initial Territory Fee and Technology Provisioning Fee are collectively referred to herein as the "**Initial Fees.**"

The determination of a Designated Territory's size and the Initial Territory Fee to be paid for such Designated Territory shall be solely at the discretion of CITY WIDE.

Franchisee must pay by certified or cashier's check, or by other payment methods as designated in CITY WIDE's sole discretion, the receipt of which CITY WIDE acknowledges by signing this Agreement. CITY WIDE will credit Franchisee with any deposit Franchisee paid within thirty (30) days immediately before the date of this Agreement Franchisee previously or contemporaneously paid CITY WIDE under any Deposit Agreement concerning the Franchised Business

3.2 **Technology Provisioning Fee.** The Technology Provisioning Fee includes payment for the set-up of the CITY WIDE enterprise software. This fee does not include the cost to procure hardware or monthly licensing fees paid by Franchisee as incurred.

3.3 **Proof of Sufficient Assets.** Within thirty (30) days after the execution of this Agreement, Franchisee must obtain, secure and furnish adequate proof of financing or furnish proof of the existence of assets in Franchisee's sole control, that is sufficient and in acceptable form to CITY WIDE, to fully and completely discharge the obligations of this Agreement (except Franchisee's continuing Royalty Fee and Marketing Fee contributions, and any other continuing obligation Franchisee owes CITY WIDE during the term of this Agreement, as defined and outlined in this Agreement). CITY WIDE will have the sole discretion to determine the sufficiency of all such proof of financing or assets. CITY WIDE will not begin training until Franchisee satisfies this requirement.

3.4 **Refunds.** The Initial Fees will be deemed fully earned upon their payment and are non-refundable, except as provided below:

3.4.1 If CITY WIDE, in its sole discretion, after evaluating Franchisee's personal abilities, aptitudes, and financial qualifications to be a franchisee, elects within fifteen (15) days following the submission of all data to terminate this Agreement, Franchisee shall receive a refund of the Initial Fees, less an evaluation fee which will not exceed Two Thousand Five Hundred Dollars (\$2,500).

3.4.2 If Franchisee is unable to provide adequate proof of financing or have sufficient assets and in an acceptable form, in CITY WIDE's sole discretion, within thirty (30) days of the execution of this Agreement, then upon written notice by either party, CITY WIDE or Franchisee may terminate this Agreement and CITY WILL shall refund the Initial Fees paid to CITY WIDE by Franchisee, less the sum of Two Thousand Five Hundred Dollars (\$2,500) in payment for CITY WIDE's expenses incurred on Franchisee's behalf. Franchisee and CITY WIDE agree that this amount is reasonable and, due to the nature of the subject matter, it would be impossible to ascertain the exact amount of damages.

3.4.3 If Franchisee or its designees do not successfully complete the required initial training program or fail to secure an acceptable site for the Franchised Business's office, as determined by CITY WIDE, in its sole discretion, CITY WIDE may terminate this Agreement and refund to Franchisee the Initial Fees, less training and other expenses incurred by CITY WIDE, which shall not exceed Ten Thousand Dollars (\$10,000).

3.5 Definition of Gross Sales. The term "**Gross Sales**" shall mean all Franchised Business's revenues invoiced by anyone and in any way resulting from the conduct and operation of Franchisee's business, less any sales of merchandise for which cash has been refunded, and any applicable sales, use or service taxes collected and paid to the appropriate taxing authority in any week from any source. Gross Sales include all amounts received in the form of cash, credit coupons, rebates, agreements to pay, or other consideration, including the actual value of any goods or services traded, bartered, or otherwise received by Franchisee in exchange for any form of monetary or non-monetary consideration, and whether or not payment is received at the time of sale or any such amounts prove uncollectible. Gross Sales also include all amounts that arise from or are derived by Franchisee or by any other person under the Franchised Business or from any business conducted or which originates in, on, from, or through the Franchised Business, whether such business is conducted in compliance with or in violation of the terms of the Franchise Agreement, or from any business which is derived from or similar to the business activities embodied by the Franchised Business.

3.6 National Business Development Program. CITY WIDE has established a program focused on attracting and servicing clients that have a regional or national presence ("**National Business Development Program**"). All clients identified or generated by the National Business Development Program belong to CITY WIDE. As of the date of this Agreement, there are two aspects of the National Business Development Program:

3.6.1. CITY WIDE has established national accounts with national companies with locations all over the United States with whom CITY WIDE typically negotiates one contract for each personal account ("**National Account Contract**") for the provision of facility maintenance services for all the national account's locations ("**Top Down Account**"). CITY WIDE also might be designated a preferred vendor by a regional or national account ("**Preferred Vendor Account**"). Top-Down Accounts and Preferred Vendor Accounts are serviced either by CITY WIDE'S other franchisees or by an affiliate of CITY WIDE, Arete Facility Management, LLC ("Arete"). A Top-Down Account or a Preferred Vendor Account may not exist in your Designated Territory at the time this Agreement is signed, but a relationship with a Top-down Account or a Preferred vendor Account might be established by CITY WIDE after you enter into this Agreement.

Under the Top-Down Account approach, CITY WIDE may engage in any distribution channel to secure an order ("**Order**") for any System product or service calling for delivery or performance in Franchisee's Designated Territory. In the event CITY WIDE secures an Order in Franchisee's Designated Territory, CITY WIDE will first offer the Order to Franchisee at the price CITY WIDE established with the Top-Down Account. If Franchisee is unwilling or unable to fulfill the Order CITY WIDE's affiliate, Arete or a third party CITY WIDE designee (including another franchisee) may fulfill that particular Order. Franchisee will not receive compensation for any Order Franchisee does not service.

If a Top-Down Account is in your Designated Territory and is serviced by either Arete or another franchisee in an adjacent territory to your Designated Territory, you will pay a fee to either Arete or another franchisee in the event you wish to take over servicing that Order. The fee you will pay is as outlined on

**Attachment B** attached to this Agreement. If the National Account is being serviced by Arete, the fee you pay to Arete will be contributed to the National Marketing Fund.

The key characteristics of the aspects of the National Business Development Program are further described and outlined in the current Operating Manual.

Franchisee acknowledges and agrees Franchisee is required to participate and cooperate in the National Business Development Program, including by refraining from certain channels of marketing and distribution. The details of the National Business Development Program are included in the Operating Manual and other written communications from CITY WIDE. While CITY WIDE has the right to establish and maintain such a program, it has no obligation to do so; CITY WIDE reserves the right to modify or discontinue the National Business Development Business Program at any time upon written notice to Franchisee.

3.7 Recurring Fees. Beginning on the first day that the Franchised Business is open for business to the public as determined by CITY WIDE and continuing through the Term of this Agreement, Franchisee must pay CITY WIDE the following recurring fees without offset, credit or deduction of any nature:

3.7.1 Royalty Fee. A monthly royalty fee (“**Royalty Fee**”) equal to the greater of five percent (5%) of the Gross Sales (including National Accounts) or the minimum Royalty Fee (“**Minimum Royalty Fee**”), as outlined in the appropriate chart below:

**City Wide Minimum Royalty Fee Chart (Over 1,000,000 population in Designated Territory)\***

<b>Months in Operation</b>	<b>Minimum Royalty Fee</b>
1-6 months	Actual Royalty Fee
7-9 months	\$1,000/mo.
10-12 months	\$1,400/mo.
13-15 months	\$1,800/mo.
16-18 months	\$2,250/mo.
19-21 months	\$2,700/mo.
22-24 months	\$3,150/mo.
25 -36 months	\$3,600/mo.
37 and all months thereafter	\$5,000/mo.

\*As designated by City Wide in its sole discretion

**City Wide Minimum Royalty Fee Chart (Under 1,000,000 population in Designated Territory)\***

<b>Months in Operation</b>	<b>Minimum Royalty Fee</b>
1-6 months	Actual Royalty Fee
7-9 months	\$750/mo.
10-12 months	\$1,150/mo.
13-15 months	1,550/mo.
16-18 months	\$2,000/mo.
19-21 months	\$2,450/mo.
22-24 months	\$2,900/mo.
25 and all months thereafter	\$3,350/mo.

\*As designated by City Wide in its sole discretion

If Franchisee’s monthly Royalty Fees from all sources total less than the Minimum Royalty Fees outlined in the Minimum Royalty Fee charts outlined in Section 3.7.1 above, then the applicable Minimum Royalty Fees shall be paid by Franchisee to CITY WIDE.

**3.7.2 Marketing Fee.**

(a) Marketing Fund. A marketing fee (“**Marketing Fee**”) will be assessed to fund research and development, placement of media and creation of national and international marketing and advertising materials, promotion and marketing of the franchise system, and development of the National Business Development Program in an amount equal to up to one percent (1%) of Franchisee’s monthly Gross Sales, or as outlined in the Operating Manual. Franchisee must make all such payments to the CITY WIDE Marketing Fund (“**Fund**”). CITY WIDE or its designee may expend amounts in the Fund by the terms of Section 10 of this Agreement.

(b) Local Advertising. Franchisee must spend at least \$1,200 annually on Franchisee’s own advertising and promotion as outlined in the Operating Manual.

**3.7.3 Accounting Services Fee.** Franchisee will pay to Franchisor an Accounting Services Fee for Franchisor to provide financial reporting, bookkeeping and other accounting for the first twelve (12) months after Franchisee has completed Franchisor’s initial training program under to the terms and conditions outlined in the Accounting Services Agreement attached hereto and incorporated herein by this reference as Attachment L.

**3.7.4 Business Development Services Fee.** Franchisee will pay to Franchisor a Business Development Services Fee for the Franchisor to assist Franchisee in prospecting and developing clientele for the first twelve (12) months after Franchisee has completed the Franchisor’s initial training

program under the terms and conditions as set forth in the Business Development Services Agreement attached hereto and incorporated herein by this reference as Attachment L.

3.7.5 National Technology Development Fee. Franchisee agrees to pay to Franchisor, as determined by the Franchisor, the costs associated with Franchisee's participation in Franchisor's development and implementation of the enterprise system(s) utilized in the operations of the Franchised Business.

3.7.6 Information Technology Services Fee. Franchisee will pay to Franchisor an Information Technology Service Fee for the first thirty-six (36) months commencing on the date this Agreement is signed for Franchisor to assist Franchisee under the terms and conditions as outlined in the IT Services Agreement attached hereto and incorporated herein by this reference as **Attachment M**.

3.8 Timing of Payments; ACH Electronic Withdrawals. Unless otherwise provided in the Operating Manual, although calculated on a monthly basis, Franchisee must pay CITY WIDE the Royalty Fees and Marketing Fees and other amounts due to CITY WIDE under this Agreement and submit any reports due CITY WIDE under this Agreement every month, on or before the tenth (10<sup>th</sup>) day of each month. All such Royalty Fees, Marketing Fees and other amounts due shall be tendered to CITY WIDE via ACH electronic withdrawal on or before their respective due dates. By entering the ACH Recurring Payment Authorization Form outlined in **Attachment H** to this Agreement, you hereby consent to pay all such Royalty Fees, Marketing Fees, and other amounts due to CITY WIDE via ACH electronic withdrawal. All reports due to CITY WIDE shall be transmitted to CITY WIDE in the manner CITY WIDE may designate in the Operational Manual or otherwise in writing.

3.9 Taxes and Royalty Fee. At all times after Franchisee execute this Agreement, Franchisee must pay CITY WIDE as an additional Royalty Fee a sum equal to any excise, sales, or privilege tax that any government or governmental agency levies or imposes on CITY WIDE on account of this Agreement or any consideration or fee Franchisee pay under this Agreement (but the taxes contemplated by the preceding clause do not include any income or corporate franchise tax imposed on CITY WIDE).

3.10 Beginning of Week and Month. For purposes of calculating the Royalty Fees and Marketing Fees, a week begins at 12:01 a.m. Monday and ends at midnight the following Sunday; a month begins at 12:01 a.m. on the first day of each calendar month or a portion for the first month of operation and ends at midnight on the last day of each calendar month. Franchisee agrees to comply with any other schedule or method of making payments or reports that CITY WIDE may require from time to time in the Operating Manual. Franchisee's obligation to pay any fees that are earned, accrue, or become due during the Term of this Agreement will survive the Term of this Agreement.

3.11 Late Payments. If any report is not made or any fee or any other amount due under this Agreement is not delivered or paid to CITY WIDE on or before the date due, Franchisee must pay the greater of Thirty Dollars (\$30) or the interest at the highest rate of interest then permitted by applicable law of the state where the Franchised Business is located for each day such amount is past due. Such non-payment or non-delivery will be considered a material breach of this Agreement. Any resulting termination, interest due and service charges will be in addition to any other remedies CITY WIDE may have because of such default. If Franchisee is late in making any two payments of any Royalty Fee or Marketing Fee or any other fees due under this Agreement, CITY WIDE may, at its option, require Franchisee to make all subsequent payments of Royalty Fees and Marketing Fees and any other fees using a direct deposit, bank draft, automatic electronic transfer or wire transfer or other similar means of payment. Based on this Agreement and any other documentation that CITY WIDE may, in its discretion, require Franchisee to sign in advance, CITY WIDE will be authorized without any further grant of authority from Franchisee, to send a bank wire deducting the amount of such fees from Franchisee's bank account and deposit such Fees in

CITY WIDE's bank account. In the case of such bank transfers, CITY WIDE is entitled to recover from Franchisee CITY WIDE's costs in sending the bank draft, wire, or electronic transfer fee. If the bank draft, wire or electronic transfer is returned for insufficient funds, CITY WIDE may charge Franchisee a service charge of ten percent (10%) of the bank draft or wire in addition to any transfer fees and costs incurred.

3.12 Verification. CITY WIDE has the right to establish reasonable procedures for verifying figures and collecting Royalty Fees, Marketing Fees, and all other recurring fees.

3.13 Order for Application of Fees. CITY WIDE will apply for Franchisee's payments under this Section 3 to Franchisee's obligations to CITY WIDE in such order as CITY WIDE may designate from time to time. Franchisee agrees that Franchisee may not designate an order for application of any fees different from that which CITY WIDE designates. Franchisee expressly acknowledges and agrees that CITY WIDE may accept fees Franchisee pays under different instructions without any obligation to follow such instructions, even if Franchisee makes such payment conditional on CITY WIDE following such instructions. This provision may be waived only by a written agreement signed by CITY WIDE, which written agreement must be separate and distinct from the check or other document constituting payment.

3.14 Royalty Rebate Program. Franchisor, in its sole discretion, may offer a rebate of a certain percentage of Royalty Fees paid by Franchisee ("**Royalty Rebate**") and administer a royalty rebate program ("**Royalty Rebate Program**") to eligible franchisees. The Royalty Rebate Program includes, but is not limited to, the following guidelines, which guidelines are supplemented by the Operating Manual and are subject to change.

3.14.1 If the Franchised Business has verifiable Gross Sales generated solely in the Designated Territory in any calendar year:

(a) a Royalty Rebate will not be paid on any Royalty Fees paid to CITY WIDE on Gross Sales of Ten Million Dollars (\$10,000,000) or less.

(b) of Ten Million and One Dollar (\$10,000,001) to Twenty-Four Million Four Hundred Ninety-Nine Thousand and Nine Hundred and Ninety Nine Dollars (\$24,499,999), Franchisee will receive a one percent (1%) Royalty Rebate on Royalty Fees paid in that calendar year on sales that are in excess of Ten Million Dollars (\$10,000,000); and

(c) of Twenty-five millions (\$25,000,000) to Twenty Nine Million Nine Hundred Ninety-Nine Thousand and Nine Hundred and Ninety Nine Dollars (\$29,999,999), Franchisee will receive a two percent (2%) Royalty Rebate on Royalty Fees paid in that calendar year.

3.14.2 A qualifying rebate for any qualifying calendar year shall be made by CITY WIDE to Franchisee no later than the close of the second quarter of the following calendar year. CITY WIDE may deduct any amounts that Franchisee owes CITY WIDE, and CITY WIDE will have no obligation to remit any Royalty Rebates if the Franchise Agreement is terminated or expired at the time the Royalty Rebate is to be paid.

3.14.3 Each designated territory granted to Franchisee (if Franchisee is granted more than one) must qualify individually and cannot combined with other designated territories owned by Franchisee or its affiliate.

3.14.4 Franchisee must re-qualify for the Royalty Rebate Program each year for each Designated Territory. There is no carryover of eligibility for the Royalty Rebate from one calendar year to the next, nor is there any carryover of eligibility for any designated territory in any manner.

3.14.5 National Accounts and the corresponding Royalty Fees paid by Franchisee are included in the Royalty Rebate Program and the calculation for eligibility for the Royalty Rebate. Except as stated in the Royalty Rebate Program, benefits described in Section 3.14 are personal to Franchisee and not transferrable or assignable.

3.14.6 Franchisee must be in good standing under all agreements with CITY WIDE and its affiliate and not be in breach of any term of this Agreement beyond any cure period at the end of the calendar year for which the Royalty Rebate is measured nor at the time the Royalty Rebate is scheduled to be paid. If, at the time the Royalty Rebate is owed to Franchisee and Franchisee has an outstanding balance due to the Franchisor or its affiliates, the Franchisor shall have the right to offset any amount owed to the Franchisor or its affiliates against any the Royalty Rebate owed to Franchisee.

#### **SECTION 4. Duties and Covenants of Franchisor And Training**

CITY WIDE agrees to provide Franchisee with the services set forth below. Franchisee and CITY WIDE agree that CITY WIDE may contract or arrange with third parties, including a Representative (as hereinafter defined) appointed by CITY WIDE under Section 16 of this Agreement, to provide some or all services if those services are of the promised quantity and quality.

4.1 **Initial Training.** Initial training is required for all new CITY WIDE franchisees, including new franchisees entering the CITY WIDE system through a transfer of a Franchised Business. CITY WIDE will provide mandatory initial training programs for three people: (1) Franchisee (or if Franchisee is not a natural person, for one (1) shareholder, partner, or officer of Franchisee as designated by Franchisee and approved by CITY WIDE) and two (2) other people of the Franchised Business in the Designated Territory. CITY WIDE may elect not to provide such initial training if CITY WIDE determines, in its sole discretion, that such training is not required. Training will not begin until Franchisee has obtained financing or shown sufficient assets to satisfy CITY WIDE of Franchisee's ability to meet its financial obligations under the Agreement, and Franchisee has started the online City Wide YOU training program. Before or at the commencement of the initial training program, CITY WIDE will procure and configure laptop hardware for Franchisee and its employees, for use in the operation and management of your Franchised Business (such Software and hardware collectively, "**Technology System**"). CITY WIDE may also make available such other required or optional training programs as CITY WIDE deems necessary and appropriate. The Franchisee's payment of the Initial Training Fee includes five additional training credits for the training of additional managers and staff in addition to the initial three required Franchisee training. CITY WIDE may provide such additional training, including training for substitute trainees under Section 7.14 of this Agreement, at Franchisee's expense. CITY WIDE will conduct such training programs at locations CITY WIDE may designate, (including remotely) and Franchisee must pay all travel, lodging, and other expenses incurred by the trainees in attending such initial and subsequent training programs. Before opening the Franchised Business, Franchisee and Franchisee's salespersons must attend and successfully complete to CITY WIDE's satisfaction a training and familiarization course taken together of approximately ten (10) days over separate non-successive weeks at CITY WIDE headquarters, in Franchisee's Designated Territory or at such other location as CITY WIDE designates (including remotely). In CITY WIDE'S sole discretion, the training may take place in non-successive weeks. Such training program will cover material aspects of the operation of the Franchised Business, including but not limited to:

4.1.1 An understanding of CITY WIDE's conceptual plans outlined in the Operating Manual.

4.1.2 General knowledge with respect to promotion, advertising and marketing techniques.

- 4.1.3 Business operating procedures such as budgets and staffing.
- 4.1.4 General office and professional practice operations and procedures.
- 4.1.5 Implementation of the CITY WIDE System.
- 4.1.6 Use of essential software; and
- 4.1.7 Communication of standards.

(a) CITY WIDE will provide such assistance at its sole discretion as CITY WIDE determines is required in connection with the opening of the Franchised Business, including assistance in hiring Franchisee's personnel and planning and developing of pre-opening and promotional programs. During this period, CITY WIDE's representative will also assist Franchisee in establishing and standardizing procedures and techniques essential to the operation of a Franchised Business and will assist in training Franchisee's personnel. If Franchisee requests additional assistance from CITY WIDE to facilitate the opening of the Franchised Business, and if CITY WIDE deems it necessary and appropriate, Franchisee will reimburse CITY WIDE for CITY WIDE's expense of providing such additional assistance.

(b) If CITY WIDE in its sole discretion determines that Franchisee (as defined and designated under Section 25 of this Agreement), Franchisee's salespersons, or Franchisee's designees are unable to satisfactorily complete the initial training program described above, CITY WIDE will have the right to terminate this Agreement. If CITY WIDE terminates this Agreement under this paragraph, CITY WIDE will return to Franchisee the Initial Franchise Fee paid by Franchisee to CITY WIDE minus the training and other expenses CITY WIDE incurred, but such expenses will be no more than Ten Thousand Dollars (\$10,000). When CITY WIDE has returned this amount to Franchisee, Franchisee will fully and forever release CITY WIDE and its affiliates, subsidiaries, directors, officers and agents from any claims or causes of action Franchisee may have under this Agreement and Franchisee will have no further right, title or interest in the Marks, Software, or the System.

(c) At all times Franchisee must employ trained individuals. If Franchisee designates new or additional managers, outside salespersons or quality-control persons after the initial training program, CITY WIDE will require and provide training to such persons to the extent that CITY WIDE can accommodate such managers in its regularly scheduled training course. CITY WIDE will provide such training at no cost; however, Franchisee will be responsible for all expenses Franchisee or Franchisee's trainees incur to attend such training. CITY WIDE will be under no obligation to provide individual training to Franchisee's managers, outside salespersons, or quality-control persons, but if such training is provided, it shall be Franchisee's responsibility to pay Franchisor Five Hundred Dollars (\$500) per day per person for such training, in addition to any and all expenses incurred by Franchisee's trainees to attend such training.

(d) CITY WIDE from time to time may provide and may require that previously-trained and experienced franchisee, their managers and/or designated employees attend and successfully complete refresher training programs or seminars to be conducted at CITY WIDE's home office, or at such location CITY WIDE has designated. Franchisee will be solely responsible for the expenses attendant to such refresher training programs or seminars; provided, however, that attendance will not be required at more than two (2) such programs in any calendar year and will not collectively exceed four (4) calendar days in duration during any calendar year.

4.2 On-Site Assistance and Supervision. CITY WIDE will from time to time provide on-site assistance and supervision, to the extent that CITY WIDE, in its sole discretion, deems advisable.

Concerning the initial on-site opening assistance and supervision provided by CITY WIDE, CITY WIDE will be responsible for the travel and other living expenses for each representative provided by CITY WIDE. CITY WIDE will provide other assistance and supervision at the sole discretion of CITY WIDE. In the event Franchisee requests additional on-site assistance or supervision CITY WIDE may charge Franchisee a fee, as outlined in the Operating Manual. Franchisee acknowledges and agrees that any evaluation or inspection conducted by CITY WIDE under this section is not intended to exercise, and does not constitute, control over Franchisee's day-to-day operation of the Franchised Business or to assume any responsibility for Franchisee's obligations under this Agreement.

4.3 Specifications. Specifications for fixtures, equipment, signs, furnishings, and other components and accessories for the Franchised Business which Franchisee will purchase at Franchisee's expense for Franchisee to use in conducting the Franchised Business at the Location will be as outlined in the Operating Manual. CITY WIDE may from time to time provide Franchisee with a comprehensive list of established sources of equipment and supplies necessary for the operation of a Franchised Business (See Section 7.9).

4.4 Continuing Advisory Assistance. CITY WIDE will provide continuing advisory assistance to Franchisee in the operation of the Franchised Business, as CITY WIDE in its sole discretion determines is necessary. CITY WIDE may also provide Franchisee newsletters and bulletins from time to time.

4.5 Confidential Operating Manual. Upon execution of this Agreement, CITY WIDE will provide an electronic copy of, or electronic access to, the confidential Operating Manual which will govern the operation of the Franchised Business at the Location. CITY WIDE may make changes and additions from time to time to the Operating Manual which will be available electronically to Franchisee.

4.6 Standards of Quality. Franchisee will continually maintain the highest standards of quality, cleanliness, appearance, and service provided by the System, thereby maintaining the public image and reputation of the System and the demand for the products and services provided under this Agreement, and to that end:

4.6.1 CITY WIDE may from time to time conduct evaluations of the Franchised Business at the Office and at Franchisee's customer sites, and evaluations of the services rendered and the personnel Franchisee employs.

4.6.2 CITY WIDE will provide Franchisee advice concerning operating problems, new techniques and administrative, bookkeeping, accounting and operating methods disclosed by reports to or inspections made by CITY WIDE as CITY WIDE in its sole discretion, may deem appropriate; and

4.6.3 CITY WIDE will help, as CITY WIDE in its sole discretion may deem reasonably required, including advice and guidance with respect to new and improved methods of operation or business procedures developed by CITY WIDE, use of the Operating Manual, management material, promotional material, advertising forms, updates to Software, and the Marks.

4.7 No Responsibility or Liability. CITY WIDE will not, by any approvals, advice, or services provided to Franchisee, assume responsibility or liability to Franchisee or to any third party to which it would not otherwise be subject.

4.8 National Meetings. CITY WIDE may offer to conduct national or regional franchisee meetings ("National Meetings") as outlined in Section 7.24 below.

4.9 Franchise Advisory Council. CITY WIDE has established a franchise advisory council (“**Franchise Advisory Council**”) to which Franchisee may be elected. All franchisees within CITY WIDE’s franchise system share in the expenses related to the Franchise Advisory Council. Amounts and expenditures may vary from time to time due to variations in FAC costs as determined by CITY WIDE. Accordingly, regardless of whether Franchisee is elected to the Franchise Advisory Council, Franchisee will be required to pay Franchisee’s proportionate share of travel and lodging costs of elected Franchise Advisory Council members. CITY WIDE will invoice Franchisee for Franchisee’s share of such costs.

4.10 Review of Promotional and Advertising Materials. CITY WIDE must review all promotional and advertising materials Franchisee intends to use before Franchisee uses them under the provisions of Section 10 of this Agreement. As described in Section 10 of this Agreement, CITY WIDE agrees to provide to Franchisee reasonable amounts of such advertising and promotional materials as CITY WIDE has prepared and used in connection with other Businesses in the System owned or licensed by CITY WIDE, at a price equal to CITY WIDE’s cost, including allocable overhead, plus ten percent (10%).

## **SECTION 5. Marks**

5.1 Franchisee acknowledges that CITY WIDE is the licensee of the Marks found in **Attachment C** to this Agreement. Franchisee further acknowledges that CITY WIDE has disclosed fully to Franchisee that the Marks licensed hereunder are owned by CITY WIDE FRANCHISE HOLDING COMPANY, INC., an affiliate (See Section 13.2) of CITY WIDE. Franchisee additionally acknowledges that CITY WIDE has disclosed fully to Franchisee that CITY WIDE has the exclusive right throughout the United States, Canada and Mexico, under its License Agreement with CITY WIDE FRANCHISE HOLDING COMPANY, INC., to sub-license the use of the Marks for use as outlined in this Agreement. Franchisee further acknowledges that Franchisee’s right to use the Marks is derived solely from this Agreement and is limited to Franchisee’s conduct of the Franchised Business under and in compliance with this Agreement and all applicable standards, specifications, and operating procedures CITY WIDE prescribes from time to time during the term of the franchise. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of CITY WIDE in and to the Marks. Franchisee acknowledges that all Franchisee’s usage of the Marks and any goodwill established by Franchisee’s use of the Marks will inure to the exclusive benefit of CITY WIDE and that this Agreement does not confer on Franchisee any goodwill or other interests in the Marks. Franchisee will not, at any time during the Term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks. All provisions of this Agreement applicable to the Marks also apply to any additional trademarks, service marks, and commercial symbols CITY WIDE authorizes Franchisee to use during the Term of this Agreement.

5.2 Franchisee will not use any of the Marks or portion of any of the Marks as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modified form. Franchisee will not use any Mark in connection with the sale of any unauthorized product or service or in any other manner CITY WIDE has not expressly authorized in writing. Franchisee will give such notices of trademark and service mark registrations as CITY WIDE specifies and obtain such fictitious or assumed name registrations as may be required under applicable law.

5.3 Franchisee will promptly notify CITY WIDE of any claim, demand, or cause of action based upon or arising from any attempt by any other person, firm or corporation to use the Marks or any colorable imitation of them. Franchisee will notify CITY WIDE of any action, claim or demand against Franchisee relating to the Marks, within ten (10) calendar days after Franchisee receives notice of any action, claim, or demand. Upon receipt of a timely notice of an action, claim or demand against Franchisee relating to the Marks, CITY WIDE will have the sole right to defend any such action. CITY WIDE will

have the exclusive right to contest or bring action against any third party regarding the third party's use of any of the Marks and will exercise such right in its sole discretion. In any defense or prosecution of any litigation relating to the Marks or components of the System undertaken by CITY WIDE, Franchisee will cooperate with CITY WIDE and execute any documents and take all actions as may be desirable or necessary in the opinion of CITY WIDE's counsel, to conduct such defense or prosecution. Both parties will make every effort consistent with the foregoing to protect, maintain, and promote the Marks as identifying the System. CITY WIDE MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, EXCLUSIVE OWNERSHIP, VALIDITY OR ENFORCEABILITY OF THE MARKS.

5.4 If it becomes advisable at any time, in CITY WIDE's sole discretion, for CITY WIDE and/or Franchisee to modify or discontinue the use of any of the Marks, and/or use one or more additional or substitute trade names, trademarks, service marks, or other commercial symbols, Franchisee will comply with CITY WIDE's directions within a reasonable time after Franchisee receives notice from CITY WIDE, and CITY WIDE will have no liability or obligation whatsoever to Franchisee concerning CITY WIDE's modification or discontinuance of any of the Marks.

5.5 In order to preserve the validity and integrity of the Marks, copyrights, patents (which copyrights and/or patents may be identified by CITY WIDE in writing), Software (as defined in Section 11.10) and Confidential Information (as defined in Section 9.1) licensed under this Agreement and to assure that Franchisee is properly employing the same in the operation of Franchisee's Franchised Business, CITY WIDE or its agents will have the right to enter and inspect Franchisee's Location at all reasonable times and in a reasonable manner and will also have the right to observe the manner in which Franchisee is rendering services and conducting Franchisee's activities and operations and to inspect equipment, merchandise, accessories, products, supplies, reports, forms and documents and related data for test of content and evaluation purposes to make certain that the Franchised Business is being operated in accordance with the quality control provisions and performance standards established by CITY WIDE.

5.6 Franchisee understands and agrees that any use of the Marks other than as expressly authorized by this Agreement, without CITY WIDE's prior written consent, is an infringement of CITY WIDE's rights and a material breach of this Agreement and that the right to use the Marks granted under this Agreement does not extend beyond the end of the Term of this Agreement. Franchisee expressly covenants that, during the Term of this Agreement and after any termination or expiration, Franchisee will not, directly, or indirectly, commit any act of infringement or contest or aid others in contesting the validity of CITY WIDE's right to use the Marks or take any other action in derogation of CITY WIDE's rights.

5.7 Franchisee will not license or attempt to license any other person or entity to use the System, Software or the Marks or allow any other person or entity to use the System, Software or Marks, other than Franchisee's employees or agents and only in connection with the Franchised Business.

5.8 Franchisee may use the Marks only to identify the Franchised Business and the products and services specifically identified as a part of the System from time to time in the Operating Manual.

5.9 Franchisee will not interfere in any manner with, or attempt to prohibit, the use of the Marks or the System by CITY WIDE or by any of CITY WIDE's other franchisees or licensees.

5.10 Franchisee further agrees and covenants to operate and advertise only under the name or names from time to time designated by CITY WIDE for use by similar System franchisees; to adopt and use the Marks solely in the manner prescribed by CITY WIDE; to refrain from using the Marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject CITY WIDE to liability; to observe all laws with respect to the registration of trade names and assumed or

fictitious names, to include in any application for such names a statement that Franchisee's use of the Marks is limited by the terms of this Agreement, and to provide CITY WIDE with a copy of any such application and other registration document(s); to observe such requirements with respect to trademark and service mark registrations and copyright notices as Franchisee may, from time to time, require, including, without limitation, affixing "SM," "TM," or "R" in a circle adjacent to all such Marks in any and all uses thereof; and, to utilize such other appropriate notice of ownership, registration, and copyright as CITY WIDE may require.

5.11 Franchisee's use of the Marks in any advertising or in any form of promotion will conform to the guidelines as attached as **Attachment D**, and as Attachment D is from time to time modified in the Operating Manual.

## **SECTION 6. Franchised Business Location and Signs**

6.1 Franchisee acknowledges and agrees that this Agreement entitles Franchisee to operate only one (1) Franchised Business, and Franchisee agrees to operate the Franchised Business only in the Designated Territory specified in Sections 1.1 and 1.2 of this Agreement. The license granted hereunder is an exclusive license to operate the Franchised Business within the Designated Territory, as described and outlined in **Attachment B**, from the Office as outlined in Section 6.3, subject to the reservation of rights set forth in Section 6.7 below.

6.2 Franchisee is not permitted to make material alterations to the trade dress, equipment, fixtures, signs or other materials or items bearing the Marks of the Franchisor in the Designated Territory, without prior written approval by CITY WIDE.

6.3 Franchisee shall establish an office for the Franchised Business ("**Office**") within the Designated Territory before the commencement of any business or promotional activities. At a minimum, such Office shall include telephone service dedicated to the Franchised Business which will be answered by an employee, telephone answering service or voice mail (or combination thereof) and which will take calls from customers or employees twenty-four (24) hours a day and include a specific reference that identifies the number as being associated with CITY WIDE. These telephone numbers, lines and the services related thereto (collectively, "**Telephone Line**") will be the sole and exclusive property of CITY WIDE. Franchisee shall always be solely responsible for any expenses and debts incurred with respect to the Telephone Line. Franchisee does hereby irrevocably convey, assign and transfer to CITY WIDE all the rights relative to the termination and/or changing of the Telephone Line should the franchise arrangement and/or relationship between the parties cease at any time for any reason. Additionally, Franchisee does hereby irrevocably convey, assign and transfer to CITY WIDE all the rights to place forwarding instructions upon the Telephone Line to whatever numbers and to any persons CITY WIDE desires, should the franchise arrangement and/or relationship cease at any time for any reason. This includes the assignment of the Telephone Line or forward instructions if Franchisee is using a Telephone Line tied to a cellular, mobile or other portable phone to operate the Franchised Business. All expenses in terminating, changing and forwarding the Telephone Line always times be the sole responsibility of Franchisee. CITY WIDE may, from time to time, establish such further reasonable requirements concerning the establishment and operation of the Office and Franchisee shall promptly comply with such requirements upon receipt of notice thereof.

6.4 Franchisee shall notify CITY WIDE of the location ("**Location**") of the Office during the Term or any Successor Term as outlined in the Manual. Franchisee shall not change the Location without CITY WIDE's approval. Franchisee shall give CITY WIDE at least thirty (30) days prior written notice of any such change and CITY WIDE shall have thirty (30) days within which to approve such Location and

the proposed décor and signage. If CITY WIDE does not disapprove of such Location, décor or signage within such thirty (30) day period, same shall be deemed disapproved.

6.5 To retain rights to the Designated Territory, Franchisee must meet the annual revenue per capita growth (“**Annual Revenue Per Capita Growth**”) in every year in the Term of the Agreement, as published on [uscensus.gov](http://uscensus.gov). Specifically, Franchisee will be required to grow the gross revenues generated by the Franchised Business to no less than \$0.15 per person per year. Franchisees must meet this requirement each year; however, CITY WIDE will measure this requirement using a three-year rolling average. CITY WIDE will measure Franchisee’s Annual Revenue Per Capita Growth by calculating the average revenues generated by Franchisee’s Franchised Business in the preceding three (3) years of operations. Each year thereafter, CITY WIDE will measure Franchisee’s Annual Revenue Per Capita Growth by calculating the average revenues generated by Franchisee’s Franchised Business in the immediately preceding three (3) years of operations. Each year thereafter, CITY WIDE will measure Franchisee’s Annual Revenue Per Capita Growth by calculating the average revenues generated by Franchisee’s Franchised Business in the immediately preceding three (3) years of operations. If Franchisee fails to satisfy the Annual Revenue Per Capita Growth requirement on a rolling three (3) year average, it will be deemed a material breach of this Agreement, and CITY WIDE will then have the right to reduce the size of Franchisee’s Designated Territory, grant additional franchises within the Designated Territory or to terminate this Agreement, provided that there will be a period not to exceed one (1) year to cure such a breach.

6.6 Franchisee will receive an exclusive Designated Territory, subject to the exceptions outlined below. The license is limited to the right to develop and operate one Franchised Business at the Location within the Designated Territory, and does not include (i) any right to market or sell products or services identified by the Marks at any location other than the Location, or through any other channels or methods of distribution, including the Internet (or any existing or future form of electronic commerce including but not limited to social media, websites, mobile communication devices and 3D virtual worlds), except in accordance with policies stated in the Operating Manual; (ii) any right to sell products or services identified by the Marks to any person or entity for resale or further distribution; or (iii) any right to exclude, control, or impose conditions on CITY WIDE’s development of future franchised, company, or affiliate-owned Franchised Businesses at any time outside of the Territory.

6.7 Franchisee also acknowledges and agrees that CITY WIDE and its affiliates reserve the right to:

6.7.1 Establish and/or license other Franchised Businesses at any Location outside of the Designated Territory as CITY WIDE deems appropriate;

6.7.2 Establish and license others to establish businesses under other systems using the Marks or other proprietary marks, which businesses may be located within or outside the Designated Territory, provided, however, that, except as specifically provided in the Franchise Agreement, CITY WIDE will not license or establish a business substantially like the Franchised Business and using the Marks within Franchisee’s Designated Territory;

6.7.3 Sell the services, products, materials and related equipment authorized for Franchisee’s Franchised Business under other trademarks, service marks and commercial symbols through similar or dissimilar channels of distribution and under terms CITY WIDE deems appropriate within and outside Franchisee’s Designated Territory;

6.7.4 Advertise and sell the services, products, materials and related equipment authorized as associated with Franchisee’s Franchised Business under the Marks through dissimilar

channels of distribution including, without limitation, by electronic means such as the Internet, websites and 3D virtual worlds we establish and pursuant to terms we deem appropriate within and outside Franchisee's Designated Territory;

6.7.5 Advertise the System on the Internet and create, operate, maintain, modify, or discontinue the use of one or more websites using the Marks;

6.7.6 Acquire the assets or ownership interest of one or more businesses providing services, products, materials, and related equipment similar to those provided at Franchisee's Franchised Business, and franchise under a service mark or trademark other than our Marks, license, or grant the right to others to operate those businesses once acquired, regardless of whether these businesses are located or operating within Franchisee's Designated Territory;

6.7.7 Be acquired by a business providing services, products, materials and equipment like those provided at Franchisee's Franchised Business, even if such business operates, franchises and /or licenses competitive businesses in Franchisee's Designated Territory;

6.7.8 Maintain the National Business Development Program. If Franchisee does not participate in the National Business Development Program or is unable to fully service a National Account in its Designated Territory, CITY WIDE, an affiliate, or a third party CITY WIDE designee (including another CITY WIDE franchisee) may provide the services necessary to fulfill a National Account in Franchisee's Designated Territory and Franchisee will not be entitled to any compensation in connection with the transaction; and

6.7.9 Engage in any other activities not expressly prohibited in this Agreement.

## **SECTION 7. Standards of Operation**

Franchisee shall comply with all requirements contained in this Agreement, the Operating Manual and other written policies CITY WIDE supplies to Franchisee. Mandatory specifications, standards, operating procedures and rules CITY WIDE prescribes from time to time in the Operating Manual or otherwise communicated to Franchisee in writing will constitute provisions of this Agreement as if fully outlined in this Agreement. Any required standards set forth herein, the Operating Manual, System Standards, exist to protect CITY WIDE's interests in the System and the Marks and not to establish any control or duty to take control over those matters that are reserved to Franchisee. All references to this Agreement will include all such mandatory specifications, standards and operating procedures and rules. Franchisee's failure to comply with requirements set forth in this Agreement concerning quality and performance will constitute a material breach of and cause for termination of this Agreement. Franchisee will comply with the entire System including, but not limited to:

7.1 Commencing Operations. Franchisee will commence operation of the Franchised Business not later than one hundred twenty (120) calendar days after the execution and acceptance of this Agreement. Franchisee shall apply to all appropriate government authority for such permits, licenses and/or approvals which may be required to operate Franchisee's Franchised Business within the Designated Territory for Franchisee's Franchised Business within fourteen (14) calendar days after execution and acceptance of this Agreement. Such permits, licenses, and/or approvals may include, but not be limited to, a general contractor's license. Prior to the opening of the Franchised Business, Franchisee will have complied with all CITY WIDE's pre-opening standards and specifications. If for any reason Franchisee fails to commence operation as provided in this Agreement, such failure will be considered a default and CITY WIDE may terminate this Agreement.

7.2 Permits and Certification. Before commencing operation of the Franchised Business, Franchisee will, at Franchisee's expense, furnish CITY WIDE, for its approval, the following:

7.2.1 Copies of all permits and certifications as may be required for the lawful operation of the Franchised Business, together with copies of any building inspection reports and certifications from all governmental authorities having jurisdiction over the Designated Territory and the Franchised Business showing that all necessary permits have been obtained and that all requirements for operation have been met.

7.3 Condition and Appearance of Office; Right of Inspection. Franchisee will maintain the condition and appearance of the Office of the Franchised Business consistent with CITY WIDE standards, as set forth in the Operating Manual and otherwise in writing. Franchisee will maintain such premises as CITY WIDE may from time to time require to maintain or improve the appearance and efficient operation of the Franchised Business, including, but not limited to, replacement of worn out or obsolete fixtures and signs, and repair of the Location. If any time in CITY WIDE's judgment the general state of repair or the appearance of the premises of the Franchised Business or its equipment, fixtures, or signs does not meet CITY WIDE's standards, CITY WIDE will so notify Franchisee and specify the action Franchisee must take to correct such deficiency. If Franchisee fails or refuses to initiate within thirty (30) calendar days after receipt of such notice, and continues to fail to implement a bona fide program to complete any required maintenance, CITY WIDE will have the right, in addition to all other remedies, to enter upon the premises of the Franchised Business and effect such repairs, painting, maintenance or replacements of equipment, fixtures or signs on Franchisee's behalf and Franchisee will repay CITY WIDE the entire costs on demand. If Franchisee fails to make any such payments or remedy operational deficiencies, such failure will constitute a material breach of this Agreement and CITY WIDE may terminate this Agreement. Except for those repairs that would constitute a public health or safety hazard, or are required by any governmental agency, any such remodeling requirement will be imposed only in a nondiscriminatory manner upon (i) all comparably situated CITY WIDE franchisees and (ii) all comparably situated CITY WIDE-owned businesses; provided further that any capital expenditure otherwise required under this Agreement in excess of Twenty Five Thousand Dollars (\$25,000) will only be required to be made by Franchisee if sufficient time remains in the Initial or any Successor Terms to fully amortize or depreciate such expenditure under the Internal Revenue Code ("Code"), as amended, and all applicable regulations under the Code.

7.4 Cleanliness and Safety. Franchisee must maintain and operate the Franchised Business in a good, clean, and safe manner in compliance with standards prescribed by CITY WIDE.

7.5 No Duplication or Disclosure. Franchisee is prohibited from duplication of the CITY WIDE System and Software and will not disclose or cause to be disclosed any part of the CITY WIDE System or Operating Manual.

7.6 No Material Alterations. Franchisee will make no material alterations to the premises of the Franchised Business nor will Franchisee make material replacements of or alterations to the equipment, fixtures, furniture, or signs of the Franchised Business without the prior written approval by CITY WIDE.

7.7 Uniform Standards. Franchisee recognizes that it is essential to the proper marketing of the System and the designated service and product lines and to the preservation and promotion of their reputation and acceptance by the public at large, that uniform standards of quality of services, products and merchandise be maintained. Franchisee will promote, offer, sell and dispense all merchandise, products, trademarked product and service lines as prescribed by CITY WIDE as part of the System. Franchisee acknowledges that failure to abide by this provision will result in diffusing the CITY WIDE public image to the detriment of all franchisees using the System.

7.8 Pricing. CITY WIDE may, as it deems advisable from time to time, advise or offer guidance to Franchisee with respect to prices for products or services offered for sale by the Franchised Business, the charging of which, in CITY WIDE's judgment, constitutes good business practice. Franchisee is not obligated to accept any such advice or guidance and Franchisee has the sole right to determine prices to be charged by the Franchised Business, if Franchisee's prices are consistent with the CITY WIDE concept.

7.9 Approved Suppliers and Approved Supplies. From time to time, CITY WIDE will provide to Franchisee either in the Operating Manual or posted on CITY WIDE'S internal website ("CW You") a list of approved manufacturers, suppliers and distributors authorized for the Franchised Business ("**Approved Suppliers List**") and a list of approved inventory, products, fixtures, furniture, equipment, signs, stationery, supplies, and other items or services necessary to operate the Franchised Business ("**Approved Supplies List**"). From time to time as set forth in the Operating Manual, CITY WIDE may designate suppliers on the Approved Suppliers List as required suppliers ("**Required Suppliers**") from whom you must purchase inventory, products, services or other items and services. Currently, on the list of Required Suppliers are two payroll providers from whom you are required to select for your payroll services. You may not use payroll services from any other provider than those set forth in the list of Required Suppliers. Such lists will specify the manufacturer, supplier and distributor and the inventory products, fixtures, furniture, equipment, signs, stationery, supplies and services which CITY WIDE has approved to be carried or used in the System. CITY WIDE may revise the Approved Suppliers List and Approved Supplies List from time to time in its sole discretion. Such approved lists will be submitted to Franchisee as CITY WIDE deems advisable. If Franchisee proposes to use at the Location any equipment or any brand of product which is not then approved by CITY WIDE as meeting its minimum specifications and quality standards, or to purchase any product from a supplier that is not then designated by CITY WIDE as an Approved Supplier on the Approved Suppliers List, Franchisee must first notify CITY WIDE and must, upon request by CITY WIDE, submit samples and such other information as CITY WIDE requires for examination and testing or to otherwise determine whether the proposed supply or supplier meets CITY WIDE's specifications and quality standards. CITY WIDE will not consider requests by Franchisee or any affiliate of Franchisee to become Approved Suppliers. A charge not to exceed the reasonable cost of CITY WIDE's inspection and evaluation plus the actual cost of any test performed by CITY WIDE will be paid to CITY WIDE by Franchisee or the supplier. CITY WIDE shall notify Franchisee whether it approves or disapproves of the proposed supply or supplier. If CITY WIDE approves the proposed supply or supplier, Franchisee may purchase that supply or use that supplier in connection with the Franchised Business, unless CITY WIDE notifies Franchisee that such approval has been revoked. CITY WIDE reserves the right, at its option, to re-inspect the facilities and products of any supplier of an approved item and to revoke its approval of any item which fails to continue to meet any of CITY WIDE's criteria.

7.10 Other Products and Items. All inventory, products and materials, and other items and supplies used in the operation of the Franchised Business which are not specifically required to be purchased in accordance with CITY WIDE's Approved Supplies List and Approved Suppliers List will conform to the specifications and quality standards established by CITY WIDE from time to time.

7.11 Supervision. Franchisee will diligently and fully exploit the rights in this Agreement by devoting its full time and best efforts to the Franchised Business. At all times Franchisee will be directly engaged in the day-to-day management and oversight of the Franchised Business for the purpose of generating business and increasing the inherent value of the Franchised Business and the System. If more than one (1) individual has executed this Agreement as Franchisee, Franchisee must designate one (1) individual who will devote his or her full time and will be directly involved in the operation of the Franchised Business. Franchisee will always faithfully, honestly, and diligently perform Franchisee's obligations under this Agreement and will not engage in any business or other activities that will conflict with Franchisee's obligations under this Agreement

7.11.1 If the Franchised Business is in the top twenty-five percent (25%) of the System in terms of Annual Revenue Per Capita Growth or a similar metric established from time to time by CITY WIDE, Franchisee may designate a trained and competent employee to be a full-time manager (“**Manager**”) to run the day-to-day operations of the Franchised Business with Franchisee providing its continued support to the Manager, subject to the conditions set forth below. Where the Franchised Business is the first CITY WIDE business in the Designated Territory or surrounding area, the option of appointing a manager is not available. The Franchisee must directly operate and manage the Franchised Business. Where a Franchisee is wishing to designate a manager, the following minimum conditions must be met:

(a) Manager must have the necessary experience to operate the Franchised Business in accordance with the System Standards and Operating Manual.

(b) Manager must own at least a twenty percent (20%) interest in Franchised Business (if Franchisee is an entity, Manager must own twenty percent (20%) of the entity that owns the Franchised Business); provided however, that CITY WIDE may agree to an alternative arrangement (other than direct ownership by the Manager) in exceptional circumstances.

(c) The Manager must sign the Guaranty and Assumption of Obligations, the Confidentiality Agreement, and the Non-Compete Agreement, attached hereto as Attachments A, E and F respectively.

7.11.2 CITY WIDE’s approval of the Manager may be withdrawn if Franchisee is in default of this Agreement.

7.11.3 From time to time, CITY WIDE may modify the criteria outlined herein and establish new criteria as it relates to the appointment of the Manager.

7.12 Full Compliance. Franchisee will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchised Business and will operate the Franchised Business in full compliance with all applicable ordinances and regulations, including without limitation, all government laws and regulations relating to occupational hazards and health, EEOC laws, Americans with Disabilities Act, copyright laws protecting owners of musical works, consumer protection, trade regulations, workers compensation, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes and sales, use and property taxes. Franchisee will furnish CITY WIDE within one hundred twenty (120) days after the receipt of equipment, a copy of a receipt for the payment of all use taxes, personal property taxes, and like taxes or assessments, applicable thereto.

7.13 High Moral and Ethical Standard. Franchisee will maintain a high moral and ethical standard in the operation and conduct of the Franchised Business so as to create and maintain goodwill among the public for the Marks and supervise and evaluate the performance of Franchisee’s professional and other staff to ensure that each renders competent, efficient and quality service.

7.14 Completion of Training. Franchisee agrees that Franchisee and two other persons Franchisee designates will satisfactorily complete all mandatory training programs required by CITY WIDE, including but not limited to the initial training referred to in Section 4.1 of this Agreement. CITY WIDE, in its sole discretion, will determine if the individuals who participate in such programs on Franchisee’s behalf have satisfactorily completed the training programs. If by virtue of pre-training evaluation or during or at the end of the initial training program CITY WIDE, in its sole discretion, determines that any of those persons have not or will not be able to satisfactorily complete the training program, then CITY WIDE will notify Franchisee of that determination, and Franchisee will promptly designate a substitute trainee who meets the requirements set forth in Section 4.1 to participate in and

complete the training program. If CITY WIDE, in its sole discretion, determines that such substitute does not or will not be able to satisfactorily complete the training program, then CITY WIDE will notify Franchisee of that determination and Franchisee will promptly designate a second substitute trainee who meets the requirements set forth in Section 4.1 to participate in and complete the training program. If CITY WIDE, in its sole discretion, determines that such second substitute trainee does not or will not be able to satisfactorily complete the training program, then CITY WIDE may elect to terminate this Agreement pursuant to Section 14.1.6 below, without any additional cure period. If CITY WIDE, in its sole discretion, at any time determines that Franchisee have not satisfactorily completed any mandatory training program, then CITY WIDE may suspend Franchisee's rights pursuant to this Agreement, including the right to operate the Franchised Business, until such programs have been satisfactorily completed, as determined by CITY WIDE in its sole discretion, regardless of whether or not CITY WIDE has exercised its right to terminate pursuant to Section 14.1.6. Franchisee further agrees that all sales representatives and facility services managers employed by Franchisee will attend all requisite training programs at CITY WIDE's home office.

7.15 Revenue and Profit Maximization; Budget and Strategic Plan. Franchisee will always use Franchisee's best efforts to diligently operate the Franchised Business so as to maximize the revenues and profits and will do all things reasonably requested by CITY WIDE to maximize revenues and profits. Franchisee always agrees and covenants to comply with CITY WIDE's minimum staffing requirements as set forth in the Operating Manual or System Standards. Franchisee acknowledges and agrees that Franchisee's failure to comply with this requirement shall constitute a material default of this Agreement for which CITY WIDE may terminate this Agreement or: (a) reduce Franchisee's Designated Territory size; (b) reduce the number of field visits that CITY WIDE provides to Franchisee during the Agreement; (c) require Franchisee to attend additional training at Franchisee's expense; (d) prohibit Franchisee from attending any annual conference, convention, or training session that CITY WIDE may periodically conduct; and (e) deem Franchisee ineligible for any awards bestowed upon franchisees by CITY WIDE. Franchisee agrees to complete and submit to CITY WIDE on an annual basis a budget and strategic business plan before the end of Franchisee's fiscal year via CITY WIDE's budgeting platform. In the event CITY WIDE exercises its right in 7.15(a) above, the portion of the Designated Territory that is no longer part of the Designated Territory ("**Eliminated Portion**") may be granted by CITY WIDE to another franchisee to develop, own and operate a franchised business. If CITY WIDE grants the Eliminated Portion to another franchisee, Franchisee acknowledges and agrees that Franchisee's duties and obligations under this Agreement relating to operating the Franchised Business in the remaining part of the Designated Territory will continue in full force and effect so long as this Agreement is in effect. Notwithstanding the above, CITY WIDE will provide Franchisee with a period not to exceed one (1) year to cure the breach in 7.15(a).

Franchisee acknowledges and agrees there exists a direct correlation between sales staffing and the financial success of a Franchised Business. Accordingly, Franchisee is required to meet the minimum staffing levels as set forth in the Operating Manual.

7.16 Promotions. Franchisee will use only business stationery, business cards, marketing materials, advertising materials, printed materials, and forms which have been supplied by a supplier designated or approved by CITY WIDE pursuant to Section 7.9 of this Agreement and which meet all standards of quality and other specifications of CITY WIDE. Franchisee will not employ any person to act as a representative of Franchisee in connection with the local promotion of the Franchised Business in any public media without the prior written approval of CITY WIDE. Franchisee will submit to CITY WIDE in a timely manner, all promotional and advertising materials to be used by Franchisee, which must be approved by CITY WIDE before their use. Such submission will give CITY WIDE a minimum of seven (7) business days to review and approve such material. If CITY WIDE does not respond to Franchisee's request within that time, Franchisee's proposed materials will be deemed disapproved.

7.17 Independent Ownership. In all advertising displays and materials used in the Franchised Business and in Franchisee's Designated Territory, Franchisee will, in such form and manner as may be specified by CITY WIDE in the Operating Manual, notify the public that Franchisee is independently owned and is operating the business licensed under this Agreement as a franchisee of CITY WIDE and will identify Franchisee's Location in the manner specified by CITY WIDE in the Operating Manual.

7.18 Marketing Efforts. Franchisee will at all times actively promote the sale of System products and services at the Location and will use Franchisee's primary and best efforts to cultivate, develop, and expand the market for such products and services. Franchisee must participate in and cooperate in any marketing or promotional campaigns conducted by CITY WIDE unless Franchisee obtains prior written approval from CITY WIDE to opt out of any such campaign.

7.19 Total Revenue Retention Requirement. The total revenue retention of Franchisee's Franchised Business must not fall below seventy-five percent (75%) for any rolling thirty-six (36) month period for Franchisee's Business ("**Minimum Total Revenue Retention Requirement**"), as determined by CITY WIDE. Franchisee acknowledges and agrees that Franchisee's failure to comply with the Minimum Total Revenue Retention Requirement shall constitute a material default of this Agreement for which CITY WIDE may terminate this Agreement. In the event that Franchisee fails to comply with the Minimum Total Revenue Retention Requirement, CITY WIDE also reserves the right to take corrective action with respect to Franchisee's Franchised Business, which may include the implementation of a plan with which Franchisee agrees to comply.

7.20 Notification Requirements. Franchisee will notify CITY WIDE promptly in writing prior to taking legal action against any customer, supplier or independent contractor, and Franchisee will notify CITY WIDE promptly in writing of any legal action of any kind or nature, filed against Franchisee by anyone during the term or extension of this Agreement.

7.21 No Warranties. All products and goods sold, licensed, or leased by or through CITY WIDE to Franchisee will be sold, licensed, or leased in accordance with the terms expressly set forth in the Operating Manual or as otherwise provided for in writing by CITY WIDE or the manufacturer of such products and goods. EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY CITY WIDE, CITY WIDE MAKES NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO SUCH PRODUCTS AND GOODS, AND ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING, BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE HEREBY EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL CITY WIDE'S LIABILITY IN CONNECTION WITH ANY SUCH PRODUCTS OR GOODS EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE OR LICENSE FEE PAID BY FRANCHISEE FOR ANY SUCH PRODUCTS OR GOODS. IN NO EVENT WILL CITY WIDE BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, FRANCHISEE AND FRANCHISEE'S CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) SUCH PRODUCTS AND/OR GOODS FOR ANY PURPOSE WHATSOEVER, EVEN IF CITY WIDE IS AWARE OR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH POTENTIAL LOSS OR DAMAGES.

7.22 Best Interest of the System. Franchisee will not engage in any activity, conduct or practice that is contrary to the best interest of CITY WIDE or Franchisee or that is reasonably anticipated to result in litigation with Franchisee's suppliers or customers, or in public criticism of CITY WIDE or the Franchised Business generally.

7.23 Notice of Legal Action. Franchisee will notify CITY WIDE in writing within five (5) business days of receipt of service or notice of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, including action against professional services/credentials of any employee or contractor associated with Franchisee, which may adversely affect the operation or financial condition of the Franchised Business.

7.24 National Meetings. Franchisee, personally or through authorized representative(s) approved in advance by CITY WIDE, will attend and participate annually in any National Meetings sponsored or arranged by CITY WIDE (including remote meetings). Franchisee agrees to use Franchisee's best efforts to attend and participate personally or through such authorized representative(s) in all other National Meetings of System franchisees as designated by CITY WIDE from time to time. All expenses incurred by Franchisee in association with such National Meetings, including, without limitation, the cost of travel, room, board, and wages of the person(s) participating therein, will be borne by Franchisee. If Franchisee fails to attend a National Meeting without the prior written consent of CITY WIDE, Franchisee will be assessed a non-attendance fee of \$2,000, or the then current fee as stated in the Operating Manual, which Franchisee agrees to promptly pay.

7.25 Purchase Money Security Interest. Franchisee grants CITY WIDE a purchase money security interest in all products and goods, and any proceeds in items Franchisee purchased from CITY WIDE or CITY WIDE licensed to Franchisee. That security interest will secure the payment to CITY WIDE of the purchase price or license fee for all such products and goods, all obligations relating to such purchases or licenses, and all costs, expenses, future advances and liabilities that may be made or incurred by CITY WIDE in the administration and collection of any such amounts.

7.26 Security Agreement. This Agreement will constitute a security agreement, and upon request by CITY WIDE, Franchisee will execute any additional instruments required to perfect this security interest including, without limitation, a standard Uniform Commercial Code ("UCC") financing statement. Franchisee authorizes CITY WIDE to file a copy of this Agreement, a UCC financing statement, and any other documents that may be necessary to perfect that security interest. Provided, however, that CITY WIDE agrees to subordinate its security interest to the security interest of any bank or other lender which loans funds to Franchisee for the construction or development of a Franchised Business; provided further that such subordination will not be effective in the case of re-financing of such loans.

7.27 Copyright Notice. Franchisee will cause the proper copyright notice to appear on all copies of all materials promulgated by CITY WIDE, including any printed copies of CITY WIDE's Operating Manual.

7.28 Insurance. Franchisee shall keep the Franchised Business and all proprietary equipment and other equipment adequately insured with the coverages and policy limits as set forth in the Operating Manual, and as from time to time modified by CITY WIDE therein.

7.29 CITY WIDE's Right to Enter. Franchisee hereby grants to CITY WIDE and its agents the right to enter upon the Location, without notice, at any reasonable time for the purpose of conducting inspections of the Location, Franchise Owner's Business Records (as defined in Section 11) including but not limited to its books, records and register tapes, and Franchisee agrees to render such assistance as may reasonably be requested and to take such steps as may be necessary immediately to correct any deficiencies detected during such an inspection upon the request of CITY WIDE or its agents.

7.30 Possible Variability. Because complete and detailed uniformity under many varying conditions may not be possible or practical, and in order to remain competitive and respond to new

technology, customer needs and market conditions, CITY WIDE specifically reserves the right and privilege, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any franchise owner based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other conditions which CITY WIDE deems to be of importance to the successful operation of such Franchisee's business. Franchisee shall have no recourse against CITY WIDE on account of any variation from standard specifications and practices granted to any franchise owner and shall not be entitled to require CITY WIDE to grant Franchise Owner a like or similar variation hereunder.

7.31 Replacement Equipment or Software. Franchisee agrees that CITY WIDE shall install, update or replace any equipment (hardware and/or peripherals) or Software (as defined in Section 11.10) as designated by CITY WIDE for use pursuant to the CITY WIDE System.

7.32 CITY WIDE's Right to Manage. Franchisee hereby grants to CITY WIDE the right to take such steps as are necessary to manage the Franchised Business for the account of Franchisee in the event of Franchisee's death or in the event that an independent third party (such as a medical doctor) reasonably determines that Franchisee is incapacitated or incapable of running the Franchised Business, and to receive a reasonable fee for such services.

7.33 Tax Documentation. Franchisee shall submit copies of all tax returns, tax filing documents, tax withholding documents, proofs of insurance, certificates of good standing, and other documentation as required and set forth in the Operating Manual, and as from time to time modified therein.

7.34 Privacy Laws. In the operation of the CITY WIDE Franchised Business, Franchisee will receive "Customer Data." "Customer Data" is information, records, lists or data that may contain "Personal Information." "Personal Information" includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local statutes, regulations, ordinances and requirements, including, but not limited to, the California Consumer Privacy Act. Personal Information is collected, maintained, or generated in the operation of the CITY WIDE Franchised Business, including through the use of a point of sale system.

Franchisee agrees, at its sole cost and expense, to always:

7.34.1 comply with the data protection, collection, maintenance and use requirements for Customer Data set out in the Operating Manual and this Franchise Agreement, including all policies, procedures and controls that Franchisor implements now or in the future.

7.34.2 comply with all applicable federal, state and local statutes, regulations, ordinances and requirements, including but not limited to, the California Consumer Privacy Act, relating to the data protection, collection, maintenance and use of Customer Data (collectively, "Privacy Laws");

7.34.3 assist and otherwise cooperate with Franchisor to ensure Franchisor's and Franchisee's compliance with applicable Privacy Laws.

7.34.4 promptly notify Franchisor in writing of any Security Incident (defined below) that Franchisee becomes aware of or discovers. Franchisee will assist and otherwise cooperate with Franchisor to investigate any such Security Incident and will take all required steps, as determined by Franchisor, to remedy Franchisee's noncompliance with applicable Privacy Laws, this Agreement, or the Operating Manual. For purposes of this Section 7.36, "Security Incident" means any actual or suspected

accidental or unlawful destruction, loss, alteration, unauthorized disclosure of, or access to Customer Data in violation of applicable Privacy Laws, this Agreement or the Operating Manual.

7.34.5 promptly provide Franchisor with the ability to delete, access or copy Customer Data in Franchisee's possession or control.

7.34.6 promptly notify Franchisor of any request regarding Customer Data received by Franchisee from a "consumer" as defined by applicable Privacy Laws.

7.34.7 adopt policies, procedures, and controls, including those set out in the Operating Manual, if any, that enable Franchisee to respond, and to cause its agents and employees to respond, promptly to any rights request made pursuant to applicable Privacy Laws, including any disclosure request, deletion request, or opt-out request.

7.34.8 adopt policies, procedures, and controls, including those set out in the Operating Manual, if any, that limit access to Customer Data to only those employees that have a need-to-know basis based on specific job function or role. Franchisee will provide data privacy and security training to employees who have access to Customer Data or who operate or have access to system controls and will require employees to adhere to data confidentiality terms providing for the protection of Customer Data in accordance with this Agreement and the Operating Manual; and

7.34.9 maintain Customer Data in confidence in accordance with Section 9 of this Franchise Agreement.

7.35 Compliance; Indemnification. Franchisee hereby covenants to always comply with all federal, state, and local laws, rules, and regulations governing the utilization of subcontractors in the performance of delivering services to Franchisee's customers, and Franchisee agrees to hold CITY WIDE harmless and indemnify CITY WIDE from liability for failure to comply with such laws, rules and regulations.

7.36 Best Efforts. In consideration of CITY WIDE's agreement to grant the franchise, Franchisee will at all times use Franchisee's best efforts to promote and increase the sales and service of the System and to affect the widest and best possible promotion and service to potential customers for the Franchised Business's products and designated service and product lines. Franchisee's failure to devote Franchisee's best efforts to adequately represent the Marks and the System at Franchisee's Location will be deemed to be just cause for CITY WIDE to terminate this Agreement.

**CITY WIDE MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE USE, VALIDITY OR ENFORCEABILITY OF ANY COPYRIGHTS REFERENCED IN THIS AGREEMENT.**

## **SECTION 8. Confidential Operating Manual**

8.1 During the Term CITY WIDE will provide Franchisee with access to CITY WIDE's current confidential Operating Manual, containing reasonable and mandatory specifications, standards, operating procedures and rules prescribed from time to time by CITY WIDE for the Franchised Business and information relative to Franchisee's other obligations under this Agreement and the operation of the Franchised Business. CITY WIDE will have the right to add to and otherwise modify and replace the Operating Manual from time to time, provided that no such addition or modification will alter Franchisee's fundamental status and rights under this Agreement.

8.2 The Operating Manual will always remain the sole property of CITY WIDE and Franchisee will promptly cease to use any electronic versions and destroy any printed copies upon the expiration or other termination of this Agreement. Franchisee agrees and covenants that Franchisee will not disclose, duplicate, or otherwise use in an unauthorized manner any portion of the Operating Manual.

8.3 The Operating Manual contains proprietary information of CITY WIDE and is considered Confidential Information (as defined in Section 9). The Operating Manual will be kept confidential by Franchisee both during and after the expiration or termination of this Agreement. For the elimination of doubt, the entire Operating Manual is designated as confidential.

8.4 Failure to follow the mandatory specifications and standards set forth in the Operating Manual, as amended from time to time, constitute a material breach of this Agreement. If such material breach is not cured within thirty (30) days of receipt of the written notice of default from CITY WIDE, CITY WIDE may terminate this Agreement.

## **SECTION 9. Confidential Information**

9.1 Franchisee acknowledges that Franchisee's entire knowledge of the operation of a Franchised Business, including the knowledge, or know-how regarding the specifications, standards and operating procedures of the services and activities, is derived from information disclosed to Franchisee by CITY WIDE and that certain of such information is proprietary, confidential and a trade secret of CITY WIDE ("**Confidential Information**"). Franchisee will maintain the absolute confidentiality of all such Confidential Information during and after the Term and will not use any such information in any other business or in any manner not specifically authorized or approved in writing by CITY WIDE. However, Franchisee's obligation to maintain the confidentiality of such Confidential Information is subject to the following exceptions: (i) such information was previously known by Franchisee prior to disclosure by CITY WIDE if Franchisee identifies such information as previously known; (ii) information disclosed to Franchisee by a third party, unless the third party is under a duty not to disclose or use the information, or unless the third party is not in rightful possession of such information; or (iii) information generally known in the pertinent trade; such information shall be deemed generally known only if Franchisee can establish that the full particulars of the proprietary information in the combination disclosed to Franchisee is well known or generally used within the trade or industry.

–exceptions (–) - (iii) above will apply only if Franchisee notifies CITY WIDE of the pertinent–exception (–) - (iii) within thirty (30) days after CITY WIDE discloses to Franchisee any Confidential Information.

In this Section, Confidential Information will not be considered to fall within the exceptions above merely because such information is embraced by or is part of more general information in the public domain or in Franchisee's possession. In addition, any combination of features will not be deemed to be within the foregoing exceptions merely because individual features are in the public domain and are in Franchisee's possession, but only if the combination itself, its principal of operation, knowledge or ability are in the public domain or in Franchisee's possession.

9.2 Franchisee will divulge such Confidential Information only to the extent and only to those of Franchisee's employees who must have access to operate the Franchised Business. All information, knowledge and know-how, including, without limitation, specifications and standards concerning the operation of the Franchised Business and other data which CITY WIDE designates as Confidential Information, will be deemed confidential for purposes of this Agreement.

9.3 Due to the special and unique nature of the Confidential Information, Marks, Operating Manual and Software, Franchisee acknowledges that CITY WIDE will be entitled to immediate equitable remedies, including but not limited to, restraining orders and injunctive relief in order to safeguard such proprietary, confidential, unique, and special information of CITY WIDE and that money damages alone would be an insufficient remedy with which to compensate CITY WIDE for any breach of the terms of Sections 5, 8 and 9 of this Agreement. Furthermore, Franchisee agrees that Franchisee will require all Franchisee's employees who have access to the Confidential Information and Software of CITY WIDE to execute a confidentiality agreement in a form acceptable to CITY WIDE which is substantially like to **Attachment E** to this Agreement.

9.4 **CITY WIDE MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE VALIDITY OR ENFORCEABILITY OF ANY TRADE SECRET.**

#### **SECTION 10. Marketing Fund**

Recognizing the value of standardized marketing, research, and development to the furtherance of the goodwill and public image of the System, the parties agree as follows:

10.1 CITY WIDE may establish, maintain, and administer any marketing and national business development fund for national, regional, and/or local marketing and national business development, public relations and marketing programs, marketing support materials, market research relating to the System, and production of signage, printed materials, and any similar materials derived from any such market research ("**Marketing**"), and will direct all such Marketing and national business development with sole discretion over the concepts, materials, staffing, and media used. The Fund will consist of all amounts paid by Franchisee pursuant to Section 3.7.2(a) of this Agreement and similar fees paid by other franchisees operating CITY WIDE Franchised Businesses under the System. CITY WIDE is under no obligation, however, to expend amounts in the Fund at any specific time and may accrue amounts in the Fund from time to time. Franchisee understands and acknowledges that the Fund is intended to maximize general public recognition and acceptance of the Marks and develop national business relationships for the benefit of the System as a whole and that CITY WIDE and its designee undertake no obligation in administering the Fund to insure that any particular franchisee benefits directly or pro rata from the Marketing; provided, however, in determining the distribution of the benefits of the Fund, CITY WIDE will use its best efforts to balance its interest in promoting the System with each Franchised Business's proportionate contribution to the Fund, whether CITY WIDE- or franchisee-owned. CITY WIDE, in its sole discretion, agrees to exclude salaries and compensation for all "C" and "VP" titled employees serving on Franchisor's management team (typically leadership positions reporting directly to CITY WIDE's CEO or President). Franchisee agrees that the Fund may otherwise be used to meet any and all costs incident to such Marketing and national business development; provided, however, that no part of the Fund will be used by CITY WIDE to defray any of its general operating expenses other than (i) those reasonably allocable to such Marketing or national business development, or (ii) other activities reasonably related to the administration or direction of the Fund and its related programs.

10.2 The Fund will be maintained by CITY WIDE in a separate bank account which will be designated as a "Trust Account," and which will not be commingled with any funds of CITY WIDE. Any interest that may accrue or be earned on the Fund will be added to and become a part of the Fund. An annual accounting of the Fund will be prepared at the Fund's expense and made available to Franchisee upon request.

10.3 CITY WIDE shall review and approve or disapprove all promotional and advertising materials prior to Franchisee's use and within seven (7) days of CITY WIDE's receipt of such materials. If CITY WIDE does not respond to Franchisee's request within that time, Franchisee's proposed materials

will be deemed disapproved. From time to time CITY WIDE may provide Franchisee with local advertising and marketing materials, including without limitation, merchandising materials, sales aids, special promotions, and similar marketing materials, at a price equal to their cost, including allocable overhead, to CITY WIDE plus ten percent (10%).

10.4 Through funding from the Marketing Fund to be paid pursuant to Section 3.7.2(a) above, CITY WIDE establishes on Franchisee's behalf a directory listing on relevant outlets (e.g., Yelp, Bing Yellow Pages, Better Business Bureau) within the Designated Territory to promote and increase the demand for the products and services of the Franchised Business and of other franchisees under the System, and agree to conduct Franchisee's local advertising in conformity with the requirements set forth from time to time in the Operating Manual. Franchisee agrees to notify CITY WIDE if Franchisee's physical address changes so these listings can be updated. Franchisee is responsible for the cost to amend to already established listings.

10.5 CITY WIDE may designate a local or regional advertising coverage area in which Franchisee's Franchised Business and at least one (1) other CITY WIDE Franchised Business is located for purposes of developing a cooperative local or regional advertising or promotional program. Franchisee will contribute Franchisee's share to such cooperative advertising and promotional program agreed upon by fifty percent (50%) or more of the CITY WIDE Franchised Businesses within the designated dominant market area ("DMA") as defined by Nielsen Media Research, a company of the Dun & Bradstreet Corporation, or comparable industry designation. The cost of the program will be allocated among each CITY WIDE Franchised Business in such area and each franchisee's share will be in proportion to its Gross Sales during the preceding twelve (12) month period, or portion of that period. Such payments will be in addition to and exclusive of any other sums Franchisee is required to spend on advertising.

10.6 Franchisee shall not advertise or use in advertising or any other form of promotion, the Marks or commercial symbols of CITY WIDE without the appropriate ® registration mark or the designations TM or SM where applicable. Franchisee will conform all advertising or promotional uses of the Marks to the guidelines set forth in **Attachment C** to this Agreement, and as that **Attachment C** is from time to time modified in the Operating Manual.

10.7 Franchisee must obtain CITY WIDE's prior written consent before Franchisee establishes a presence on, or markets, Franchisee's Franchised Business using the Internet or develops and utilizes Franchisee's own website. CITY WIDE retains the sole right to market on the Internet, including the use of social media websites (including but not limited to Facebook, LinkedIn, Twitter, and YouTube), communication devices (including but not limited to mobile phones), domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for CITY WIDE's Internet marketing and Franchisee must follow CITY WIDE's Internet usage rules, policies and requirements. CITY WIDE retains the sole right to use the Marks on the Internet, including on websites, as domain names, directory addresses, search terms and meta-tags, and in connection with linking, marketing, co-branding and other arrangements. Franchisee shall use and participate in any Intranet system or other related technology hosting system that CITY WIDE establishes.

## **SECTION 11. Statements and Records Maintained by Franchisee**

11.1 CITY WIDE's Ownership of Business Records. Franchisee acknowledges and agrees that CITY WIDE is the exclusive owner of all business records, accounts, books, data, licenses, reports, and contracts ("**Business Records**") with respect to customers and other service professionals of, and related to, the Franchised Business including, without limitation, all databases (whether in print, electronic or other form), including all names, addresses, phone numbers, e-mail addresses, customer purchase records, and

all other records contained in the database, and all other Business Records created and maintained by Franchisee. Franchisee further acknowledges and agrees that, always during and after the termination, expiration or cancellation of this Agreement, CITY WIDE may access such Business Records, and may utilize, transfer, or analyze such Business Records as CITY WIDE determines to be in the best interest of the System, in CITY WIDE's sole discretion.

11.2 Maintenance of Business Records. Franchisee shall maintain for not less than three (3) years original, full, and complete Business Records which will accurately reflect all particulars relating to Franchisee's Franchised Business and such other statistical and other information as CITY WIDE may reasonably require.

11.3 Unaudited Financial Statements. Franchisee will deliver to CITY WIDE the following unaudited statements of Franchisee prepared in accordance with generally accepted financial principles:

11.3.1 Monthly profit and loss statements and balance sheets by the fifteenth (15<sup>th</sup>) day of the following month.

11.3.2 Quarterly profit and loss statements and balance sheets within thirty (30) days after each quarter ends; and

11.3.3 Annual statement of income and retained earnings, statement of changes in financial position, profit and loss statement, and balance sheet, all within 90 days after the end of each fiscal year.

Each statement must be itemized by revenue producing activity as specified from time to time by CITY WIDE, the Gross Sales for the preceding month, and such other information as CITY WIDE may require. The chief executive officer and chief financial officer of Franchisee must certify each financial statement as being true and correct in all material respects.

11.4 Certified Financial Statement. In addition, Franchisee, as well as any guarantor(s) of this Agreement, shall, within thirty (30) days after request from CITY WIDE, deliver to CITY WIDE a financial statement, certified as correct and current, in a form which is satisfactory to CITY WIDE and which fairly represents the total assets and liabilities of Franchisee and any such guarantor(s).

11.5 Activity Report. By the tenth (10<sup>th</sup>) day of each month during the term of this Agreement, Franchisee shall provide CITY WIDE with an end of the month (EOM) activity report for the preceding month in a form approved by CITY WIDE, and as further set forth in the Operating Manual.

11.6 Local Advertising Report. Upon request, Franchisee shall deliver quarterly to CITY WIDE, no later than fifteen (15) days after the end of each of Franchisee's fiscal quarters, a report of the local advertising funds Franchisee spent, along with such supporting materials as may be required by CITY WIDE, on a form approved by CITY WIDE, for the preceding quarter's local advertising.

11.7 Inspection Rights of Business Records; Audit; Underpayment and Overpayment. CITY WIDE or its Representative (as defined in Section 16) will have the right at all reasonable times to examine and copy, at its expense, the Business Records. CITY WIDE may, in its discretion, require Franchisee to allow CITY WIDE daily access to the Business Records at reasonable times via electronic means. CITY WIDE will also have the right, at any time, to have an independent audit made of such Business Records or require Franchisee to submit annual audited or reviewed financial statements. If an audit or inspection should reveal that any payments to CITY WIDE have been understated in any report to CITY WIDE, then Franchisee will immediately pay CITY WIDE, upon demand, the understated amount plus interest at the

maximum rate permitted by law, from the date such amount was due until paid. If an audit or inspection discloses an understatement of any such payment of two percent (2%) or more, then in addition, Franchisee will also reimburse CITY WIDE for all costs and expenses connected with the audit or inspection (including, without limitation, reasonable accounting and attorneys' fees). The foregoing remedies will be in addition to any other remedies CITY WIDE may have. Any overpayment of any amounts by Franchisee to CITY WIDE discovered by such inspection will be credited by CITY WIDE against future amounts payable by Franchisee to CITY WIDE under this Agreement.

11.8 Inspection Rights regarding Franchisee Records. CITY WIDE or its Representative will have the right at all reasonable times to examine and copy, at its expense, the books, records, and tax returns of Franchisee's subcontractors. CITY WIDE may, in its discretion, require Franchisee to arrange for CITY WIDE to have access to the books and records of subcontractors in relation to all work performed for Franchisee as a CITY WIDE Franchisee, at reasonable times, not to exceed two (2) times during any calendar year.

11.9 Late Payments or Failure to Pay, Default. Franchisee acknowledges that nothing contained in this Agreement constitutes agreement by CITY WIDE to accept any payments after they are due or to extend credit to or otherwise finance Franchisee's operation of the Franchised Business. Further, Franchisee acknowledge that Franchisee's failure to pay all amounts when due will constitute a material default and grounds for termination of this Agreement.

11.10 Software. Franchisee will use exclusively and pay all sub-licensing fees to CITY WIDE for the software ("**Software**") in Franchisee's Franchised Business during the term of this Agreement, as set forth in the Operating Manual or otherwise in writing.

11.11 Internet Access and E-Mail Address. Franchisee will need to subscribe to a high speed Internet Access provider in accordance with CITY WIDE's standards and specifications. Franchisee must also use an e-mail address (to be provided for Franchisee by CITY WIDE) for Franchisee's Franchised Business. Any emails and data associated with any CITY WIDE email address are considered Business Records.

11.12 Cost of Upgrades. Franchisee will be responsible for the costs of all enterprise upgrades and replacements of all equipment required to operate the Software.

## **SECTION 12. Covenants of Franchisee**

12.1 Franchisee is required to execute the Non-Compete Agreement attached to this Agreement as **Attachment F**.

12.2 Franchisee agrees to provide to CITY WIDE in the form attached to this Agreement as **Attachment A**, an unconditional guaranty of payment and performance of each and every undertaking, fee, agreement, duty, and covenant of Franchisee set forth in this Agreement, which guaranty must be executed by the principals, owners, directors, stockholders, spouses and/or partners of Franchisee, as the case may be, or by such other persons or entities as CITY WIDE may require.

12.3 Franchisee covenants that Franchisee has applied for, secured, and agrees to always maintain during the Term of this Agreement a general contractor's license, if required by state or local law, and any other permits, licenses, and/or approvals which may be required to operate Franchisee's Franchised Business within the Designated Territory.

12.4 Each of the foregoing covenants and the covenants of the Non-Compete Agreement will be construed as independent of any other covenant or provision of this Agreement. Franchisee and all guarantors expressly agree that the existence of any claim they may have against CITY WIDE, whether arising from this Agreement, will not constitute a defense to the enforcement by CITY WIDE of the covenants in this Section.

12.5 CITY WIDE has the right to require Franchisee to execute similar covenants, in a form satisfactory to CITY WIDE, with all of Franchisee's personnel who perform managerial or supervisory functions and all personnel who receive training from CITY WIDE.

### **SECTION 13. Transfer and Assignment of Agreement**

13.1 Transfer by CITY WIDE. This Agreement and all rights and duties hereunder may be freely assigned or transferred by CITY WIDE and will be binding upon and inure to the benefit of CITY WIDE'S successors and assigns.

13.2 Transfer by Franchisee. Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that CITY WIDE has granted the Franchise in reliance on Franchisee's business skill and financial capacity. It is important to CITY WIDE that Franchisee at all times be known to CITY WIDE and meet CITY WIDE's then-current standards and requirements. Accordingly, except pursuant to the specific terms set forth in this Agreement, neither Franchisee, nor any corporation or other entity, domestic or foreign, which has the voting power and control to elect directly or indirectly through another corporation or entity or series of other corporations or entities a majority of the board of directors of Franchisee ("**Affiliated Company**"), nor any person possessing an interest or holding shares of stock of any kind or nature in Franchisee or any Affiliated Company ("**Owner**") will be permitted, without the prior written consent of CITY WIDE, to give away, sell, assign, pledge, lease, sublease, devise, or otherwise transfer, either directly or by operation of law or in any other manner, all or any portion of this Agreement; any of Franchisee's rights or obligations under this Agreement, the Franchised Business; or any shares of stock, partnership interest, or interest of any kind or nature in Franchisee or any Affiliated Company (any such transaction being referred to hereinafter as a "**Transfer**"). In order to secure compliance by Franchisee with the transfer restrictions contained in this Section, all share or stock certificates of any corporate Franchisee and any Affiliated Company will at all times contain a legend sufficient under applicable law to constitute notice of the restrictions on such stock contained in this Agreement and to allow such restrictions to be enforceable. Such legend will appear in substantially the following form:

"The sale, transfer, pledge, or hypothecation of this stock is restricted pursuant to an option, the terms of which are contained in a Franchise Agreement dated \_\_\_\_\_ between CITY WIDE FRANCHISE COMPANY, INC., and \_\_\_\_\_."

Any purported assignment or transfer, by operation of law or otherwise, not having the prior written consent of CITY WIDE will be null and void and will constitute a material breach of this Agreement entitling CITY WIDE, in its sole discretion, to immediately terminate this Agreement; provided however, that CITY WIDE will not unreasonably withhold its approval of a Transfer to a proposed transferee who is of good moral character and whose business experience and aptitude, financial resources, and other qualifications meet CITY WIDE's then-current standards, so long as Franchisee is in full compliance with this Agreement at the time of the proposed Transfer.

13.3 Transfer by Franchisee Resulting in No Loss of Control. Notwithstanding Section 13.2, if Franchisee or any Affiliated Company is a corporation, the terms and conditions of this Section 13 will not

be deemed to apply to any Transfer of the voting stock of, or other ownership interest in, Franchisee or such Affiliated Company, which would not, alone or together with other related or unrelated, previous, simultaneous or proposed Transfers, result in a loss of Control (as defined below) of Franchisee or an Affiliated Company by the persons and/or entities listed on the Acknowledgment Regarding Ownership attached to this Agreement as **Attachment G**. For the purposes of this Section 13.3 and Section 13.6 of this Agreement, “**Control**” means:

13.3.1 If Franchisee, an Affiliated Company, or an Owner owns (1) possession or control, whether by ownership of voting securities or otherwise, of fifty-one percent (51%) or more of the voting power in Franchisee or an Affiliated Company, or (2) the contractual power to designate a majority of the directors of Franchisee or an Affiliated Company.

13.3.2 Franchisee’s eligibility for the Royalty Rebate Program will not be impacted by a Transfer permitted under Section 13.3. The Gross Sales generated during the calendar year in which a Transfer under Section 13.3 occurs will be calculated as if the Transfer under Section 13.3 did not occur.

13.4 Conditions for Transfer by Franchisee. If Franchisee, an Affiliated Company or an Owner desire to make a Transfer to a person or entity other than as described in Section 13.3 or 13.6, such person or entity must comply with the following terms, conditions, and procedures to effectuate a valid Transfer:

13.4.1 Franchisee will first notify CITY WIDE in writing of the proposed Transfer with a complete description of all terms of the proposed Transfer, including the prospective transferee’s name, address, financial qualifications, and previous five (5) years’ business experience.

13.4.2 The proposed transferee will then apply for a Franchised Business under the System and must meet all of CITY WIDE’s then-current standards and requirements for becoming a franchisee.

13.4.3 CITY WIDE may, within sixty (60) days after receipt of such notice or application, whichever is later, exercise the right to purchase the interest being offered by Franchisee, an Affiliated Company, or any Owner (“**Option**”) by matching the monetary purchase price and payment schedule terms (without having to match any other non-monetary terms) of the proposed Transfer. In the event all or any part of the consideration offered to Franchisee, the Affiliated Company or Owner for such interest will consist of common or preferred stock or debt securities of any tendering entity, and in the event CITY WIDE is either a “public company” or a “public reporting company” as those terms are defined under the federal securities laws, CITY WIDE will be deemed to have matched any such offer by offering its common or preferred stock or debt securities with a market value equivalent to the market value of the securities of the entity making such offer to Franchisee, the Affiliated Company or Owner, or cash in an amount equal to the market value of the securities of the proposed transferee making such offer to Franchisee, the Affiliated Company or Owner. In the event CITY WIDE is privately owned, CITY WIDE may substitute cash for any form of payment proposed in such offer. In the event all or any portion of the consideration offered Franchisee, the Affiliated Company or Owner consists of unique assets, CITY WIDE will be deemed to have matched such offer by offering cash in an amount equivalent to the market value of the unique assets tendered by the entity making such offer to Franchisee, the Affiliated Company or Owner. Further, CITY WIDE’s creditworthiness will be deemed equal to the credit rating of any proposed transferee.

13.4.4 If CITY WIDE fails to exercise the Option to purchase the interest, CITY WIDE will, within thirty (30) days after the Option has expired, notify Franchisee in writing of its approval or disapproval of the prospective transferee.

13.4.5 If CITY WIDE approves the proposed transferee, Franchisee, the Affiliated Company, or the Owner may transfer the interest to the proposed transferee pursuant to a form of transfer or assignment approved in advance by CITY WIDE at a price and under terms and conditions which are not more favorable than the terms offered to CITY WIDE, but only after the proposed transferee has completed (to the satisfaction of CITY WIDE) the initial training then currently required of System franchisees and has paid CITY WIDE all fees associated with such training, as assessed by CITY WIDE in its sole discretion;

13.4.6 Prior to the consummation of any such Transfer, Franchisee will pay all amounts due to CITY WIDE and cure all other breaches of this Agreement and any other agreement with CITY WIDE, and Franchisee will execute and deliver to CITY WIDE a general and absolute release in a form satisfactory to CITY WIDE, of any and all claims against CITY WIDE or its affiliates, officers, directors, employees, agents, and representatives;

13.4.7 Franchisee will comply with all other applicable transfer requirements as designated in the Operating Manual or otherwise by CITY WIDE in writing.

13.4.8 Franchisee will be required to pay to CITY WIDE the Transfer Fee as set forth below in Section 13.5.

13.4.9 CITY WIDE may require any transferee of any shares of stock or interest of any kind or nature in Franchisee, any Affiliated Company, or the Owner to guarantee the obligations of Franchisee under this Agreement or under any new Franchise Agreement entered pursuant to Section 13.4.10 below.

13.4.10 Prior to the consummation of any Transfer under this Section 13.4, Franchisee and the prospective transferee will jointly request that CITY WIDE inspect of the Location and of Franchisee's books and records. As a result of such inspection, CITY WIDE may prepare a list setting forth the necessary repairs, maintenance, or other upgrades of the Location which will be required before CITY WIDE approves the Transfer, and CITY WIDE may also require that Franchisee pay any additional fees due CITY WIDE which may be discovered as a result of the inspection.

13.4.11 The transferee will execute the then-current form of franchise agreement, pay all required fees (including Initial Fees) and will provide such additional guaranties of its obligations under such franchise agreement as CITY WIDE may require.

13.4.12 A Transfer where there is (a) a change in Control of Franchisee or the Franchised Business or where there is a sale of Franchisee or all or a majority of the assets of Franchised Business, and (b) the Franchised Business is eligible for a Royalty Rebate, based upon the criteria set forth in the Royalty Rebate Program, Franchisee and the transferee shall split the Royalty Rebate on a pro rata basis based upon the number of months each owned the Franchise Business. For purposes of calculating the Gross Sales, the aggregate of the Gross Sales of Franchisee before the Transfer will be added to the Gross Sales generated by the transferee after the Transfer. If eligible, the Royalty Rebate will be paid as stated herein and in the Operating Manual.

13.5 **Transfer Fee.** In the event CITY WIDE approves a Transfer, Franchisee shall pay to CITY WIDE a transfer fee ("**Transfer Fee**") which will be equal to the lesser of Twenty Five Thousand Dollars (\$25,000) or ten percent (10%) of the purchase price and any applicable third-party broker fee. Such Transfer Fee will be in addition to any Initial Franchise Fee due and owing under the then-current form of franchise agreement. The Transfer Fee will not be charged if CITY WIDE agrees to assist Franchisee in a resale of the Franchised Business as set forth in Section 13.11.

13.6 Transfer by Franchisee to or among Owners. If the proposed Transfer is to or among Owners or to or among the spouse or children of an Owner and will not result in a loss of Control as set forth in Section 13.3 above, then the terms and conditions of Sections 13.4 and 13.5 will not apply to such Transfer.

13.7 Death or Disability. Notwithstanding any other provision in this Section 13, if a surviving spouse, heir, or estate of any deceased or permanently incapacitated or incompetent person who was Franchisee or who owned stock or other interest in Franchisee or an Affiliated Company (“**Survivor**”), desires to acquire or retain the interest of that person and, if applicable, to continue to operate the Franchised Business pursuant to the System, upon approval by CITY WIDE after a face-to-face interview to determine Survivor’s suitability to acquire or retain such interest or to operate the business, Survivor may do so under the terms of this Agreement subject only to the execution and delivery to CITY WIDE of a written agreement that such parties will be bound by the terms of this Agreement, and of any guaranty of this Agreement that may be required by CITY WIDE, and the satisfactory completion by persons designated by CITY WIDE of the initial training provided by CITY WIDE pursuant to this Agreement. Survivor will have up to sixty (60) days to elect to acquire or retain such interest (subject to CITY WIDE’s approval). If Survivor does not desire to acquire or retain such interest, then Survivor will thereafter have six (6) months to make a Transfer to a transferee acceptable to CITY WIDE, subject to compliance with the procedures set forth in Section 13.4 above; provided, however, that the Survivor will, throughout such period, fulfill all duties of Franchisee under this Agreement. The six (6)-month period will be extended by up to sixty (60) days to account for CITY WIDE’s right of first refusal under Section 13.4.3. Failure to so dispose of the interest within such time will constitute a material breach of this Agreement.

13.8 No Waiver. CITY WIDE’s consent to a Transfer hereunder will not constitute a waiver of any claims CITY WIDE may have against Franchisee, any Affiliated Company, any Owner, or the transferring party or CITY WIDE’s right to demand exact compliance with any provision of this Agreement.

13.9 Temporary Operation by CITY WIDE. In order to prevent any interruption of the operation of the Franchised Business which would cause harm to that business and thereby depreciate the value of the Franchised Business, in the event that Franchisee is dead or absent or incapacitated as defined in this Agreement and is not, therefore, in the sole judgment of CITY WIDE, able to operate the Franchised Business, then CITY WIDE is authorized to operate the Franchised Business for so long as CITY WIDE deems necessary and practical, and without waiver of any other rights or remedies CITY WIDE may have under this Agreement; provided, however, that CITY WIDE will not be obligated to operate the Franchised Business. All monies from the operation of the Franchised Business during such period of operation by CITY WIDE will be kept in a separate account and the expenses of the Franchised Business, including reasonable compensation and expenses for CITY WIDE’s representative, will be charged to that separate account. If CITY WIDE temporarily operates the Franchised Business for Franchisee, Franchisee will indemnify and hold harmless CITY WIDE and any representative of CITY WIDE who may act hereunder, from all claims arising from the acts and omissions of CITY WIDE and its representative.

#### 13.10 Capital Raise.

13.10.1 In the event Franchisee attempts to raise or secure funds by the sale of securities (including, without limitation, common or preferred capital stock, bonds, debentures, or partnership interests), whether in a private placement or through a public offering, Franchisee, recognizing that the offering literature used with respect thereto may reflect upon CITY WIDE, agrees to (a) give CITY WIDE prior notice of such sale; (b) submit all such literature or prospectuses to CITY WIDE prior to the filing, distribution, dissemination or use of such literature or prospectuses; and (c) obtain the written approval of CITY WIDE of any information included in such literature or prospectuses to the extent such information

describes CITY WIDE or the System in any manner prior to the filing, distribution, dissemination or use of such literature or prospectuses.

13.10.2 Each prospectus, circular, or other literature utilized in any such offering will, at CITY WIDE's discretion, contain the following language in bold face type on the first page of its text:

CITY WIDE FRANCHISE COMPANY, INC. has not been asked to pass and has not passed upon the accuracy or adequacy of the statements made herein nor is it nor will it be responsible for the inaccuracy or inadequacy of the same. CITY WIDE FRANCHISE COMPANY, INC. will not share in any of the proceeds of this offering and makes no recommendation respecting the advisability of purchasing the investment contemplated by this offering.

13.10.3 Franchisee agree to indemnify and hold CITY WIDE, its officers, directors, employees, and agents harmless from any and all claims, demands, or liabilities arising from the offer or sale of such securities, whether asserted by a purchaser of any such securities or by a government agency. CITY WIDE will have the right to defend any such claims at Franchisee's expense.

13.11 CITY WIDE's Resale Assistance. If Franchisee requests CITY WIDE's assistance in locating a prospective buyer for the Franchised Business, CITY WIDE may, at CITY WIDE's sole option, provide assistance in accordance with the policies and procedures set forth in the Operating. CITY WIDE charges a fee ("**Resale Marketing Fee**") to Franchisee equal to the greater of \$25,000 or 10 percent (10%) of the sales price and any applicable third-party broker fee. Such amount will be in lieu of the Transfer Fee. If CITY WIDE elects to assist Franchisee in finding a buyer for the Franchised Business in any way, CITY WIDE makes no promises or commitments to Franchisee that a buyer will be located or that anyone will be willing to purchase the Franchised Business at a price that is acceptable to Franchisee. CITY WIDE reserves the right to reject any proposed sale based on CITY WIDE's determination, in CITY WIDE's sole discretion, that the purchase price or purchase terms agreed to between Franchisee and any prospective buyer is excessive or will not enable the buyer to succeed as a franchisee in the Franchised Business, and by requesting CITY WIDE's assistance Franchisee waives any liability claims it may have against CITY WIDE for such rejection.

## **SECTION 14. Default and Termination**

14.1 Immediate Termination. Franchisee will be deemed to be in default subject to immediate termination under this Agreement, without prior notice of the default from CITY WIDE and without an opportunity to cure the default, if any of the following events occur:

14.1.1 If Franchisee becomes insolvent or make a general assignment for the benefit of creditors, or if a petition in bankruptcy is filed by or against Franchisee and is not released within sixty (60) days or is consented to by Franchisee, or if Franchisee are adjudicated a bankrupt, or if a bill in equity or other proceeding for the appointment of a receiver or other custodian for Franchisee or the Franchised Business or assets is filed and consented to by Franchisee, or if a receiver or other custodian (permanent or temporary) of the Franchised Business or a substantial part of the assets is appointed by any court of competent jurisdiction, or if a proceeding for a compromise with creditors under any state or federal law is instituted by or against Franchisee; or

14.1.2 If a final judgment against Franchisee remains unsatisfied or of record for ninety (90) days or longer (unless a supersedeas bond is filed), or if execution is levied against the Franchised

Business or property, or suit to foreclose any lien or mortgage against Franchisee's Location or equipment is instituted against Franchisee and not dismissed within ninety (90) days; or

14.1.3 If any of Franchisee's real or personal property will be sold after levy upon it by any sheriff, marshal, or constable; or

14.1.4 If Franchisee or any officer, director, stockholder, or general partner of Franchisee is convicted of or admits to the commission of any felony or crime involving moral turpitude or any other crime that CITY WIDE reasonably determines could have an adverse effect on the Franchised Business, the System, or the Marks; or

14.1.5 If Franchisee knowingly maintains false books or records or make or have made any materially false statement or report to CITY WIDE in connection with this Agreement or Franchisee's application for this Franchise; or

14.1.6 If CITY WIDE, in its sole discretion, determines that Franchisee or any person Franchisee designates for mandatory training pursuant to Section 4.1 of this Agreement has not satisfactorily completed the training or been approved by CITY WIDE after a face-to-face interview and evaluation; or

14.1.7 If Franchisee commits two or more acts of default under this Agreement within any twelve (12) month period, regardless of whether such defaults are cured or waived; provided, however, that a default under Section 6.5 ("Annual Revenue Per Capita Growth") will not be counted for purposes of applying this subsection; or

14.1.8 If Franchisee fails to operate and equip the Franchised Business as provided in Sections 6 and 7 of this Agreement; or

14.1.9 If Franchisee is a party to any other franchise agreement with CITY WIDE which agreement CITY WIDE has terminated in accordance with the terms and conditions of such other franchise agreement (unless such termination is based solely on Franchisee's failure to meet the Annual Revenue Per Capita Growth requirements or similar growth requirements); or

14.1.10 If Franchisee fails to operate the Franchised Business during normal business hours for a period of seven (7) days or more without the prior written consent of CITY WIDE or any other circumstance which would lead a reasonable person to believe that Franchisee has permanently left the Franchised Business, and CITY WIDE will declare that Franchisee have abandoned the business for purposes of this Agreement.

14.2 Termination After Failure to Cure. Franchisee will be deemed to be in default under this Agreement and CITY WIDE may elect to terminate this Agreement and all rights granted under this Agreement if within thirty (30) days after CITY WIDE sends Franchisee written notification setting out the nature of the default ("**Notice to Cure**"), or within any such period set forth in this Agreement or permissible by law, Franchisee does not correct the default to CITY WIDE's satisfaction:

14.2.1 If Franchisee ceases to operate the Franchised Business in the Designated Territory, or otherwise forfeit the right to do or transact business in the jurisdiction where the Franchised Business is located; provided, however, that if any such loss of possession results from the governmental exercise of the power of eminent domain, or if, through no fault of Franchisee, the premises are damaged or destroyed by a disaster such that they cannot, in CITY WIDE's judgment, reasonably be restored, then, in either such event, no default will be deemed to have occurred if, within thirty (30) days after the damage

or taking by eminent domain, Franchisee has applied to CITY WIDE for approval to relocate the Franchised Business for the remainder of the Term, which approval will not unreasonably be withheld, but which may be conditioned upon the payment of a service fee and a minimum royalty percentage to CITY WIDE during the period in which the Franchised Business is not in operation; or

14.2.2 If a threat or substantial danger to public health, safety, welfare or sanitation, or any notice of violation of any law, ordinance or regulation results from the construction, maintenance, or operation of the Franchised Business; or

14.2.3 If Franchisee fails, refuses, or neglects to pay any monies owing to CITY WIDE when due, or to submit the financial information or other reports required under this Agreement, and if such default is not cured within thirty (30) days after the giving of Notice of such default; or

14.2.4 If Franchisee fails to comply with any of the provisions of the Operating Manual, System Standards, or this Agreement, or to maintain any of the standards or procedures prescribed in this Agreement, the Operating Manual, or otherwise by CITY WIDE in writing, especially including, without limitation, failure to meet customer service and satisfaction standards; or

14.2.5 If by act or omission, Franchisee permits a violation in connection with the operation of the Franchised Business, of any law, ordinance, rule, or regulation of a governmental body or agency, unless Franchisee in good faith disputes the legal application of such law, ordinance, rule, or regulation and promptly resort to an appropriate administrative or judicial forum for relief; or

14.2.6 If Franchisee misuses or makes any unauthorized use of the Marks or Software, operates the Franchised Business in a manner contrary to or inconsistent with the Marks, or otherwise materially impairs the goodwill associated with the Marks or CITY WIDE's rights in the Marks or Software; or

14.2.7 If Franchisee engages in any business or markets any service or product under a name or mark which, in CITY WIDE's opinion, competes with or is confusingly similar to the System or the Marks; or

14.2.8 If Franchisee or any guarantor(s) of this Agreement defaults under this Agreement or fails to perform any covenant or term contained in any other agreement with CITY WIDE and if such default is not cured in accordance with the terms of such other agreement, without any further Notice being required under this Agreement; or

14.2.9 If Franchisee is convicted of or admits to or is determined in any civil litigation to have infringed on the copyright or trademark, trade name, or service mark of any third party or to have appropriated the trade secrets or confidential information of any third party; or

14.2.10 If Franchisee fails to pay Franchisee's debts and obligations as they mature in accordance with normal industry business practices; or

14.2.11 If Franchisee's net worth, as determined by CITY WIDE, is at any time less than One Hundred Thousand Dollars (\$100,000); or

14.2.12 If Franchisee makes an unauthorized assignment of the Franchised Business, its assets or ownership of Franchisee; or

14.2.13 If Franchisee fails to comply with the Annual Revenue Per Capita Growth requirement as set forth in Section 6.5 of this Agreement; or

14.2.14 If Franchisee fails to comply with the Revenue and Profit Maximization requirements set forth in Section 7.15 of this Agreement; or

14.2.15 If Franchisee fails to comply with the Minimum Total Revenue Retention Requirement as set forth in Section 7.19; or

14.2.16 If Franchisee breaches any other covenant, agreement, obligation, term, warranty, condition, or certification contained in this Agreement.

14.3 Breach of Related Agreement. If Franchisee defaults under any term of any agreement material to the Franchised Business or any other Franchise Agreement, Development Agreement or other contract or agreement between CITY WIDE or its affiliates, on the one hand, and Franchisee or a Franchisee Affiliated Company, on the other hand, and such default is not cured within the time specified in such agreement, contract or other franchise agreement, such default shall be deemed a default under this Agreement.

14.4 Immediate Termination of Rights; Surviving Provisions. Upon the occurrence of any event of default enumerated in Sections 14.1 or 14.2 of this Agreement, or upon termination pursuant to Section 14.5 of this Agreement, and upon Franchisee's failure to cure such default within the applicable period for cure, if any, then subject to the expiration of any minimum time period provided for by applicable law, this Agreement and all Franchisee's rights under it will immediately terminate without further notice or action by CITY WIDE; provided; however, that the rights, duties, covenants, and obligations of the parties to this Agreement will survive the end of the Term of this Agreement only insofar as they set out obligations or duties owed by Franchisee to CITY WIDE ("**Surviving Provisions**"). Such Surviving Provisions include, but are not limited to, those relating to the use and protection of the Marks (Section 5), the confidentiality and use of the Confidential Information (Section 9), the maintenance of statements and records and inspection and auditing of records (Section 11), covenants relating to non-competition and other Franchisee covenants (Section 12), the post-termination obligations of Franchisee (Section 15), indemnification and independent contractor status (Section 19), the availability of equitable relief and payment of costs and expenses (Section 23), governing law and dispute resolution (Sections 27 & 29), severability and construction (Section 28), and acknowledgments (Section 30). All obligations of the parties which expressly or by their nature survive the expiration or termination of this Agreement will continue in full force and effect notwithstanding its expiration or termination until they are satisfied or by their nature expire.

14.5 Rights of a Secured Party. Upon the occurrence of any event of default enumerated in Section 14.1 or 14.2 above, in addition to any other rights and remedies to which it may be entitled, CITY WIDE will have all rights and remedies of a secured party under the UCC as enacted in the State of Kansas, including but not limited to, the right to enter any premises of Franchisee to remove and repossess any products and goods in which CITY WIDE has been granted a security interest, without notice to Franchisee. Franchisee waives and releases CITY WIDE from all claims in connection with or arising from such entering and removal. At CITY WIDE's request following an event of default, Franchisee will assemble and make available to CITY WIDE all products and goods in which CITY WIDE has been granted a security interest, at a place to be designated by CITY WIDE which is convenient to both parties.

14.6 No Waiver. All acts of CITY WIDE undertaken in the course of efforts to resolve a termination dispute, or a dispute for which termination is a possible remedy, will be deemed to have been undertaken without prejudice to the rights asserted by CITY WIDE and will not constitute a waiver or relinquishment of those rights. In the event Franchisee continues to engage in the Franchised Business while

the dispute is pending, that fact, and/or the receipt of monthly payments and the furnishing by CITY WIDE of information and services essential to such operation, will not constitute a waiver or relinquishment of CITY WIDE's rights. CITY WIDE may, at its option and without waiving its right to terminate, seek any form of relief or remedy available to it under common law or statute for any breach of this Agreement, including, but not limited to, the right to damages, injunctive relief, and declaratory orders for specific performance.

14.7 Applicable Law. To the extent that the provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation, non-renewal or the like other than in accordance with applicable law, to the extent such provisions are not in accordance with applicable law, they will not be effective, and CITY WIDE will comply with applicable law in connection with each of these matters.

14.8 Right to Enter and Operate. In addition to CITY WIDE's right to terminate this Agreement, and not in lieu of such right or any other rights against Franchisee, if Franchisee has not cured a default under this Agreement within the time allotted by CITY WIDE after receipt of the Notice to Cure from CITY WIDE, CITY WIDE may, at its option, enter the premises of the Franchised Business and exercise complete authority with respect to its operation until such time as CITY WIDE determines that Franchisee's default has been cured and that there is compliance with the requirements of this Agreement. Franchisee specifically agrees that a Representative (as defined in Section 16) of CITY WIDE may take over, control, and operate the business, and that Franchisee will pay CITY WIDE a service fee of not less than Three Hundred Dollars (\$300) per day plus all travel expenses, room and board and other expenses reasonably incurred by such Representative so long as it will be required by the Representative to enforce compliance. Franchisee further agrees that if, as herein provided, CITY WIDE temporarily operates for Franchisee the business franchised herein, Franchisee will indemnify and hold harmless CITY WIDE and any Representative of CITY WIDE who may act hereunder, respecting any and all acts and omissions which CITY WIDE may perform, or fail to perform as regards the interests of Franchisee or third parties.

14.9 If this Agreement is terminated by the Franchisor due to an uncured breach by Franchisee, Franchisee will forfeit all rights Franchisee may have otherwise had in and to any Royalty Rebate if the Agreement were not terminated.

## **SECTION 15. Post-Termination Obligations of Franchisee.**

15.1 Termination of this Agreement will not relieve Franchisee of any right, duty, covenant, or obligation relating to the use of the Marks, the Software, the confidentiality and use of the Confidential Information, the maintenance of statements and records and inspection and auditing of records, covenants relating to non-competition, and other Franchisee covenants, Franchisee's post-term obligations, indemnification, and independent contractor status, the availability of equitable relief and payment of costs and expenses, governing law and dispute resolution, severability and construction, and acknowledgments under the Franchise Agreement or any other Agreement.

15.2 At the end of the Term of this Agreement, whether because of an event of default pursuant to Section 14 above or otherwise, Franchisee will immediately do each of the following:

15.2.1 Cease to be a franchisee of CITY WIDE and cease to operate the former Franchised Business or any other business using any part of the System or Marks. After that Franchisee will not, directly or indirectly, represent to the public that the former Franchised Business is or was operated in any way connected with the System or hold itself out as a present or former franchisee of CITY WIDE.

15.2.2 Pay all sums owing to CITY WIDE. Upon termination of this Agreement for any default by Franchisee, such sums will include lost Royalties Fees, Marketing Fees and other fees for the remainder of the Term, and other damages, costs, and expenses incurred by CITY WIDE as a result of the default.

15.2.3 Cease to use and destroy all tangible copies of the Operating Manual, the Software, and all other Confidential Information together with all equipment and other property owned by CITY WIDE. Franchisee will retain no copy or record of any of the foregoing; provided, however, that Franchisee may retain Franchisee's copy of this Agreement, a copy of any correspondence between the parties, and a copy of any other document which Franchisee needs for compliance with any applicable provision of law.

15.2.4 Change all phone numbers then listed under any Mark owned by CITY WIDE and assign to CITY WIDE the right to use all such phone numbers.

15.2.5 Provide CITY WIDE with a complete list of Franchisee's employees, sub-contractors and suppliers, their respective addresses, and any outstanding amounts Franchisee may owe to any third party.

15.2.6 Provide CITY WIDE with a complete list of all customers for the past three years, subcontractors, contacts names, and the like, including all address and telephone information for each name listed. Additionally, Franchisee shall provide upon CITY WIDE's request, copies of all of Franchisee's files, correspondence, billing records, bid sheets, and all other records of the Franchised Business including, but not limited to, all client agreements, all investment recaps, and all Schedule A details of service.

15.2.7 Upon CITY WIDE's request, assign and resell to CITY WIDE at depreciated market value Franchisee's interest in any proprietary equipment and items bearing the Marks or other intellectual property belonging to CITY WIDE, or furnish CITY WIDE with evidence satisfactory to CITY WIDE of compliance with such obligation by selling such Proprietary items to a CITY WIDE approved buyer or by proper destruction and disposal of such items within thirty (30) days after termination or expiration hereunder.

15.2.8 Take such action as may be necessary to assign to CITY WIDE or its designee any assumed name or equivalent registration which contains the name "CITY WIDE" or any other Mark. Franchisee will furnish CITY WIDE with evidence satisfactory to CITY WIDE of compliance with such obligation within thirty (30) days after termination or expiration of this Agreement.

15.2.9 Pay to CITY WIDE all damages, costs, and expenses, including reasonable attorneys' fees, incurred by CITY WIDE after termination or expiration in connection with obtaining injunctive or other relief under this Agreement.

15.2.10 Present to CITY WIDE all signs and sign faces bearing the Marks and allow CITY WIDE access to the Designated Territory and any and all storage locations to obtain them.

15.2.11 Take such further action as may be required by the Operating Manual or reasonably requested by CITY WIDE.

## **SECTION 16. Franchisor's Representative.**

CITY WIDE may from time to time name one or more representative(s) (“**Representative**”) to perform some or all the duties and to exercise some or all of the rights of CITY WIDE arising under this Agreement. Franchisee acknowledges and agrees that (1) any Representative will be deemed for all purposes to be an independent contractor of CITY WIDE and not CITY WIDE’s agent or employee; (2) no Representative will have the authority to cancel, rescind, terminate, amend, alter, or supplement this Agreement or any other agreement between Franchisee and CITY WIDE; and (3) CITY WIDE will not be liable for any act, omission, representation, or warranty of any Representative to the relative extent that such damages do not result from CITY WIDE’s negligence, wrongful acts or willful failure to act. The naming of any Representative by CITY WIDE will be made by written designation to Franchisee, which designation may limit or specify the Representative’s duties and responsibilities. CITY WIDE may, in its sole discretion, terminate the services of any Representative at any time without prior notice to Franchisee. If a named Representative who is providing Franchisee with services is terminated, however, CITY WIDE will advise Franchisee of the termination within a reasonable period after termination occurs and either will name a new Representative or will itself perform the services required under this Agreement until and unless a new Representative is named.

## **SECTION 17. Insurance**

17.1 Franchisee will procure, at Franchisee’s sole expense and maintain in full force and effect during the Term of this Agreement, an insurance policy or policies protecting Franchisee and CITY WIDE, and their officers, directors, partners and employees against any loss, liability, personal injury, death, or property damage or expense whatsoever arising or occurring upon or in connection with the Franchised Business, as CITY WIDE may reasonably require for its own and Franchisee’s protection. Franchisee must name CITY WIDE as an additional insured in such policy or policies.

17.2 Such policy or policies will be written by an insurance company satisfactory to CITY WIDE in accordance with standards and specifications set forth in the Operating Manual or otherwise in writing, and will include, at a minimum (except as different coverages and policy limits may reasonably be specified for all franchisees from time to time by CITY WIDE in the Operating Manual or otherwise in writing) the following: comprehensive general liability insurance, hired/non-hired auto coverage, general liability umbrella policy, cyber insurance, employee dishonesty/crime policy, errors and omissions insurance, employment practices liability insurance, workers’ compensation insurance (as determined by state of Franchised Business location), and business interruption insurance. The insurance afforded by the policy or policies respecting liability will not be limited in any way by reason of any insurance which may be maintained by CITY WIDE. Within six (6) months after the signing of this Agreement, but in no event later than the date on which Franchisee acquires an interest in the real property on which Franchisee will develop and operate the Franchised Business, Franchisee must furnish CITY WIDE for approval a certificate of insurance showing compliance with the foregoing requirements. Such certificate will state that such policy or policies will not be canceled or altered without at least thirty (30) days prior written notice to CITY WIDE and will reflect proof of payment of premiums. Franchisee will also submit copies of such insurance policies. Maintenance of such insurance and the performance by Franchisee of the obligations under this Section 17.3 will not relieve Franchisee of liability under the indemnity provision set forth in this Agreement. Minimum coverage limits may be published in the Operating Manual and may be modified from time to time, as conditions require, by written notice from CITY WIDE to Franchisee.

17.3 Should Franchisee, for any reason, not procure and maintain such insurance coverage as required by this Agreement, CITY WIDE will have the right and authority (without, however, any obligation to do so) immediately to procure such insurance coverage and to charge Franchisee for such

coverage, which charges, together with a reasonable fee for expenses incurred by CITY WIDE in connection with such procurement, will be payable by Franchisee immediately upon notice.

Franchisee will promptly notify CITY WIDE of any actual, potential, or threatened claim under any such insurance policy, and will permit CITY WIDE in CITY WIDE's sole discretion, to assume the defense of any such claim.

#### **SECTION 18. Taxes, Permits, and Indebtedness**

18.1 Franchisee will promptly pay when due all federal, state, and local taxes, including without limitation, employment, unemployment and sales taxes, levied or assessed with respect to any services or products furnished, sold, used, or licensed pursuant to this Agreement.

18.2 Franchisee will promptly pay when due all debts, obligations, accounts, or other indebtedness of every kind incurred by Franchisee in the operation of the Franchised Business.

18.3 Franchisee will comply with all federal, state, and local laws, rules, and regulations and timely obtain all permits, certificates, and licenses required for the full and proper conduct of the Franchised Business.

18.4 Franchisee expressly covenant and agree to accept full and sole responsibility for all debts and obligations incurred in the operation of the Franchised Business.

#### **SECTION 19. Indemnification and Independent Contractor**

19.1 This Agreement does not create a fiduciary relationship between the parties, nor does it constitute Franchisee as an agent, legal representative, joint venturers, partner, employee, or servant of CITY WIDE for any purpose whatsoever; and it is understood between the parties that Franchisee will be an independent contractor and are in no way authorized to make any contract, agreement, warranty or representation on behalf of CITY WIDE to incur any debt, or to create any obligation, express or implied, on behalf of CITY WIDE.

19.2 During the Term of this Agreement, Franchisee will hold itself out to the public as an independent contractor operating the business pursuant to a franchise from CITY WIDE. Franchisee will take such affirmative action as may be necessary to do so, including, without limitation, exhibiting a notice of that fact in a conspicuous place on the premises of the Franchised Business and on all forms, stationery, or other written materials, the content of which CITY WIDE reserves the right to specify.

19.3 Franchisee will defend at Franchisee's own cost and indemnify and hold harmless CITY WIDE, its general partners (if ever any) and their shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including, without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs and other litigation expenses and travel and living expenses), damages and liabilities, however caused, resulting directly or indirectly from or pertaining to the use, condition, or construction, equipping, decorating, maintenance or operation of the Franchised Business, including the sale of any service sold from the Franchised Business and violation of Privacy Laws. Such loss, claims, costs, expenses, damages and liabilities will include, without limitation, those arising from latent or other defects in the Franchised Business, whether or not discoverable by CITY WIDE, and those arising from the death or injury to any person or arising from damage to the property of Franchisee or CITY WIDE, their respective agents or employees, or any third person, firm or corporation, whether or not such losses, claims, costs, expenses, damages, or liabilities were actually or allegedly caused wholly or in part through the negligence of CITY WIDE or any of its agents

or employees or resulted from any strict liability imposed on CITY WIDE or any of its agents or employees. All such indemnification will survive termination of this Agreement.

19.4 CITY WIDE will not, by virtue of any approvals, advice or services provided to Franchisee, assume responsibility or liability to Franchisee or any third parties to which CITY WIDE would not otherwise be subject.

## **SECTION 20. Franchisor's Right to Purchase Business/Right of First Refusal**

20.1 Upon termination or expiration of this Agreement, CITY WIDE will have an option, but not an obligation, to purchase from Franchisee all or any assets of the Franchised Business, including, without limitation all supplies, equipment, advertising materials, and other indicia bearing CITY WIDE's Marks, at fair market value. CITY WIDE may exercise this option ("**Option to Purchase**") by giving Franchisee written notice within sixty (60) calendar days after such termination. If the parties cannot agree on fair market value within a reasonable time, an independent appraiser acceptable to Franchisee will be designated by CITY WIDE, whose determination will be binding. If CITY WIDE elects to exercise any Option to Purchase as provided, it will have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment. CITY WIDE shall have up to twelve (12) months to pay the entirety of the agreed upon purchase price, upon its exercise of its Option to Purchase the business contained herein. CITY WIDE must pay at fifty percent (50%) of the purchase price at the time of exercising its Option to Purchase to defer payment of the remainder over a six (6) month period.

20.2 If Franchisee or its owners propose to sell the Franchised Business (or its assets) or part or all of the ownership of Franchisee, Franchisee or its owners will deliver a bona fide, executed written offer to purchase same to CITY WIDE, who will, for a period of sixty (60) days from the date of delivery of such offer, have the right, but not the obligation, exercisable by written notice to Franchisee or its owners, to purchase the Franchised Business (or its assets) or such ownership for the price and payment terms contained in such bona fide offer, provided that CITY WIDE may substitute cash for any form of payment proposed in such offer and may require Franchisee to enter into an asset purchase agreement or similar agreement containing the terms and conditions that are customary for such a transaction ("**Right of First Refusal**"). If CITY WIDE does not exercise its Right of First Refusal, the offer may be accepted by Franchisee or its owners, subject to the prior written approval of CITY WIDE, as provided in Section 22 of this Agreement; provided that if such offer is not so accepted by Franchisee within one hundred twenty (120) calendar days of the date of such offer, or if the offer is modified in any material way from the original bona fide offer presented to CITY WIDE, CITY WIDE will again have this Right of First Refusal. Should a transferee franchisee assume the rights and obligations under this Agreement, such transferee franchisee will likewise be subject to CITY WIDE's Right of First Refusal under the terms and conditions as set forth in this Agreement.

## **SECTION 21. Operation In the Event Of Absence, Incapacity Or Death**

In order to prevent any interruption of the operation of the Franchised Business which would cause harm to or depreciate its value, in the event that Franchisee is absent, dies or becomes incapacitated as defined in this Agreement, and in the sole judgment of CITY WIDE is not able to operate the Franchised Business, Franchisee authorizes CITY WIDE to operate the Franchised Business for so long as CITY WIDE deems necessary and practical, and without waiver of any other rights or remedies CITY WIDE may have under this Agreement; provided, however, that CITY WIDE will not be obligated to operate the Franchised Business. All monies from the operation of the Franchised Business during such period of operation by CITY WIDE will be kept in a separate account and the expenses of the business, including reasonable compensation and expenses for CITY WIDE's Representative, will be charged to that account. If CITY WIDE temporarily operates the Franchised Business for Franchisee, Franchisee will indemnify and hold

harmless CITY WIDE and any Representative of CITY WIDE who may act under this section, from all claims arising from the acts and omissions of CITY WIDE and its Representative.

## **SECTION 22. Written Approvals, Waivers, and Amendment**

22.1 Whenever this Agreement requires CITY WIDE's prior approval, Franchisee will make a timely written request for that approval. Unless a different time period is specified in this Agreement, CITY WIDE will respond to the request with its approval or disapproval within fifteen (15) days. If CITY WIDE does not respond to Franchisee's request within that time, Franchisee's request will be deemed disapproved. In addition, CITY WIDE agrees not to unreasonably withhold any consent or approval.

22.2 No failure of CITY WIDE to send any Notice of Cure or to exercise any power reserved to it under this Agreement, or to insist upon strict compliance by Franchisee with any obligation or condition under this Agreement, and no custom or practice of the parties in variance with the terms of this Agreement, will constitute a waiver of CITY WIDE's right to demand exact compliance with the terms of this Agreement. Waiver by CITY WIDE of any particular default by Franchisee will not be binding unless in writing and executed by the party sought to be charged and will not affect or impair CITY WIDE's right with respect to any subsequent default of the same or of a different nature; nor will any delay, waiver, forbearance, or omission of CITY WIDE to exercise any power or rights arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants of this Agreement, affect or impair CITY WIDE's rights nor will such constitute a waiver by CITY WIDE of any right or of the right to declare any subsequent breach or default. Subsequent acceptance by CITY WIDE of any payment(s) due to it will not be deemed to be a waiver by CITY WIDE of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.

22.3 No amendment, change, or variance from this Agreement will be binding upon Franchisee or CITY WIDE, except by mutual written agreement executed by Franchisee and CITY WIDE. If an amendment of this Agreement is executed at Franchisee's request, any legal fees, or costs of preparation in connection with that amendment will be paid by Franchisee. Notwithstanding the foregoing, Franchisee acknowledges and agrees that if, at any time during the Term, sixty percent (60%) or more of the franchisees then operating within the CITY WIDE System provide their written consent to a written request by CITY WIDE to modify a provision in this Agreement, Franchisee will be deemed to have been provided its asset to any such modification to this Agreement.

## **SECTION 23. Enforcement, Force Majeure**

23.1 Right to Inspect. To ensure compliance with this Agreement and to provide consultation with Franchisee, Franchisee agrees that CITY WIDE and any named Representative will be permitted, with or without notice, full and complete access during regular business hours to inspect the Franchised Business and all Business Records including, but not limited to, records relating to Franchisee's suppliers, employees, and agents. Franchisee will cooperate fully with CITY WIDE and any Representative. CITY WIDE agrees that any such inspection will be conducted in such a manner so as not to unduly disrupt the Franchised Business.

23.2 Breach of Covenants by Franchisee. Franchisee acknowledges and agrees that breach of the covenants made by Franchisee under this Agreement would cause irreparable injury to CITY WIDE which could not sufficiently be remedied by monetary damages, and therefore that CITY WIDE will be entitled to obtain, without bond, such equitable relief as declarations; temporary, preliminary, and permanent injunctions; and orders of specific performance for the following purposes, among any other purposes: to enforce the covenants made by Franchisee and any guarantors thereof pursuant to this Agreement, including but not limited to, those relating to Franchisee's use of the Marks and the

non-competition covenants contained in Sections 5 and 12 of this Agreement, to enforce Franchisee’s obligations upon termination or expiration of this Agreement; to prevent assignment of the Franchise or ownership interests of Franchisee in the business without the prior written consent of CITY WIDE, to prohibit any act or omission by Franchisee or Franchisee’s employees that constitutes a breach of any term or provision of this Agreement or a violation of any applicable law or regulation; to prohibit any act or omission that is dishonest or misleading to prospective or current customers of businesses operated under the System; to prohibit any act or omission that constitutes a danger to other franchisees, employees, customers, or the public; or to prohibit any act or omission that may tend to impair the goodwill associated with the Marks.

23.3 Responsibility of Costs. If CITY WIDE secures any declaration, injunction or order of specific performance pursuant to the preceding paragraph, or if any provision of this Agreement is enforced at any time by CITY WIDE, or if any amounts due from Franchisee to CITY WIDE are, at any time, collected by or through an attorney at law or collection agency, Franchisee will be liable to CITY WIDE for all costs and expenses of enforcement and collection including, but not limited to, court costs, reasonable attorneys’ fees, and reasonable accountants’ fees.

23.4 Force Majeure. Whenever a period of time is provided in this Agreement for either party to do or perform any act or thing, except the payment of monies, neither party will be liable or responsible for any delays due to strikes, lockouts, casualties, acts of God, pandemics, war, governmental regulation or control or other causes beyond the reasonable control of the parties, and in any event the time period for the performance of an obligation under this Agreement will be extended for the amount of time of the delay. This clause will not apply or not result in an extension of the Term of this Agreement.

**SECTION 24. Notices**

24.1 Any written notice to be given to CITY WIDE will be by certified mail, return receipt requested, delivered by a recognized courier service, receipt acknowledged, or by electronic mail and receipt is acknowledged by CITY WIDE, to:

Franchisor: CITY WIDE FRANCHISE COMPANY, INC.  
15230 W. 105<sup>th</sup> Terrace  
Lenexa, Kansas 66219  
Attention: Legal Department

Copy to: Akerman LLP  
1900 16<sup>th</sup> Street, Suite 950  
Denver, CO 80202  
Attention: Kevin Hein

and any such notice to Franchisee will be by certified mail, return receipt requested, or delivered by a recognized courier service, receipt acknowledged:

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

24.2 Either Franchisee or CITY WIDE may change their respective addresses for notice by giving written notice of the new address for notice. Any notice to be given under this Agreement will be deemed to be given on the earliest of (i) five (5) business days after such notice is delivered, postage prepaid, for mailing by the United States Postal Service by certified mail, return receipt requested, (ii) two (2) business days after sent by overnight commercial delivery with all charges prepaid, or (iii) when it is actually received by the recipient.

24.3 No failure of CITY WIDE to exercise any power reserved to it by this Agreement and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of CITY WIDE's right to demand exact compliance with any of the terms herein. No waiver or approval by CITY WIDE of any particular breach or default by Franchisee nor any delay, forbearance or omission by CITY WIDE to act or give notice of default or to exercise any power or right arising by reason of such default hereunder, nor acceptance by CITY WIDE of any payments due hereunder shall be considered a waiver or approval by CITY WIDE of any preceding or subsequent breach or default by Franchisee of any term, covenant or condition of this Agreement.

24.4 Whenever Franchisor reserves discretion in a particular area or where Franchisor agrees to exercise Franchisor's right reasonably or in good faith, Franchisor will satisfy Franchisor's obligations whenever Franchisor exercises reasonable business judgment ("**Reasonable Business Judgment**") in making Franchisor's decision or exercising Franchisor's rights. Franchisor's decisions or actions will be deemed to be the result of Reasonable Business Judgment, even if other reasonable or even arguably preferable alternatives are available, if Franchisor's decision or action is intended, in whole or significant part, to promote or benefit the System generally even if the decision or action also promotes Franchisor's financial or other individual interest. Examples of items that will promote or benefit the System, include, without limitation, enhancing the value of the Marks, improving customer service and satisfaction, improving product quality, improving uniformity, enhancing, or encouraging modernization, and improving the competitive position of the System.

24.5 No warranty or representation is made by CITY WIDE that all CITY WIDE System franchise agreements heretofore or hereafter issued by CITY WIDE do or will contain terms substantially like to those contained in this Agreement. Further, Franchisee recognizes and agrees that CITY WIDE may, in its Reasonable Business Judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other CITY WIDE System franchise owners in a non-uniform manner, unless otherwise required by this Agreement or by law.

24.6 No amendment, change or variance from this Agreement shall be binding upon either CITY WIDE or Franchisee except by mutual written agreement. If an amendment of this Agreement is executed at Franchise Owner's request, any legal fees or costs of preparation in connection therewith shall, at the option of CITY WIDE, be paid by Franchisee.

## **SECTION 25. Franchisee Defined and Guaranty**

As used in this Agreement, the terms "**Franchisee**" and "**Franchisee's**" will include all persons who succeed to the interest of the original Franchisee by transfer or operation of law. If Franchisee is a legal entity, then at least one natural person will have at least a majority ownership interest in Franchisee. By their signatures to this Agreement, all partners, shareholders, officers, and directors of the entity that sign this Agreement as Franchisee acknowledge and accept the duties and obligations imposed upon each of them, individually, by the terms of this Agreement. The singular usage includes the plural, and the masculine usage includes the feminine. All partners, shareholders, officers, and directors of the entity executing the Franchise Agreement and their respective spouses are required to execute the Guaranty and Assumption of Obligations which is attached to this Franchise Agreement as **Attachment A**.

## **SECTION 26. Caveat.**

THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED TO BE UNDERTAKEN BY FRANCHISEE BY VIRTUE OF THIS AGREEMENT IS SPECULATIVE AND DEPENDS, TO A LARGE EXTENT, UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESSMAN, AND FRANCHISEE'S ACTIVE PARTICIPATION IN THE DAILY AFFAIRS OF THE FRANCHISED BUSINESS, AS WELL AS OTHER FACTORS. CITY WIDE DOES NOT MAKE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL SUCCESS OF THE FRANCHISED BUSINESS.

## **SECTION 27. Arbitration and Dispute Resolution**

27.1 All controversies, disputes or claims arising between Franchisee and CITY WIDE in connection with, arising from, or with respect to: (1) any provision of this Agreement or in any other agreement related to this Agreement between the parties; (2) the relationship of the parties; (3) the validity of this Agreement or any other agreement related to this Agreement between the parties, or any provisions of those agreements; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Franchised Business (except controversies, disputes or claims relating to the Marks or any lease or sublease or real estate) which is not resolved within fifteen (15) calendar days after either party notifies the other in writing of such controversy, dispute or claim, will be submitted for binding arbitration in accordance with the Commercial Rules (“**Rules**”) of the American Arbitration Association or its successor. Arbitration will take place at an appointed time and place in Lenexa, Kansas, or such other location designated by CITY WIDE in the Kansas City, Missouri Metropolitan area.

27.2 The parties shall select an arbitrator pursuant to the Rules, or its successors, within the time required by such Rules, following the initial arbitration request or application, and such arbitration shall be governed by such Rules. Judgment upon any award of the arbitrator will be binding and will be entered in a court of competent jurisdiction. The award of the arbitrator may grant any relief which might be granted by a court of general jurisdiction, including, without limitation, by reason of enumeration, award of damages and/or injunctive relief, and may, in the discretion of the arbitrator, assess, in addition, the costs of the arbitration, including the reasonable fees of the arbitrator and reasonable attorneys' fees, against either or both parties, in such proportions as the arbitrator will determine.

27.3 Nothing contained in this section will bar the right of either party to seek and obtain temporary injunctive relief from a court of competent jurisdiction in accordance with applicable law against threatened conduct that will cause loss or damage, pending completion of the arbitration.

27.4 It is the intent of the parties that any arbitration between Franchisee and CITY WIDE will be of Franchisee's individual claim and that the claim subject to arbitration will not be arbitrated on a class wide basis.

27.5 This arbitration provision shall be deemed to be self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding said failure to appear.

## **SECTION 28. Severability and Construction**

28.1 Each paragraph, part, term and provision of this Agreement will be considered severable, and if, for any reason, any paragraph, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation, such will not impair the operation of or affect the remaining portions, sections, parts, terms and/or provisions of this Agreement, and the latter will continue

to be given full force and effect and bind the parties; and the invalid sections, parts, terms and/or provisions will be deemed not part of this Agreement; provided, however, that if CITY WIDE determines that the finding of illegality adversely affects the basic consideration of this Agreement, CITY WIDE may, at its option, terminate this Agreement.

28.2 Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor will be deemed, to confer upon any person or legal entity other than CITY WIDE or Franchisee and such of their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under or by reason of this Agreement.

28.3 Franchisee expressly will be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision of this Agreement, as though it were separately stated in and made a part of this Agreement, that may result from striking from any of the provisions any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision to which CITY WIDE is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order. Nothing in the Agreement or in any related agreement is intended to disclaim the representations we made in the franchise disclosure document.

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

28.5 This Agreement may be executed in any number of counterparts, each of which when so executed and delivered will be deemed an original, and which counterparts together will constitute one and the same instrument.

## **SECTION 29. Applicable Law**

A. THIS AGREEMENT TAKES EFFECT UPON ITS ACCEPTANCE AND EXECUTION BY CITY WIDE IN THE STATE OF KANSAS AND WILL BE INTERPRETED AND CONSTRUED UNDER THE LAWS OF KANSAS, WHICH LAWS WILL PREVAIL IN THE EVENT OF ANY CONFLICT OF LAW.

B. FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT IS ENTERED INTO IN JOHNSON COUNTY, KANSAS, AND THAT ANY ACTION SOUGHT TO BE BROUGHT BY EITHER PARTY, EXCEPT THOSE CLAIMS REQUIRED TO BE SUBMITTED TO ARBITRATION, WILL BE BROUGHT IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF KANSAS, OR THE DISTRICT COURT OF JOHNSON COUNTY, KANSAS, AND THE PARTIES EACH WAIVE ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSES OF CARRYING OUT THIS PROVISION.

C. NO RIGHT OR REMEDY CONFERRED UPON OR RESERVED TO FRANCHISEE OR CITY WIDE BY THIS AGREEMENT IS INTENDED TO BE, NOR WILL BE DEEMED, EXCLUSIVE OF ANY OTHER RIGHT OR REMEDY OR BY LAW OR EQUITY PROVIDED OR PERMITTED, BUT EACH WILL BE CUMULATIVE OF EVERY OTHER RIGHT OR REMEDY.

D. NOTHING CONTAINED IN THIS AGREEMENT WILL BAR CITY WIDE'S RIGHT TO OBTAIN INJUNCTIVE RELIEF AGAINST THREATENED CONDUCT THAT WILL CAUSE IT LOSS OR DAMAGES, UNDER THE USUAL EQUITY RULES, INCLUDING THE APPLICABLE RULES FOR OBTAINING RESTRAINING ORDERS AND PRELIMINARY INJUNCTIONS.

## **SECTION 30. Acknowledgments**

30.1 Franchisee understands and acknowledges that the Franchised Business involves business risks; that Franchisee's sales volume, profit, income, and success is dependent on Franchisee's ability as an independent business operator.

30.2 CITY WIDE expressly disclaims the making of, and Franchisee acknowledge that Franchisee have not received from CITY WIDE or its employees, agents, or representatives, any warranty or guaranty, express or implied, as to the potential sales volume, profit, income, or success of the Franchised Business, EXCEPT THOSE CONTAINED IN ITEM 19 OF THE FRANCHISE DISCLOSURE DOCUMENT FURNISHED TO FRANCHISEE AT LEAST FOURTEEN (14) DAYS PRIOR TO THE EXECUTION OF THIS AGREEMENT.

30.3 Franchisee acknowledge that either CITY WIDE or its Representative has provided Franchisee with a Franchise Disclosure Document at least fourteen days (14) days before Franchisee executed this Agreement or before Franchisee made any payment or gave any consideration for the Franchise to CITY WIDE or any Affiliated Company, granted under this Agreement or any rights arising from this Agreement. Franchisee further acknowledges that Franchisee has read that Franchise Disclosure Document; understands its contents; that CITY WIDE has fully and adequately explained the provisions of it to Franchisee's satisfaction; and that CITY WIDE has accorded Franchisee ample time and opportunity to consult with advisors of Franchisee's own choosing about the potential benefits and risks of entering into this Agreement.

30.4 Franchisee acknowledges that Franchisee has had sufficient opportunity to consult with Franchisee's own attorneys, accountants and other advisors and that the attorneys for CITY WIDE have not advised or represented Franchisee with respect to this Agreement or the relationship created by this Agreement.

30.5 Franchisee acknowledges that Franchisee is not, nor is Franchisee intended to be, a third party beneficiary of any other agreement or contractual relationship to which CITY WIDE is a party.

30.6 Franchisee acknowledges that the success of the Franchised Business contemplated by this Agreement depends, to a large extent, upon Franchisee as an independent businessperson having complete control and direction over Franchisee's business operations and employees, subject only to the conditions and obligations contained in this Agreement and that this Agreement does not constitute or create a security.

30.7 FRANCHISEE ACKNOWLEDGES THAT THIS AGREEMENT, ANY EXHIBIT ATTACHED TO THIS AGREEMENT AND THE DOCUMENTS REFERRED TO IN THIS AGREEMENT, WILL BE CONSTRUED TOGETHER AND CONSTITUTE THE ENTIRE, FULL AND COMPLETE AGREEMENT BETWEEN THE PARTIES CONCERNING THE SUBJECT MATTER OF THIS AGREEMENT, AND SUPERSEDES ALL PRIOR WRITTEN OR ORAL AGREEMENTS RELATING TO THIS AGREEMENT. FRANCHISEE UNDERSTAND AND AGREE THAT NO PERSON REPRESENTING OR PURPORTING TO REPRESENT CITY WIDE HAS ANY ACTUAL, IMPLIED, OR APPARENT AUTHORITY TO MAKE ANY REPRESENTATION OR STATEMENT TO FRANCHISEE CONCERNING THE SYSTEM OR THIS FRANCHISE AGREEMENT, OR ANY SUBJECT RELATED TO THIS AGREEMENT, WHICH IN ANY MANNER DIFFERS FROM THE SPECIFIC TERMS OF THIS AGREEMENT OR THE FRANCHISE DISCLOSURE DOCUMENT. FRANCHISEE AFFIRMATIVELY COVENANTS AND WARRANTS THAT NO COVENANTS, WARRANTS, AGREEMENTS, UNDERSTANDINGS, STATEMENTS, OR REPRESENTATIONS OTHER THAN THOSE SPECIFICALLY MADE IN THIS AGREEMENT OR IN THE FRANCHISE DISCLOSURE DOCUMENT HAVE INDUCED FRANCHISEE TO EXECUTE THIS AGREEMENT.

FRANCHISEE FURTHER UNDERSTANDS THAT CITY WIDE IS RELYING ON FRANCHISEE'S COVENANTS AND WARRANTIES IN EXECUTING THIS AGREEMENT. NO AMENDMENT, CHANGE, OR VARIANCE FROM THE TERMS OF THIS AGREEMENT WILL BE BINDING ON THE PARTIES UNLESS MUTUALLY AGREED TO BY THE PARTIES AND EXECUTED BY THEM IN WRITING. NOTHING IN THIS AGREEMENT, OR ANY RELATED AGREEMENT IS INTENDED TO DISCLAIM THE REPRESENTATIONS MADE IN THE FRANCHISE DISCLOSURE DOCUMENT, ITS EXHIBITS AND AMENDMENTS.

BEFORE SIGNING THIS AGREEMENT, FRANCHISEE SHOULD READ THE DOCUMENT CAREFULLY WITH THE ASSISTANCE OF A TRUSTED ADVISOR SUCH AS AN ACCOUNTANT OR ATTORNEY.

CITY WIDE HAS NOT MADE ANY REPRESENTATIONS, WARRANTIES, OR INDUCEMENTS, EXPRESS OR IMPLIED, TO FRANCHISEE CONCERNING PROJECTED PROFITS.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement as of the day and year first written above.

**FRANCHISOR:**  
**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISEE:**

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

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

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

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

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

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



**ATTACHMENT A TO THE FRANCHISE AGREEMENT**  
**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

## GUARANTY AND ASSUMPTION OF OBLIGATIONS

**THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS** (“**Guaranty**”), made and entered into on \_\_\_\_\_, by \_\_\_\_\_, \_\_\_\_\_ (collectively, “**Guarantors**”), in favor of CITY WIDE FRANCHISE COMPANY, INC., a Kansas corporation (“**CITY WIDE**”).

**WHEREAS**, the Guarantors, and each of them, desire to guarantee the obligations of \_\_\_\_\_, a \_\_\_\_\_ [*corporation / partnership / sole proprietor / limited liability company*] (“**Franchisee**”), under that certain Franchise Agreement by and between Franchisee and CITY WIDE, of even date herewith (“**Franchise Agreement**”); and

**WHEREAS** CITY WIDE desires to accept such guarantee.

**NOW, THEREFORE**, in consideration of the covenants and conditions herein set forth, and in order to induce CITY WIDE to enter into the Franchise Agreement, the Guarantors, and each of them, hereby agree, for the benefit of Franchisee, its successors and assigns, as follows:

**SECTION 1. Guaranty.** Guarantors and each of them hereby unconditionally guarantee the punctual payment when due, whether at stated maturity, by acceleration or otherwise, of all obligations of Franchisee now or hereafter existing under the Franchise Agreement, whether for fees, expenses, interest, or otherwise (such obligations being “**Obligations**”), and agree to pay any and all expenses (including attorney fees and expenses) incurred by CITY WIDE in enforcing any rights under this Guaranty.

**SECTION 2. Guaranty Absolute.** Guarantors and each of them guarantee that the Obligations will be paid strictly in accordance with the terms of the Franchise Agreement, regardless of any law, regulation, or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of CITY WIDE with respect thereto. The liability of the Guarantors under this Guaranty will be absolute and unconditional irrespective of:

- (i) any lack of validity or enforceability of the Franchise Agreement or any other agreement or instrument relating thereto.
- (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to departure from the Franchise Agreement.
- (iii) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guaranty, for all or any of the Obligations; or
- (iv) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Franchisee or a Guarantor.

This Guaranty will continue to be effective or be reinstated, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by CITY WIDE upon the insolvency, bankruptcy or reorganization of Franchisee or otherwise, all as though such payment had not been made.

**SECTION 3. Waiver.** Guarantors hereby waive promptness, diligence, notice of acceptance and any other notice with respect to any of the Obligations and this Guaranty and any requirement that CITY WIDE

protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against Franchisee or any other person or entity or any collateral.

**SECTION 4. Waiver of Subrogation.** Notwithstanding anything to the contrary in this Guaranty, Guarantors hereby irrevocably waive all rights they may have at law or in equity, to the extent that such rights may interfere with any claim or demand by CITY WIDE under the Franchise Agreement or this Guaranty (including, without limitation, any law subrogating the Guarantors to the rights of CITY WIDE), to seek contribution, indemnification, or any other form of reimbursement from Franchisee, any other Guarantor, or any other person now or hereafter primarily or secondarily liable for any obligations of Franchisee to CITY WIDE, for any disbursement made by the Guarantors under or in connection with this Guaranty or otherwise. If (i) Guarantors will make payment to CITY WIDE of all or any part of the Obligations and (ii) all the Obligations will be paid in full, CITY WIDE will, at Guarantors' request, execute and deliver to Guarantors appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to Guarantors of an interest in the Obligations resulting from such payment by Guarantors.

**SECTION 5. Amendments, Etc.** No amendment or waiver of any provision of this Guaranty nor consent to any departure by the Guarantors therefrom will in any event be effective unless the same will be in writing and signed by CITY WIDE, and then such waiver or consent will be effective only in the specific instance and for the specific purpose for which given.

**SECTION 6. No Waiver; Remedies.** No failure on the part of CITY WIDE to exercise, and no delay in exercising any right hereunder will operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

**SECTION 7. Continuing Guaranty: Transfer of Franchise Agreement.** This Guaranty is a continuing guaranty and will (i) remain in full force and effect until payment in full of the Obligations and all other amounts payable under this Guaranty, (ii) be binding upon the Guarantors, their successors and assigns, and (iii) inure to the benefit of and be enforceable by CITY WIDE and its successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), CITY WIDE may assign or otherwise transfer the Franchise Agreement to any other person or entity, and such other person or entity shall thereupon become vested with all the rights in respect thereof granted to CITY WIDE herein or otherwise.

**SECTION 8. Governing Law.** This Guaranty will be governed by, and construed in accordance with, the laws of the State of Kansas.

*[Remainder of this page intentionally left blank]*

**IN WITNESS WHEREOF**, Guarantors have executed this Guaranty as of the date first above written.

**GUARANTOR**

\_\_\_\_\_

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

Percentage of Ownership in Franchisee: \_\_\_\_\_%

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

\_\_\_\_\_

**GUARANTOR**

\_\_\_\_\_

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

Percentage of Ownership in Franchisee: \_\_\_\_\_%

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

\_\_\_\_\_



**ATTACHMENT B TO THE FRANCHISE AGREEMENT**

**DESIGNATED TERRITORY**

**INITIAL TERRITORY FEE AND DESIGNATED TERRITORY**

**1. Designated Territory:**

Population: \_\_\_\_\_

Geographic Boundaries: SEE ATTACHMENT: DESIGNATED TERRITORY (maps and zips)

**2. Initial Territory Fee.** The Initial Territory Fee of \$\_\_\_\_\_ is based upon the chart set forth below. All population determinations are based upon the latest United States Census information available for the proposed Designated Territory, including any data available at <https://www.census.gov>.

<b>TERRITORY SIZE</b>	<b>TERRITORY FEE</b>
Less Than 1,000,000 population	\$15,000
1,000,001 to 1,499,999 population	\$30,000
1,500,000 to 2,000,000 population	\$35,000
2,000,001 and above	\$50,000

Franchisee may solicit or accept orders from consumers outside of Franchisee’s Designated Territory, provided that such order is not within the Designated Territory of another franchisee or affiliate-owned location. If Franchisee accepts orders outside of the Designated Territory, such as in a contiguous area and the area subsequently becomes the designated territory of another franchisee or company-owned location, Franchisee and the franchisee of the newly designated territory must negotiate the sale or the provision of services of those orders outside of the Designated Territory. Suggested guidelines and compensation plan for such transaction are set forth in the Operating Manual.

Franchisee does have the right to use other channels of distribution, such as telemarketing or other direct marketing to make sales outside of Franchisee’s Designated Territory but only until such time as the outside territory wherein the sale takes place becomes a designated territory of another franchisee or the designated territory of a company-owned location.

**FRANCHISOR:**  
**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISEE:**

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

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

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

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

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

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



**ATTACHMENT C TO THE FRANCHISE AGREEMENT**

**MARKS**

## MARKS

The term Marks means the following marks for the designated use:

Mark	Registration Date	Registration Number	Status
	March 17, 2009	3,590,034	Registered on the Principal Register
PERFORMANCE 	August 9, 2011	4,009,441	Registered on the Principal Register
CITY WIDE FACILITY SOLUTIONS	June 29, 2020	6292637	Registered on Principal Register
	July 19, 2022	6,791,952	Registered on Principal Register
	July 19, 2022	6,791,953	Registered on Principal Register
	February 21, 2023	6,987,575	Registered on Principal Register

**Franchisee shall be authorized to utilize only such Marks as from time to time are authorized hereunder.**



**ATTACHMENT D TO THE FRANCHISE AGREEMENT**

**MARK USE GUIDELINES**

## MARK USE GUIDELINES

Proper use of a mark involves some basic rules which center around ensuring that the mark is recognized by the public as an indication of single source and is distinguished from the mere name of a product or service. Although these rules will vary for several types of marks and use situations, the recommended guidelines are presented below. CITY WIDE may modify such guidelines and impose additional restrictions with respect to such Marks in its sole discretion.

Use the mark only as a proper adjective followed by a noun, and not as a possessive, a description (noun), a plural or a verb. Make sure that the symbol “TM” (designating trademark used to indicate source of products) or “SM” (designating service mark used to indicate source of services), or ® designating use of a federally registered Mark, as appropriate, prominently appears at least once in close association with the mark.

Make the mark stand out from the rest of the text (**bolder type**, ALL CAPS, *italics*, underline, etc.)

Avoid variations in spelling or display. By way of example, the following is proper:

CITY WIDE or CITY WIDE FACILITY SOLUTIONS

The following is not proper:

Take Franchisee’s family to CITY WIDE, or CITY WIDE FACILITY SOLUTIONS. (noun, no special typography, no service mark indication)

There are numerous CITY WIDES or CITY WIDE FACILITY SOLUTIONS around the country. (noun, plural, no special typography, variation, no service mark symbol)

CITY WIDE’s services (possessive, variation, no service mark symbol)

It is not necessary that the SM, TM, or ® be used so often as to become obtrusive, once or twice in a short document is enough. When it is not obvious from the text, it is important that a legend indicating ownership of the marks appears somewhere reasonably visible on the document; namely, CITY WIDE, CITY WIDE and design and CITY WIDE FACILITY SOLUTIONS and design, are trademarks and service marks of CITY WIDE FRANCHISE HOLDING COMPANY, INC., as licensed to CITY WIDE FRANCHISE COMPANY, INC.



**ATTACHMENT E TO THE FRANCHISE AGREEMENT**

**CONFIDENTIALITY AGREEMENT**

## CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement, made and entered into on \_\_\_\_\_, by and between CITY WIDE FRANCHISE COMPANY, INC., a corporation formed and operating under the laws of the State of Kansas, having its principal place of business at 15230 W. 105<sup>th</sup> Terrace, Lenexa, KS 66219 (hereinafter “CITY WIDE”) and \_\_\_\_\_ (“Prospect”).

### RECITALS

A. CITY WIDE has developed and owns a unique system relating to the establishment, development and operation of businesses known and operated under the trade name and service mark “CITY WIDE”; and

B. Prospect and CITY WIDE have entered discussions which may involve the disclosure to Prospect of proprietary information of CITY WIDE.

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other, hereby agree as follows:

1. **Proprietary Information/Confidential Treatment.** During business dealings between the parties, certain confidential information of CITY WIDE will be disclosed to Prospect. Prospect or any of its employees, will not for any reason or purpose whatsoever, use for its personal benefit, or disclose, communicate or divulge to, or use for the direct or indirect benefit of any person, firm, association or corporation other than Prospect, any knowledge of confidential information which is proprietary to CITY WIDE (“**Proprietary Information**”). All Proprietary Information is and will remain the sole property of CITY WIDE and its assigns, and Prospect hereby assigns to CITY WIDE any rights it has or may acquire in such Proprietary Information. Prospect will have access to and become acquainted with various trade secrets and trade sources, consisting of patterns, operational systems and compilations of information, records, and specifications which are owned by CITY WIDE and which are regularly used in the operation of a Franchised Business. Prospect will not disclose any of the previously mentioned trade secrets, directly or indirectly, or use them in any way, at any time, except as required business dealings between CITY WIDE and Prospect.

2. **Injunctive Relief.** Any breach of provisions of this Agreement will cause irreparable harm to CITY WIDE, and therefore, in the event of a breach or threatened breach of the provisions of this Confidentiality Agreement, CITY WIDE will be entitled to an injunction restraining Prospect from disclosing or appropriating in whole or in part, the Proprietary Information, or from rendering any services to any person, firm, corporation, association or other entity to whom such confidential information, in whole or in part, has been disclosed or is threatened to be disclosed. Nothing herein will be construed as prohibiting CITY WIDE from pursuing any other remedies available for such breach or threatened breach, including the recovery of damages.

*[Remainder of this page intentionally left blank]*

**IN WITNESS WHEREOF**, the parties hereunder have duly executed, sealed, and delivered this Agreement on the day and year set forth above.

**CITY WIDE FRANCHISE COMPANY, INC.**

**PROSPECT:**

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

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

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

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

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

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



**ATTACHMENT F TO THE FRANCHISE AGREEMENT**

**NON-COMPETE AGREEMENT**

## NON-COMPETE AGREEMENT

This Non-Compete Agreement, made and entered into on \_\_\_\_\_, by and between CITY WIDE FRANCHISE COMPANY, INC., a Kansas Corporation having its principal place of business at 15230 W. 105<sup>th</sup> Terrace, Lenexa, KS 66219, (“CITY WIDE”), and \_\_\_\_\_ (“Franchisee”).

### RECITALS:

A. CITY WIDE and Franchisee have entered into a CITY WIDE Franchise Agreement dated of even date herewith. (“Franchise Agreement”).

B. CITY WIDE and Franchisee understand and acknowledge that the recitals (stated in the Franchise Agreement and as captioned “WITNESSETH”), all definitions, all acknowledgments, and all warranties stated in the Franchise Agreement are incorporated herein by reference; and

C. CITY WIDE and Franchisee desire to enter into a Non-Compete Agreement as provided herein.

**NOW, THEREFORE**, the parties, in consideration of the undertakings and commitments of each party to the other set forth in the Franchise Agreement, hereby agree as follows:

1. Unless otherwise specified, the meaning of the term “Franchisee” as used herein will include, collectively and individually, all officers, directors, and holders of a beneficial interest, at any time during the term of this Non-Compete Agreement, of the securities of Franchisee, and of any corporation directly or indirectly controlling Franchisee, if Franchisee is a corporation; and the general partners and any limited partner owning any percentage of Franchisee if a partnership.

2. For the purposes of this agreement, the term “**Franchised Business**” (as defined in the Franchise Agreement) will be further modified to mean use of CITY WIDE’s System and Marks at the following location (“**Location**”):

The franchise Territory consists solely of the following:

### ATTACHMENT B TO THE FRANCHISE AGREEMENT - DESIGNATED TERRITORY

3. Franchisee covenants that during the term of this Non-Compete Agreement, except as otherwise approved in writing by CITY WIDE, Franchisee will not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation:

- a. Divert or attempt to divert any business or customers of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any act injurious or prejudicial to the goodwill associated with CITY WIDE’s Marks and the System; or
- b. Own, maintain, engage in, consult with, or have any material interest in any competitive business (including any business operated by Franchisee prior to entry into the Franchise Agreement) specializing, in whole or in part, in providing the same or similar services or products or activities of any type or nature, targeted at a retail market of a

type the same as or similar to the type of programs offered or provided or markets targeted in or by the System.

4. Franchisee specifically acknowledges that, pursuant to this Agreement, Franchisee will receive valuable training and confidential information, including, without limitation, CITY WIDE's past, present or prospective client list, pricing formulas, policies, bids, quotes, proposals, profitability, margin strategies, presentation strategies and techniques, business plans, training materials, and additional information regarding the promotional, operational, sales and marketing methods and techniques of CITY WIDE and the System. Accordingly, Franchisee covenants that, except as otherwise approved in writing by CITY WIDE, Franchisee will not, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for himself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, engage in, consult with or have any interest in any business specializing, in whole or in part, in providing the same or similar services or products or activities of any type or nature, targeted at a market of a type the same as or similar to the type of programs offered or provided or markets targeted in or by the System:

- a. Within a radius of 150 miles of Franchisee's Franchised Business Location.
- b. Within the metropolitan statistical area where Franchisee's Franchised Business is located; or
- c. Within a radius of 150 miles of the Location of any other business using the System, whether franchised or owned by CITY WIDE.

5. Each of the foregoing covenants will be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Non-Compete Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which CITY WIDE is a party, Franchisee will be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Non-Compete Agreement.

6. Franchisee understands and acknowledges that CITY WIDE will have the right, in its sole discretion, to reduce the scope of any covenant set forth in Paragraphs 3 and 4 in this Non-Compete Agreement, or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee will comply forthwith with any covenant as so modified, which will be fully enforceable notwithstanding any contrary provisions of the Franchise Agreement, if any.

7. CITY WIDE will have the right to require Franchisee to enter into similar covenants with all of Franchisee's personnel performing managerial or supervisory functions and all personnel receiving training relating to the CITY WIDE System, in a form satisfactory to CITY WIDE.

8. Franchisee acknowledges, covenants and agrees that CITY WIDE will be entitled to immediate equitable remedies, including but not limited to, restraining orders in order to safeguard such proprietary, confidential, unique and special information of CITY WIDE and that money damages alone would be an insufficient remedy with which to compensate CITY WIDE for any breach of the terms of this Non-Compete Agreement.

Nothing herein shall, however, be construed as prohibiting CITY WIDE from pursuing any other remedies available to CITY WIDE for such breach or threatened breach, including recovery of damages from the franchisee.

Furthermore, unless prohibited by law, CITY WIDE shall be entitled to recover as additional damages all expenses and costs, including reasonable attorneys' fees, incurred by it in pursuing its legal and equitable remedies hereunder, whether suit be brought or not. It is understood that Franchisee shall fully protect, indemnify, and hold CITY WIDE and its employees and agents harmless from any and all claims, demands, suits, losses, liabilities, actions, expenses and/or damages, including reasonable attorneys' fees, arising as a result of a breach of this Agreement by Franchisee.

9. Paragraphs 3 and 4 will not apply to ownership by Franchisee of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

10. Any disputes that arise under this Non-Compete Agreement shall be subject to the dispute resolution provisions set forth in the Franchise Agreement.

11. All capitalized terms used in this Non-Compete Agreement shall have the same meaning as in the Franchise Agreement unless otherwise stated.

12. This Agreement will commence upon the Effective Date of the Franchise Agreement and will be effective throughout and will survive the Term of the Franchise Agreement, including any Successor Terms. In the event of the expiration or termination of the Franchise Agreement, then all applicable time periods set forth in this Agreement will commence as of the date of the termination or expiration of the Franchise Agreement.

**IN WITNESS WHEREOF**, the parties have executed this Non-Compete Agreement on the date above.

**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISEE:**

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

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

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

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

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

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



**ATTACHMENT G TO THE FRANCHISE AGREEMENT**

**ACKNOWLEDGMENT REGARDING OWNERSHIP**

**ACKNOWLEDGMENT REGARDING OWNERSHIP**

**ACKNOWLEDGMENT REGARDING OWNERSHIP OR OTHER INTEREST**

**Acknowledgment Regarding Controlling Persons.** Franchisee hereby acknowledges that Franchisee is a(n):

\_\_\_\_\_ individual                      \_\_\_\_\_ corporation  
\_\_\_\_\_ partnership                    \_\_\_\_\_ limited liability company  
\_\_\_\_\_ joint venture                    \_\_\_\_\_ other business form ,

Franchisee hereby warrants and represents that the following persons own Franchisee:

<u>NAME</u>	<u>PERCENTAGE OF INTEREST</u>

**Franchisee acknowledges that CITY WIDE is relying on the accuracy of the above information, and that the information set forth above is true and correct.** (Whether the franchisee is/are individual(s) or an entity, all owners must sign below. There must be ONE (1) majority owner (e.g. cannot be 50/50)).

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



**ATTACHMENT H TO THE FRANCHISE AGREEMENT**  
**ACH RECURRING PAYMENT AUTHORIZATION FORM**

**CITY WIDE FRANCHISE CO, INC**

15230 W 105<sup>TH</sup> TERRACE  
LENEXA, KS 66219  
(913) 888-5700

**ACH Recurring Payment Authorization Form**

Schedule your payment to be automatically deducted from your checking or savings account.  
Just complete and sign this form to get started!

**Here's How Recurring Payments Work:**

1. You authorize regularly scheduled charges to your checking or savings account by filling out the information below.
2. You will receive email notice with details of the payment due from CWF at least 3 business days prior to the payment being processed.
3. The charge will appear on your bank statement as an "ACH Debit."

I, \_\_\_\_\_, authorize CITY WIDE FRANCHISE to charge my bank account,  
(Full name)  
indicated below, on or around the **20<sup>th</sup> of each month** for payment of my Royalties due as of the 10<sup>th</sup> of the current month and Invoices dated in the prior month.

Company Name \_\_\_\_\_

Billing Address \_\_\_\_\_ Phone \_\_\_\_\_

City, State, Zip \_\_\_\_\_ Email \_\_\_\_\_

Account Type:  Checking  Savings

Name on Account \_\_\_\_\_

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

Account Number \_\_\_\_\_

Routing Number \_\_\_\_\_

Bank City/State \_\_\_\_\_

For \_\_\_\_\_

254074700      0001234564      1147

ROUTING NUMBER      ACCOUNT NUMBER      CHECK NUMBER

SIGNATURE \_\_\_\_\_ DATE \_\_\_\_\_

I understand that this authorization will remain in effect until I cancel it in writing, and I agree to notify City Wide Franchise Co, Inc in writing of any changes in my account information or termination of this authorization at least 15 days prior to the next billing date. If the above noted periodic payment dates fall on a weekend or holiday, I understand that the payment may be executed on the next business day. I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted periodic transaction dates. In the case of an ACH Transaction being rejected for Non Sufficient Funds (NSF) I understand that City Wide Franchise Co, Inc may at its discretion attempt to process the charge again within 30 days, and agree to an additional \$30 charge or the interest at the highest rate of interest then permitted by applicable law of the state where the Franchised Business is located for each day such amount is past due which will be initiated as a separate transaction from the authorized recurring payment. I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I agree not to dispute this recurring billing with my bank so long as the transactions correspond to the terms indicated in this authorization form.





**ATTACHMENT I TO THE FRANCHISE AGREEMENT**

**SBA ADDENDUM**



ADDENDUM TO FRANCHISE

<sup>1</sup> AGREEMENT

THIS ADDENDUM (“Addendum”) is made and entered into on \_\_\_\_\_, 20\_\_\_\_, by and between \_\_\_\_\_ (“Franchisor”), located at \_\_\_\_\_, and \_\_\_\_\_ (“Franchisee”), located at \_\_\_\_\_.

Franchisor \_\_\_\_\_ and Franchisee \_\_\_\_\_ entered into a Franchise \_\_\_\_\_ Agreement on \_\_\_\_\_, 20\_\_\_\_, (such Agreement, together with any amendments, the “Franchise Agreement”). Franchisee \_\_\_\_\_ is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (“SBA”). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the Franchise \_\_\_\_\_ Agreement or any other document Franchisor \_\_\_\_\_ requires Franchisee \_\_\_\_\_ to sign:

**CHANGE OF OWNERSHIP**

- If Franchisee \_\_\_\_\_ is proposing to transfer a partial interest in Franchisee \_\_\_\_\_ and Franchisor \_\_\_\_\_ has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor \_\_\_\_\_ may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Franchisee \_\_\_\_\_. If the Franchisor \_\_\_\_\_’s consent is required for any transfer (full or partial), Franchisor \_\_\_\_\_ will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) \_\_\_\_\_ interest or any portion thereof, the transferor will not be liable for the actions of the transferee Franchisee \_\_\_\_\_.

**FORCED SALE OF ASSETS**

- If Franchisor \_\_\_\_\_ has the option to purchase the business personal assets upon default or termination of the Franchise \_\_\_\_\_ Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee \_\_\_\_\_ owns the real estate where the franchisee \_\_\_\_\_ location is operating, Franchisee \_\_\_\_\_ will not be required to sell the real estate upon default or termination, but Franchisee \_\_\_\_\_ may be required to lease the real estate for the remainder of the (enter type of) \_\_\_\_\_ term (excluding additional renewals) for fair market value.

<sup>1</sup> While relationships established under license, jobber, dealer and similar agreements are not generally described as “franchise” relationships, if such relationships meet the Federal Trade Commission’s (FTC’s) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

**COVENANTS**

- If the Franchisee owns the real estate where the franchisee location is operating, Franchisor has not and will not during the term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Franchisee's real estate, they must be removed in order for the Franchisee to obtain SBA-assisted financing.

**EMPLOYMENT**

- Franchisor will not directly control (hire, fire or schedule) Franchisee's employees. For temporary personnel franchises, the temporary employees will be employed by the Franchisee not the Franchisor.

As to the referenced Franchise Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Franchisee.

Except as amended by this Addendum, the Franchise Agreement remains in full force and effect according to its terms.

Franchisor and Franchisee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

**Authorized Representative of FRANCHISOR :**

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

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

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

**Authorized Representative of FRANCHISEE :**

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

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

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

**Note to Parties:** This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.



**ATTACHMENT J TO THE FRANCHISE AGREEMENT**

**SUCCESSOR ADDENDUM**

## ATTACHMENT J TO THE FRANCHISE AGREEMENT

### SUCCESSOR ADDENDUM

This Successor Addendum to the Franchise Agreement (“**Successor Addendum**”) is made and entered into on \_\_\_\_\_, between City Wide Franchise Company, Inc., located at 15230 W. 105<sup>th</sup> Terrace, Lenexa, Kansas 66219 (“**CITY WIDE**”), and \_\_\_\_\_, located at \_\_\_\_\_ (“**Franchisee**”).

### RECITALS

A. On or about \_\_\_\_\_, Franchisee entered into a Franchise Agreement (the “**Original Franchise Agreement**”) with CITY WIDE pursuant to which Franchisee has operated a City Wide franchise (“**Franchised Business**”) in the Designated Territory described in the Original Franchise Agreement.

B. Franchisee has notified CITY WIDE of its desire to obtain the [first/second/third/fourth]<sup>1</sup> additional term granted pursuant to the Original Franchise Agreement to continue to use the System and Marks in the operation of a Franchised Business.

C. Pursuant to the rights granted in the Original Franchise Agreement, Franchisee is willing to enter into a new franchise agreement with Franchisor on the terms and conditions of Franchisor’s current form of franchise agreement, as modified by this Addendum (the “**Successor Franchise Agreement**”).

D. Franchisee has had a full and adequate opportunity to be advised thoroughly of the terms and conditions of the Successor Franchise Agreement, including this Addendum, by legal counsel or other advisors, and has had sufficient opportunity to evaluate and investigate the System, the financial investment requirements and the business risks associated with operating a Franchised Business.

In consideration of the foregoing and the covenants and consideration below, Franchisee and Franchisor agree to amend the Successor Franchise Agreement as follows:

1. Term and Successor of Agreement. **Section 2.1** of the Successor Franchise Agreement is deleted and replaced with the following:

Term. This Agreement will take effect on the date of execution of this Agreement (“**Effective Date**”). The Successor Term will expire exactly five (5) years after the Effective Date of this Agreement, unless earlier terminated according to Section 14 of this Agreement.”

2. Franchise Fees and Ongoing Payment Obligations of Franchisee. **Section 3.1** of the Successor Franchise Agreement is deleted in its entirety and replaced with the following:

(a) Successor Fee. Contemporaneously with Franchisee’s execution of this Agreement, Franchisee must pay CITY WIDE a Successor Fee equal to fifty percent (50%) of CITY WIDE’s current Initial Franchise Fee of \_\_\_\_\_ for the right to continue operating the Franchised Business in the Designated Territory set forth in **Attachment B**. Franchisee must pay by certified or cashier’s check, or by other

<sup>1</sup> Bracketed provisions apply to the applicable renewal term.

payment methods as designated in CITY WIDE's sole discretion, the receipt of which CITY WIDE acknowledges by signing this Agreement. The Successor Fee will be deemed fully earned upon its payment and is non-refundable.

3. Technology Provisioning Fee. **Section 3.2** of the Successor Franchise Agreement is deleted in its entirety. Reference to the Technology Provisioning Fee in Section 3.1 is hereby deleted.

4. Proof of Sufficient Assets. **Section 3.3** of the Successor Franchise Agreement is deleted in its entirety.

5. Recurring Fees. The paragraph comprising **Section 3.7** of the Successor Franchise Agreement is deleted in its entirety and replaced with the following:

“3.7 Recurring Fees. Beginning on the first day that the Franchised Business is open for business to the public and continuing through the Term of this Agreement, Franchisee must pay CITY WIDE the following recurring fees without offset, credit or deduction of any nature:”

6. Franchise Fees and Ongoing Payment Obligations of Franchisee. **Section 3.7.1** of the Successor Franchise Agreement is deleted in its entirety and replaced with the following:

“a. The greater of five percent (5%) of the Gross Sales or the minimum Royalty Fee (“**Minimum Royalty Fee**”) of \$5,000 per month.”

7. Accounting Services Fee. **Section 3.7.3** of the Successor Franchise Agreement is deleted in its entirety.

8. Business Development Services Fee. **Section 3.7.4** of the Successor Franchise Agreement is here by deleted in its entirety.

9. Information Technology Services Fee. **Section 3.7.6** of the Successor Franchise Agreement is hereby deleted in its entirety.

10. Duties and Covenants of Franchisor And Training. **Section 4.1** of the Successor Franchise Agreement is deleted in its entirety and replaced with the following:

“(a) Training. Prior to or during the Initial Term, CITY WIDE's required mandatory initial training programs for three people: (1) Franchisee (or if Franchisee is not a natural person, for one (1) shareholder, partner, or officer of Franchisee as designated by Franchisee and approved by CITY WIDE) and two (2) other people of the Franchised Business in the Designated Territory. CITY WIDE may also make available such other required or optional training programs as CITY WIDE deems necessary and appropriate. CITY WIDE will provide such additional training, including training for substitute trainees pursuant to Section 7.14 of this Agreement, at Franchisee's expense. CITY WIDE will conduct such training programs at locations CITY WIDE may designate, and Franchisee must pay all travel, lodging, and other expenses incurred by the trainees in attending such initial and subsequent training programs.

(i) At all times Franchisee must employ trained individuals. If Franchisee designates new or additional managers, outside sales persons or quality-

control persons who have not completed an initial training program, CITY WIDE will require and provide training to such persons to the extent that CITY WIDE can reasonably accommodate such managers in its regularly scheduled training course. CITY WIDE will provide such training at no cost; however, Franchisee will be responsible for all expenses Franchisee or Franchisee's trainees incur to attend such training. CITY WIDE will be under no obligation to provide individual training to Franchisee's managers, outside sales persons, or quality-control persons, but if such training is provided, it shall be Franchisee's responsibility to pay the lesser of Three Hundred Dollars (\$300) per day per person for such training, in addition to the expenses incurred by Franchisee's trainees to attend such training.

(iv) CITY WIDE from time to time may provide and may require that previously trained and experienced franchisees, their managers and/or designated employees attend and successfully complete refresher training programs or seminars to be conducted at CITY WIDE's home office, or at such location CITY WIDE has designated. Franchisee will be solely responsible for the expenses attendant to such refresher training programs or seminars; provided, however, that attendance will not be required at more than two (2) such programs in any calendar year and will not collectively exceed four (4) calendar days in duration during any calendar year."

11. On-Site Assistance and Supervision. The second sentence of **Section 4.2** of the Successor Franchise Agreement is deleted in its entirety.

12. Franchised Business Location and Signs. The first sentence of **Section 6.3** of the Successor Franchise Agreement is deleted and replaced with the following:

"Franchisee shall maintain an office for the Franchised Business ("**Office**") within the Designated Territory."

13. Standards of Operation. **Section 7.1** of the Successor Franchise Agreement is deleted and replaced with the following:

"(a) Permits and Certification. Franchisee shall obtain and maintain all appropriate permits, licenses and/or approvals from the appropriate government authorities which may be required to operate Franchisee's Franchised Business within the Designated Territory."

14. Standards of Operation. **Section 7.2** of the Successor Franchise Agreement is deleted and replaced with the following:

"(b) Proof of Permits and Certification. Before executing this Agreement, Franchisee will, at Franchisee's expense, furnish CITY WIDE, for its approval, the following:

(i) Copies of all permits and certifications as may be required for the lawful operation of the Franchised Business, together with copies of any building inspection reports and certifications from all governmental authorities having jurisdiction over the Designated Territory and the Franchised Business showing that all necessary permits have been obtained and that all requirements for operation have been met."

15. Standards of Operation. The first sentence of **Section 7.14** of the Successor Franchise Agreement is amended by deleting the following language:

“, including but not limited to the initial training referred to in Section 4.1 of this Agreement”

16. Capitalized Terms. Capitalized terms not otherwise defined in this Successor Addendum shall have the same meaning as in the Successor Franchise Agreement.

17. Addendum Binding. This Successor Addendum will be binding upon and inure to the benefit of each party and to each party’s respective successors and assigns.

18. No Further Changes. Except as specifically provided in this Addendum, all of the terms, conditions and provisions of the Successor Franchise Agreement will remain in full force and effect as originally written and signed.

**IN WITNESS WHEREOF**, the parties hereto have duly executed this Agreement as of the day and year first written above.

**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISEE:**

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

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

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

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

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

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



**ATTACHMENT K TO THE FRANCHISE AGREEMENT**

**BUSINESS DEVELOPMENT CENTER AGREEMENT**

**ATTACHMENT K TO**  
**FRANCHISE AGREEMENT**  
**CITY WIDE FRANCHISE COMPANY, INC.**

**BUSINESS DEVELOPMENT CENTER AGREEMENT**

This Business Development Center Agreement (“**Agreement**”) is entered into by and between City Wide Franchise Company, Inc. (“**City Wide**”) and \_\_\_\_\_ (“**Franchisee**”) (City Wide and Franchisee, collectively “**Parties**” or individually “**Party**”), and made effective \_\_\_\_\_, (“**Effective Date**”).

**RECITALS**

- A. City Wide and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”), pursuant to which Franchisee is granted the right to operate a City Wide franchise in the Designated Territory, as defined in the Franchise Agreement (“**Franchised Business**”).
- B. Franchisee desires to enlist the Services (defined below) of City Wide’s Business Development Center for the purpose of assisting in the prospecting and developing of local City Wide clientele.
- C. City Wide desires to provide said Services to Franchisee and Franchisee wishes to engage City Wide to provide said Services, subject to the terms and conditions of this Agreement.

In consideration of the foregoing premises and the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

**AGREEMENT**

- 1. Services. Subject to the terms of this Agreement and based on the information provided to City Wide by Franchisee, City Wide agrees to provide various business development services to Franchisee, pursuant to the selected package and/or selected services on the attached Business Development Services Packages (“**Exhibit A**”) attached hereto and made a part hereof (collectively, “**Services**”).

2. Term. If Franchisee is a new Franchisee to City Wide, the term of this Agreement will begin on the Effective Date and will continue for a period of twelve (12) months, unless terminated sooner in accordance with Section 3 of this Agreement (“**New Franchisee Initial Term**”). If Franchisee has been a franchisee with City Wide and wishes to engage City Wide for the Services, the term of this Agreement will begin on the Effective Date and will continue for a period of six (6) months, unless terminated sooner in accordance with Section 3 of this Agreement (“**Current Franchisee Initial Term**”). For ease of reference herein, the New Franchisee Initial Term and the Current Franchisee Initial Term may collectively be referred to as “**Initial Term**”. This Agreement will renew automatically for a period of six (6) months (collectively, each six month term, “**Successor Term**”), unless terminated in accordance with Section 3 of this Agreement.

3. Termination. At any time after the Initial Term, either Party may terminate this Agreement upon providing ninety (90) days written notice to the other Party, with the termination effective on the ninetieth day from date of delivery of the written notice. City Wide will have the right, without incurring any liability to Franchisee, by notice in writing effective when given, to terminate this Agreement in the event the Franchise Agreement is terminated by City Wide.

4. Pricing. The fee structure (“**Business Development Fee**”) for the Services is as set forth on Exhibit A.

5. Independent Contractor. It is understood and agreed by Franchisee that this Agreement and the provision of Services hereunder by City Wide does not create a fiduciary relationship between them, that the Parties will be independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner or employee of the other for any purpose.

6. Results. City Wide does not guarantee results or a certain number of appointments, followers, or sales. Results are enhanced with regular communication between Franchisee or Franchisee’s sales executive and the City Wide Business Development Center

7. Process. Upon execution of this Agreement, the following process is initiated: (1) Business Development Center will assign a Business Development Specialist; (2) Franchisee provides information on the territory and goals; (3) Business Development Specialist is trained for five (5) days – if applicable; (4) Access to the franchisee’s CRM, emfluence and City Wide Social accounts are set up; (5) activities are completed based on the package selected to set appointments or generate incoming leads with the prospective Client; (6) Prospect’s information along with appointment date and time are immediately provided to Franchisee; (7) Franchisee or assigned staff member attends appointment with prospect; and (8) updates are provided by Franchisee back to the Business Development Specialist on whether the appointment resulted in a sold account. City Wide may change the Business Development Specialist assigned to your account at any time for any reason, so long as the Services are unchanged and uninterrupted. If the Business Development Specialist assigned to your location is unavailable to cover your Services, another Business Development Specialist will be assigned to cover that portion, or you will not be billed for that time.

8. Indemnification. Franchisee will indemnify, defend and hold harmless City Wide and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns and affiliates (collectively “**City Wide Indemnities**”) from and against any and all expenses, damages, claims, suits, losses, actions, judgments, liabilities and costs, including City Wide Indemnities’ reasonable attorney’s fees and in-house counsel fees, arising out of or based on any claim, action, judicial proceeding, administrative proceeding, personal injury or damage to real or personal property brought or threatened in connection with City Wide’s provision of Services, or otherwise related to or arising out of any breach of this Agreement by City Wide. City Wide will indemnify and hold Franchisee and its employees or agents (“**Franchisee Indemnities**”) harmless from and against any and all expenses, damages, claims, suits, losses, actions, judgments, liabilities and costs, including Franchisee Indemnities’ reasonable attorney’s fees, arising out of or based on any claim, action, judicial proceeding, administrative proceeding, personal injury or damage to real or personal property brought or threatened as a result of any negligence or willful

misconduct by City Wide. All such indemnification will survive termination or expiration of this Agreement.

9. Applicable Law and Attorney's Fees. This Agreement will be governed by and construed in accordance with the laws of the State of Kansas. Any action brought to enforce this Agreement, or any right granted in this Agreement will be brought in accordance with the dispute resolution provisions contained in the most current form of the Franchise Agreement between the Parties. Should either party institute or participate in a legal or equitable proceeding against the other seeking to enforce or interpret this Agreement, the non-prevailing party in the proceeding will pay the prevailing party's costs (whether by final judgment or out of court settlement), expert and professional fees, and attorney's fees, including reimbursement of in-house counsel expenses at a reasonable rate comparable to fees generally charged in the legal community for outside counsel, and all costs and fees on appeal. Said obligation of the non-prevailing party will be deemed to accrue on the date of commencement of such proceedings.

10. Severability. If any court of competent jurisdiction find any provision of this Agreement to be unenforceable or invalid, then the provision will be ineffective to the extent of the Court's finding, without affecting the enforceability or validity of this Agreement's remaining provisions.

11. Waiver. Upon a party's breach or default hereunder, the other party's failure, whether single or repeated, to exercise a right hereunder, will not be deemed to be a waiver of that right as to any future breach or default.

12. No Representations or Warranties. Neither City Wide nor any of its affiliates makes any representations or warranties with respect to the Services or otherwise and each of such persons hereby disclaims all warranties, express or implied.

13. Survival. Any terms of this Agreement that by their nature extend beyond its termination or expiration will remain in effect until fulfilled and apply to respective successors and permitted assignees.

14. Notice. Any notice or report required or permitted by these terms and conditions must be in writing and will be deemed given if delivered personally or if sent by either party to the other by confirmed overnight delivery or by certified or registered mail, return receipt requested, postage prepaid, addressed to the other party to its address listed above or at such other address as such party will designate by notice hereunder.

15. Force Majeure. Delays or failure of any party in the performance of said party's required obligations under this Agreement will be excused only for Acts of God, strikes or work stoppages called by a regional, local or national union, or other acts clearly beyond the control of the parties, provided that prompt notice of such event and of the anticipated delay is given and the party seeking excuse is diligent in attempting to remove or cure such cause and to mitigate the delay. Performance will be excused only for the duration to the force majeure event.

16. Assignment. City Wide may sell, transfer, or assign this Agreement at any time and thereby be released from any further obligations to Franchisee. Franchisee may not sell, transfer, or assign

Franchisee's rights to this Agreement without the prior written consent of City Wide, which may be granted or denied.

17. Entire Agreement. This Agreement contains the Parties' entire agreement with respect to the subject matter included and supersedes all prior understandings, both oral and written. This Agreement may not be amended or modified except with the written consent of an authorized representative of both Parties.

The Parties hereby acknowledge and agree to all the terms hereinabove and have executed and delivered this Agreement on the day and year first written above.

**CITY WIDE:**

**FRANCHISEE:**

**CITY WIDE FRANCHISE COMPANY, INC.**  
d/b/a City Wide Facility Solutions

\_\_\_\_\_

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

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

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

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

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

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

**EXHIBIT “A”  
Business Development Services and Fees**

**PLEASE SELECT WHICH SERVICE(S) AND/OR PACKAGE BY CHECKING THE APPROPRIATE BOX(ES).**

- I. Social Media ONLY**  (check here)
- a. Manage City Wide Social account and postings including reputation management.
  - b. Pricing.
    - i. Franchisee agrees to pay the flat rate of **\$500** per month per one (1) Franchised location for social media only\*.
    - ii. Franchisee agrees to pay the flat rate of **\$800** per month per Franchised location for Social Media PLUS Emfluence Campaigns (email marketing) \*.
- II. IC Recruitment ONLY**  (check here)
- a. Research, prospect and validate IC candidates to ensure at least **5** new ICs attend your weekly meeting.
  - b. Pricing: Franchisee agrees to pay **\$1,800** per month per one (1) 20-hour call block of services per week for three (3) months from the Effective Date, then can extend month-to-month after the initial three months.
- III. CRM Data Clean-up Package ONLY**  (check here)
- a. Hoover’s Data clean-up (validating phone numbers, addresses, emails, and removing duplicates).
  - b. Pricing: Franchisee agrees to pay **\$2,800** per month per one (1) 20-hour call block of services per week for three (3) months from the Effective Date, then can extend month-to-month after the initial three months.
- IV. Service Packages** (check which package below\*)
- a. Pricing. Franchisee agrees to pay the flat rate of **\$3,500** per month per one (1) 20-hour call block of services per week **plus** bonus and commissions as specified in the Commission and Bonus Table in the attached Exhibit “B”.

<input type="checkbox"/> <b>Essential</b>	<input type="checkbox"/> <b>Managed</b>	<input type="checkbox"/> <b>Advanced</b>
<ul style="list-style-type: none"> <li>a. Calling prospective Clients</li> <li>b. Qualifying prospective Clients</li> <li>c. Setting appointments with prospective Clients</li> <li>d. Emailing prospective clients</li> <li>e. Researching new accounts.</li> </ul>	<ul style="list-style-type: none"> <li>a. Calling prospective Clients</li> <li>b. Qualifying prospective Clients</li> <li>c. Setting appointments with prospective Clients</li> <li>d. Emailing prospective clients</li> <li>e. Researching new accounts</li> <li>f. Managing City Wide Social account and postings including reputation management</li> </ul>	<ul style="list-style-type: none"> <li>a. Calling prospective Clients</li> <li>b. Qualifying prospective Clients</li> <li>c. Setting appointments with prospective Clients</li> <li>d. Emailing prospective clients</li> <li>e. Researching new accounts</li> <li>f. Managing City Wide Social account and postings including reputation management</li> <li>g. Completing emfluence campaigns</li> <li>h. CRM Data Clean-up</li> </ul>

	g. Completing emfluence campaigns	i. IC Recruitment
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\* = Parties agree to modify pricing as needed with the selected Services upon thirty (30) days' notice.

**EXHIBIT “B”  
Commission and Bonus Table**

<b>Result</b>	<b>Bonus</b>	<b>Commissions if Sold</b>
<b>JS Appointment</b>	<b>\$40</b> per appointment	5% one month revenue
<b>JS Appointments &gt; 10 per month</b>	One time <b>\$50</b> bonus	N/A
<b>OS Appointment</b>	<b>\$40</b> per appointment	3% of revenue
<b>OS Appointment &gt; 10 per month</b>	One time <b>\$50</b> bonus	N/A
<b>Sale of account over \$10,000</b>	N/A	Additional 2% one month revenue
<b>IC Appointment</b>	<b>\$40</b> per appointment	N/A



**ATTACHMENT L TO THE FRANCHISE AGREEMENT**

**ACCOUNTING SERVICES AGREEMENT**

**ATTACHMENT L TO**  
**FRANCHISE AGREEMENT**  
**CITY WIDE FRANCHISE COMPANY, INC.**  
**FRANCHISE ACCOUNTING SERVICES AGREEMENT**

This Franchise Accounting Services Agreement (“**Agreement**”) was made and entered into on \_\_\_\_\_, (“**Effective Date**”) by and between City Wide Franchise Company, Inc. (“**City Wide**”) and **ENTITY NAME** (“**Franchisee**”) (City Wide and Franchisee, collectively “**Parties**” or individually “**Party**”).

**RECITALS**

- A. City Wide and Franchisee are parties to that certain Franchise Agreement of even date herewith, (“**Franchise Agreement**”), pursuant to which Franchisee is granted the right to operate a City Wide franchise in the Designated Territory, as defined in the Franchise Agreement (“**Franchised Business**”).
- B. Franchisee desires to enlist the Services (defined below) of City Wide’s Accounting Services Department for the purpose of assisting in the financial reporting, bookkeeping, collecting, and budgeting, among other services, for the benefit of Franchisee and the Franchised Business.
- C. City Wide desires to provide said Services to Franchisee and Franchisee wishes to engage City Wide to provide said Services, subject to the terms and conditions of this Agreement.

In consideration of the foregoing premises and the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

**AGREEMENT**

1. Services. Subject to the terms of this Agreement and based on the information provided to City Wide by Franchisee, City Wide agrees to provide the accounting and financial services to Franchisee, pursuant to the selected accounting package and/or selected accounting services on the attached Accounting and Financial Services Packages (“**Exhibit A**”) attached hereto and made a part hereof (collectively, “**Services**”). The provision of Services by City Wide will in no way imply or be interpreted that City Wide is in any way responsible for Franchisee’s debts, obligations and other liabilities. It is understood by Franchisee that, in the event there is not sufficient cash flow to meet Franchisee’s financial obligations, City Wide is in no way obligated to contribute funds to Franchisee’s account nor pay Franchisee’s financial obligations.

2. Term. The term of this Agreement will begin 30 days prior to the Franchised Business opens for business to the general public; or thirty (30) days after receipt of three (3) complete billing cycles, if the Franchised Business is already open prior to the Effective Date, and will continue for a period of twelve (12) months, unless terminated sooner in accordance with Section 3 of this Agreement (“**Initial Term**”). This Agreement will renew automatically for a period of six (6) months (collectively, each six month term, “**Successor Term**”), unless terminated in accordance with Section 3 of this Agreement.

3. Termination. At any time after the Initial Term, either Party may terminate this Agreement upon providing ninety (90) days written notice to the other Party, with the termination effective on the ninetieth day from date of delivery of the written notice. City Wide will have the right, without incurring any liability to Franchisee, by notice in writing effective when given, to terminate this Agreement in the event the Franchise Agreement is terminated by City Wide.

4. Pricing. The fee structure (“**Accounting Services Fee**”) for the Services is as set forth on Exhibit A.

5. Independent Contractor. It is understood and agreed by Franchisee that this Agreement and the provision of Services hereunder by City Wide does not create a fiduciary relationship between them, that the Parties will be independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner or employee of the other for any purpose.

6. Process. Franchisee will be solely responsible for providing City Wide with all requested and required documents, data, contracts, account information and access and other information and access reasonably requested by City Wide so that City Wide can provide the Services to Franchisee. City Wide will not be responsible for the production of inaccurate information, records and billings or any other financial reports if the data submitted by Franchisee is inaccurate.

7. Indemnification. Franchisee will indemnify, defend and hold harmless City Wide and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns and affiliates (collectively “**City Wide Indemnities**”) from and against any and all expenses, damages, taxes, claims, suits, losses, actions, judgments, liabilities and costs, including City Wide Indemnities’ reasonable attorney’s fees and in-house counsel fees, arising out of or based on any claim, action, judicial proceeding, administrative proceeding, personal injury or damage to real or personal property brought or threatened in connection with City Wide’s provision of Services, or otherwise related to or arising out of any breach of this Agreement by City Wide. City Wide will indemnify and hold Franchisee and its employees or agents (“**Franchisee Indemnities**”) harmless from and against any and all expenses, damages, claims, suits, losses, actions, judgments, liabilities and costs, including Franchisee Indemnities’ reasonable attorney’s fees, arising out of or based on any claim, action, judicial proceeding, administrative proceeding, personal injury or damage to real or personal property brought or threatened as a result of any negligence or willful misconduct by City Wide. All such indemnification will survive termination or expiration of this Agreement.

8. Applicable Law and Attorney’s Fees. This Agreement will be governed by and construed in accordance with the laws of the State of Kansas. Any action brought to enforce this Agreement, or any right granted in this Agreement will be brought in accordance with the dispute resolution provisions contained in the most current form of the Franchise Agreement between the Parties. Should either party institute or participate in a legal or equitable proceeding against the other seeking to enforce or interpret this Agreement, the non-prevailing party in the proceeding will pay the prevailing party’s costs (whether by final judgment or out of court settlement), expert and professional fees, and attorney’s fees, including reimbursement of in-house counsel expenses at a reasonable rate comparable to fees generally charged in the legal community for outside counsel, and all costs and fees on appeal. Said obligation of the non-prevailing party will be deemed to accrue on the date of commencement of such proceedings.

9. Severability. If any court of competent jurisdiction find any provision of this Agreement to be unenforceable or invalid, then the provision will be ineffective to the extent of the Court's finding, without affecting the enforceability or validity of this Agreement's remaining provisions.

10. Waiver. Upon a party's breach or default hereunder, the other party's failure, whether single or repeated, to exercise a right hereunder, will not be deemed to be a waiver of that right as to any future breach or default.

11. No Representations or Warranties. Neither City Wide nor any of its affiliates makes any representations or warranties with respect to the Services or otherwise and each of such persons hereby disclaims all warranties, express or implied.

12. Survival. Any terms of this Agreement that by their nature extend beyond its termination or expiration will remain in effect until fulfilled and apply to respective successors and permitted assignees.

13. Notice. Any notice or report required or permitted by these terms and conditions must be in writing and will be deemed given if delivered personally or if sent by either party to the other by confirmed overnight delivery or by certified or registered mail, return receipt requested, postage prepaid, addressed to the other party to its address listed above or at such other address as such party will designate by notice hereunder.

14. Force Majeure. Delays or failure of any party in the performance of said party's required obligations under this Agreement will be excused only for Acts of God, strikes or work stoppages called by a regional, local or national union, or other acts clearly beyond the control of the parties, provided that prompt notice of such event and of the anticipated delay is given and the party seeking excuse is diligent in attempting to remove or cure such cause and to mitigate the delay. Performance will be excused only for the duration to the force majeure event.

15. Assignment. City Wide may sell, transfer or assign this Agreement at any time and thereby be released from any further obligations to Franchisee. Franchisee may not sell, transfer or assign Franchisee's rights to this Agreement without the prior written consent of City Wide, which may be granted or denied.

16. Entire Agreement. This Agreement contains the Parties' entire agreement with respect to the subject matter included and supersedes all prior understandings, both oral and written. This Agreement may not be amended or modified except with the written consent of an authorized representative of both Parties.

*The remainder of this page intentionally left blank*

The Parties hereby acknowledge and agree to all the terms hereinabove and have executed and delivered this Agreement on the day and year first written above.

**CITY WIDE:**

**FRANCHISEE:**

**CITY WIDE FRANCHISE COMPANY, INC.**

**ENTITY NAME**

**d/b/a City Wide Facility Solutions**

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

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

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

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

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

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

**EXHIBIT "A"**  
**Accounting Services and Fees**

**PLEASE SELECT WHICH SERVICE(S) AND/OR PACKAGE BY CHECKING THE APPROPRIATE BOX(ES).**

- V. **Service Packages** (check which package below\*)  
a. **Pricing.** Franchisee agrees to pay the rates checked below:

<input checked="" type="checkbox"/> <b>Net New</b> <b>(\$1,500 / mo.)</b>	<input type="checkbox"/> <b>Resale / Transfer /</b> <b>Book of Business</b> <b>(\$___/ mo. – dependent</b> <b>upon volume)</b>	<input type="checkbox"/> <b>Full Service</b> <b>Historical Clean up</b> <b>(a la carte rate or pursuant to</b> <b>the attached Scope of Work in</b> <b>Exhibit B)</b>
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Select each Service to be included	<input type="checkbox"/> <b>A la Carte</b>	<b>Discount Rate</b> <b>(incl. in package)</b>	<b>Rate</b> <b>(a la carte)</b>
<input type="checkbox"/>	Enter Cash Receipts	\$ _____	\$ _____
<input type="checkbox"/>	Enter Accounts Payable	\$ _____	\$ _____
<input type="checkbox"/>	Create Contract	\$ _____	\$ _____
<input type="checkbox"/>	Bill Contract	\$ _____	\$ _____
<input type="checkbox"/>	Bill Extra Charges	\$ _____	\$ _____
<input type="checkbox"/>	Perform Payroll	\$ _____	\$ _____
<input type="checkbox"/>	Create Monthly Commission Reports	\$ _____	\$ _____
<input type="checkbox"/>	Create IC Paychecks	\$ _____	\$ _____
<input type="checkbox"/>	Create AP Checks	\$ _____	\$ _____
<input type="checkbox"/>	Enter Manual Checks	\$ _____	\$ _____
<input type="checkbox"/>	Enter Credit Card Transactions	\$ _____	\$ _____
<input type="checkbox"/>	Create New Customer	\$ _____	\$ _____
<input type="checkbox"/>	Create New Vendor	\$ _____	\$ _____
<input type="checkbox"/>	File Sales Tax	\$ _____	\$ _____
<input type="checkbox"/>	Bill Supply Items	\$ _____	\$ _____
<input type="checkbox"/>	Create New Item	\$ _____	\$ _____
<input type="checkbox"/>	Reconcile Bank Statement	\$ _____	\$ _____
<input type="checkbox"/>	Reconcile GL Accounts (Excluding Bank Statement)	\$ _____	\$ _____
<input type="checkbox"/>	Close Monthly Financials	\$ _____	\$ _____
<input type="checkbox"/>	Perform Monthly Review With Owner	\$ _____	\$ _____
<input type="checkbox"/>	Collections (# Past Due accounts)+	\$ _____	\$ _____
<input type="checkbox"/>	<b>Pre-work Analysis* (apply towards future monthly bill if signed)</b>		

\* = Parties agree to modify Pricing as needed associated with the selected Services upon thirty (30) days' notice.  
+ = If Franchisee wishes for City Wide to engage in collections activities, the Parties will establish guidelines for collection activity and when write-off of delinquent accounts is appropriate.

**EXHIBIT “B”**

**Accounting Services – Scope of Work**

**(TBD – case by case basis, as agreed)**

Project Specific Pricing (Prepared on a case by case basis)

- End of Year CPA entries
- Work Comp Audit
- Cash Audit
- 1099's
- Forensic Accounting
- Historical Cleanup
- IC Reconciliation
- Local A/R Cleanup

Analysis of Project (# \$ per hour x \_\_\_\_ hours)



**ATTACHMENT M TO THE FRANCHISE AGREEMENT**  
**IT SERVICES AGREEMENT**

## IT SERVICES AGREEMENT

This IT Services Agreement (“**Agreement**”) is made and entered into on \_\_\_\_\_, (“**Effective Date**”), by and between City Wide Franchise Company, Inc. (“**City Wide**”) and \_\_\_\_\_ (“**Franchisee**”) (City Wide and Franchisee, collectively “**Parties**” or individually “**Party**”).

### RECITALS

A. City Wide and Franchisee are parties to that certain Franchise Agreement dated \_\_\_\_\_ (“**Franchise Agreement**”), pursuant to which Franchisee is granted the right to operate a City Wide franchise in the Designated Territory, as defined in the Franchise Agreement (“**Franchised Business**”).

B. City Wide designed a certain compilation of computer software (the “**Software**”) to install on hardware, such as a laptop, for use in the operation and management of your Franchised Business (such Software and hardware collectively, “**Technology System**”). The Technology System may include components licensed to City Wide or to Franchisee directly by third parties (“**Suppliers**”).

C. City Wide has the knowledge and experience to provide Franchisee with laptop hardware, desktop monitoring, desktop support software updates and other technology-related assistance (“**IT Services**”) to support the efficiency of your Technology Systems.

D. City Wide desires to obtain the Technology Systems from City Wide and to retain City Wide to provide said services, subject to the terms and conditions of this Agreement.

In consideration of the foregoing premises and the mutual covenants and agreements contained herein, the Parties hereby agree as follows:

### AGREEMENT

1. Technology System. Once the Franchise Agreement is fully executed, City Wide will provide Franchisee with the number of Technology Systems that Franchisee will need to operate its Franchised Business based upon the number of employees Franchisee hires. The following conditions will apply to Franchisee’s use of the Technology System:

a. Software will be installed and configured by City Wide or its designated representatives on the hardware components of the Technology System. All maintenance, updates and repair of the Software shall be provided by City Wide. Franchisee will maintain an internet connection to each Technology System to facilitate updates, revisions support and access by City Wide to the Software and for data exchange between City Wide and Franchisee. Franchisee will also be responsible for ensuring a proper environment and proper utilities for the hardware components of the Technology Systems on which the Software will operate.

b. The Software will be used only in the operations of the Franchised Business and will not be used to perform information processing for any other person, entity, or business.

c. Franchisee acknowledges and agrees that the Software and hardware and any data generated by the use of the Software is the valuable property and trade secret of City Wide, and that City Wide has an interest therein, and Franchisee agrees to use the utmost care to safeguard the Software and hardware and any data generated by the use of the Software and to maintain the confidentiality thereof.

d. The Software is provided as a single compiled product and may not be disassembled or used in any manner other than as integrated into the Technology System.

e. City Wide has the right at all times to access the Technology System.

f. City Wide reserves the right to add, delete or modify any specific software programs comprising the Software which are necessary for the operation of the Technology Systems. City Wide is the Systems Administrator and retains control of any and all applications

g. During the term of this Agreement, City Wide will provide IT Services to the Franchised Business (including employees) including laptop hardware, answering Franchisee's reasonable questions about access to and operation of the Technology System by e-mail, or in written and/or electronic documents.

h. IT Services will include minor Software upgrades and modifications; provided, however, City Wide reserves the right to determine when major upgrades or modifications are necessary and shall have the right to charge Franchisee a reasonable fee for the same. If City Wide determines that a major upgrade or modification is necessary, Franchisee shall implement the Software change in a manner and time designated by City Wide.

i. City Wide will be responsible for issuing and maintaining all security and access passwords and will issue and change such access upon Franchisee's reasonable request.

j. Franchisee will exert its best efforts to protect each Technology System against a cyber event including any claims related to data breach, identify theft or theft of personal information ("**Cyber Event**"). If a Cyber Event occurs, City Wide reserves the right, but shall not have any obligation, to perform and/or control and/or cause its third-party consultants to perform and/or control all aspects of the response to the Cyber Event including, without limitation, the investigation, containment and resolution of the Cyber Event and all communications. City Wide's control of the response to a Cyber Event shall not create any liability for City Wide or additional rights for Franchisee, entitle Franchisee to damages or relieve Franchisee of Franchisee's indemnification obligations under Section 7. Franchisee shall reimburse City Wide for all of City Wide's out-of-pocket costs and expenses incurred in responding to and remedying any Cyber Event if such Cyber Event is conclusively determined to have been caused solely by Franchisee or directly related to Franchisee's Franchised Business operations.

k. Franchisee shall at all times be compliant with applicable laws regarding data privacy, data security and security breaches. Franchisee shall obtain advice from Franchisee's own legal and security consultants to ensure that Franchisee operates the Franchised Business at all times in full compliance with the data security safeguards.

2. Term. The term of this Agreement will commence on the date in which the Franchise Agreement is fully executed and will continue for a period of thirty-six (36) months, unless terminated sooner in accordance with this Agreement or the Franchise Agreement ("**Initial Term**"). This Agreement will renew automatically for a period of twelve (12) months (collectively, each twelve month term, "**Renewal Term**"), unless terminated in accordance with Section 3 of this Agreement.

3. Termination. At any time after the Initial Term, either Party may terminate this Agreement upon providing six (6) months' prior written notice to the other Party, with the termination effective as stated in the notice, but in no event earlier than six (6) months. City Wide will have the right, without incurring any liability to Franchisee, by notice in writing effective when given, to terminate this Agreement

in the event the Franchise Agreement is terminated. All costs of implementation of transition of termination shall be borne by Franchisee and billed in accordance with the pricing as set forth herein.

4. Pricing. Franchisee agrees to pay to City Wide the fee structure, as set forth on Exhibit A, attached hereto and incorporated herein, per month per Technology System (“**IT Services Fee**”). The IT Services Fee shall be paid in the same way Franchisee remits Royalties and other fees to City Wide and will vary based upon peripheral components selected. The IT Services Fee may be increased based on City Wide’s then current published rates. The IT Services Fee and any other amounts due to City Wide hereunder shall be subject to the same late charges and interest as Royalties as set forth in the Franchise Agreement.

5. Independent Contractor. It is understood and agreed by Franchisee that this Agreement and the provision of IT Services hereunder by City Wide does not create a relationship other than as independent contractors between the Parties. Nothing in this Agreement is intended to make either party a general or special agent, joint venture, partner, or employee of the other for any purpose.

6. Warranty. City Wide does not represent or warrant to Franchisee, and expressly disclaims, any warranty that the Technology System is error-free or that the operation and use of the Technology System by Franchisee will be uninterrupted or error-free. City Wide shall not have any obligation or liability for any expense or loss incurred by Franchisee arising from use of the Technology System in conjunction with any other computer software.

EXCEPT AS PROVIDED ABOVE, CITY WIDE MAKES NO WARRANTIES, EXPRESS OR IMPLIED, ARISING BY LAW OR OTHERWISE, WITH RESPECT TO THE SOFTWARE, AND EXPRESSLY EXCLUDES ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE, OR CLAIM OF INFRINGEMENT.

7. Limitation Of Liability. IN NO EVENT SHALL CITY WIDE OR ANY OF ITS SUPPLIERS HAVE ANY LIABILITY TO FRANCHISEE OR ANY OTHER PERSON HEREUNDER FOR CONSEQUENTIAL, PUNITIVE, SPECIAL OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER (INCLUDING, WITHOUT LIMITATION, DAMAGES FOR LOSS OF BUSINESS PROFITS, BUSINESS INTERRUPTION, LOSS OF BUSINESS INFORMATION OR ANY OTHER PECUNIARY LOSS) RELATED TO THIS AGREEMENT OR RESULTING FROM FRANCHISEE’S USE OR INABILITY TO USE THE TECHNOLOGY SYSTEM, ARISING FROM ANY CAUSE OF ACTION WHATSOEVER, INCLUDING CONTRACT, WARRANTY, STRICT LIABILITY, OR NEGLIGENCE (EVEN IF CITY WIDE HAS BEEN NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES). FRANCHISEE AGREES THAT IN NO EVENT SHALL CITY WIDE OR SUPPLIERS’ LIABILITY HEREUNDER EXCEED THE AGGREGATE OF ALL AMOUNTS PAID TO CITY WIDE BY FRANCHISEE HEREUNDER.

8. Indemnification. Franchisee will indemnify, defend and hold harmless City Wide and its past, present and future officers, directors, agents, attorneys, employees, shareholders, successors, assigns and affiliates (collectively “**City Wide Indemnities**”) from and against any and all expenses, damages, taxes, claims, suits, losses, actions, judgments, liabilities and costs, including City Wide Indemnities’ reasonable attorney’s fees and in-house counsel fees, arising out of or based on any claim, action, judicial proceeding, administrative proceeding, personal injury or damage to real or personal property brought or threatened in connection with City Wide’s provision of IT Services, or otherwise related to or arising out of a Cyber Event. City Wide will indemnify and hold Franchisee and its employees or agents (“**Franchisee Indemnities**”) harmless from and against any and all expenses, damages, claims, suits, losses, actions,

judgments, liabilities and costs, including Franchisee Indemnities' reasonable attorney's fees, arising out of or based on any claim, action, judicial proceeding, administrative proceeding, personal injury or damage to real or personal property brought or threatened as a result of any negligence or willful misconduct by City Wide. All such indemnification will survive termination or expiration of this Agreement.

9. Applicable Law and Attorney's Fees. This Agreement will be governed by and construed in accordance with the laws of the State of Kansas. Any action brought to enforce this Agreement, or any right granted in this Agreement will be brought in accordance with the dispute resolution provisions contained in the most current form of the Franchise Agreement between the Parties. Should either party institute or participate in a legal or equitable proceeding against the other seeking to enforce or interpret this Agreement, the non-prevailing party in the proceeding will pay the prevailing party's costs (whether by final judgment or out of court settlement), expert and professional fees, and attorney's fees, including reimbursement of in-house counsel expenses at a reasonable rate comparable to fees generally charged in the legal community for outside counsel, and all costs and fees on appeal. Said obligation of the non-prevailing party will be deemed to accrue on the date of commencement of such proceedings.

10. Severability. If any court of competent jurisdiction find any provision of this Agreement to be unenforceable or invalid, then the provision will be ineffective to the extent of the Court's finding, without affecting the enforceability or validity of this Agreement's remaining provisions.

11. Waiver. Upon a party's breach or default hereunder, the other party's failure, whether single or repeated, to exercise a right hereunder, will not be deemed to be a waiver of that right as to any future breach or default.

12. No Representations or Warranties. Neither City Wide nor any of its affiliates makes any representations or warranties with respect to the Services or otherwise and each of such persons hereby disclaims all warranties, express or implied.

13. Survival. Any terms of this Agreement that by their nature extend beyond its termination or expiration will remain in effect until fulfilled and apply to respective successors and permitted assignees.

14. Notice. Any notice or report required or permitted by these terms and conditions must be in writing and will be deemed given if delivered personally or if sent by either party to the other by confirmed overnight delivery or by certified or registered mail, return receipt requested, postage prepaid, addressed to the other party to its address listed above or at such other address as such party will designate by notice hereunder.

15. Force Majeure. Delays or failure of any party in the performance of said party's required obligations under this Agreement will be excused only for Acts of God, strikes or work stoppages called by a regional, local or national union, or other acts clearly beyond the control of the parties, provided that prompt notice of such event and of the anticipated delay is given and the party seeking excuse is diligent in attempting to remove or cure such cause and to mitigate the delay. Performance will be excused only for the duration to the force majeure event.

16. Assignment. City Wide may sell, transfer, or assign this Agreement at any time and thereby be released from any further obligations to Franchisee. Franchisee may not sell, transfer, or assign Franchisee's rights to this Agreement without the prior written consent of City Wide, which may be granted or denied.

17. Entire Agreement. This Agreement contains the Parties' entire agreement with respect to the subject matter included and supersedes all prior understandings, both oral and written. This Agreement

may not be amended or modified except with the written consent of an authorized representative of both Parties.

The Parties hereby acknowledge and agree to all the terms hereinabove and have executed and delivered this Agreement on the day and year first written above.

**CITY WIDE:**

**FRANCHISEE:**

**CITY WIDE FRANCHISE COMPANY, INC.**

\_\_\_\_\_  
**d/b/a City Wide Facility Solutions**

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

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

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

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

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

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

**EXHIBIT A**

PLEASE SELECT WHICH SERVICE(S) AND/OR PACKAGE BY CHECKING THE APPROPRIATE BOX(ES).

- I. Service Packages (*check which package below\**)
  - a. Pricing. Franchisee agrees to pay the rates checked below:

<input type="checkbox"/> <b>PREMIUM PACKAGE</b> <b>\$120 / month / license</b>
<b>Laptop(s) + Peripherals Kit (Market Price)</b>
Active Directory
Email
Email Backup / Recovery
Email Security (Barracuda)
Email Data Loss Prevention
Single Sign On
Self Service Password Reset
Office (Excel, Word, PowerPoint, etc.)
Teams
SharePoint
OneDrive
Multi-Factor Authentication
Remote Monitoring
Anti-Virus
Remote Software Deployment
Auto-Pilot (Hardware Configuration)
Unlimited Desktop Support

\* = Parties agree to modify Pricing as needed associated with the selected IT Services upon thirty (30) days' notice.



**EXHIBIT C**

**FRANCHISE DISCLOSURE DOCUMENT**

**CITY WIDE FRANCHISE COMPANY, INC.**

**LIST OF FRANCHISE LOCATIONS AS OF DECEMBER 31, 2023**

**CITY WIDE FRANCHISE LOCATIONS AS OF DECEMBER 31, 2023**

STATE	ADDRESS
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**FRANCHISE AGREEMENT SIGNED BUT OUTLET NOT YET OPENED**

**AS OF DECEMBER 31, 2023**

Florida	<b>City Wide Facility Solutions Gulf Coast</b> 2 Park Circle Suite B Fort Walton Beach, FL 32547 Phone: 850-460-5356 Tracy Lindsey <a href="mailto:tlindsey@gocitywide.com">tlindsey@gocitywide.com</a>
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**EXHIBIT D**

**FRANCHISE DISCLOSURE DOCUMENT**

**CITY WIDE FRANCHISE COMPANY, INC.**

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM DECEMBER 31, 2023**

**LIST OF FRANCHISEES WHO HAVE LEFT THE SYSTEM  
AS OF DECEMBER 31, 2023**

California	<b>City Wide Facility Solutions of San Jose*</b> 1885 De La Cruz Blvd Suite 204 Santa Clara, CA 95131 Phone: 408-212-7702 Curtis Jessen <a href="mailto:cjessen@gocitywide.com">cjessen@gocitywide.com</a>
New York	<b>City Wide Facility Solutions of Nassau*</b> 333 Jericho Turnpike, Suite 130 Jericho, NY 11753 Phone: 516.636.6300 JP and Tina Blaise <a href="mailto:jblaise@gocitywide.com">jblaise@gocitywide.com</a> , <a href="mailto:tblaise@gocitywide.com">tblaise@gocitywide.com</a>

\*These outlets transferred to another owner.



**EXHIBIT E**

**FRANCHISE DISCLOSURE DOCUMENT**

**LIST OF STATE ADMINISTRATORS**

**EXHIBIT E**

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

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>CALIFORNIA</b>	California Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8559 1-866-275-2677	California Commissioner Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles 90013-2344 1-866-275-2677
<b>CONNECTICUT</b>	Securities and Business Investment Division Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 860-240-8230	Connecticut Banking Commissioner Same Address
<b>FLORIDA</b>	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
<b>GEORGIA</b>	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
<b>HAWAII</b>	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Commissioner of Securities of the State of Hawaii Dept. of Commerce and Consumer Affairs Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
<b>ILLINOIS</b>	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
<b>INDIANA</b>	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
<b>IOWA</b>	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>KENTUCKY</b>	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
<b>LOUISIANA</b>	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
<b>MAINE</b>	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
<b>MARYLAND</b>	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address
<b>MICHIGAN</b>	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 525 W. Ottawa Street G. Mennen Williams Building, 1 <sup>st</sup> Floor Lansing, MI 48913 517-373-7117	Michigan Department of Commerce Corporations and Securities Bureau Same Address
<b>MINNESOTA</b>	Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101 651-539-1500	Minnesota Commissioner of Commerce Same Address
<b>NEBRASKA</b>	Department of Banking and Finance Bureau of Securities/Financial Institutions Division 1526 K Street, Suite 300 Lincoln, NE 68508-2732 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
<b>NEW HAMPSHIRE</b>	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
<b>NEW YORK</b>	New York State Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 212-416-8222	Secretary of State of New York 99 Washington Avenue Albany, New York 12231
<b>NORTH CAROLINA</b>	Secretary of State's Office/Securities Division 2 South Salisbury Street Raleigh, NC 27601 919-733-3924	Secretary of State Secretary of State's Office Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
<b>NORTH DAKOTA</b>	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, 14th Floor, Dept 414 Bismarck, ND 58505-0510 701-328-4712; Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
<b>OHIO</b>	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 or 800-282-0515	Same
<b>OKLAHOMA</b>	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
<b>OREGON</b>	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
<b>RHODE ISLAND</b>	State of Rhode Island Department of Business Regulation 1511 Pontiac Avenue, Bldg. 68-2 Cranston, RI 02920 401-462-9527	Director, Rhode Island Department of Business Regulation Same address
<b>SOUTH CAROLINA</b>	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same
<b>SOUTH DAKOTA</b>	South Dakota Department of Labor and Regulation Division of Insurance Securities Regulation 124 S. Euclid Avenue, Suite 104 Pierre, SD 57501 605-773-3563	Director of the South Dakota Division of Insurance, Securities Regulation Same Address
<b>TEXAS</b>	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
<b>UTAH</b>	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
<b>VIRGINIA</b>	State Corporation Commission Division of Securities and Retail Franchising Tyler Building, 9 <sup>th</sup> Floor 1300 E. Main Street Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission Tyler Building, 1st Floor 1300 E. Main Street Richmond, VA 23219 804-371-9733

<b>STATE</b>	<b>STATE ADMINISTRATOR</b>	<b>AGENT FOR SERVICE OF PROCESS</b>
<b>WASHINGTON</b>	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501
<b>WISCONSIN</b>	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address



**EXHIBIT F**

**TO FRANCHISE DISCLOSURE DOCUMENT**

**CITY WIDE FRANCHISE COMPANY, INC.**

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**EXHIBIT G**

**TO THE FRANCHISE DISCLOSURE DOCUMENT**

**CITY WIDE FRANCHISE COMPANY, INC.**

**STATE SPECIFIC ADDENDA**

## **EXHIBIT G**

### **STATE SPECIFIC ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT**

The following modifications are to the CITY WIDE FRANCHISE COMPANY, INC. Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement dated \_\_\_\_\_, 20\_\_, and Statement of Franchisee.

#### **CALIFORNIA**

California Corporations Code, Section 31125 requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE FRANCHISE DISCLOSURE DOCUMENT.

Neither the franchisor, nor any person or franchise broker in ITEM 2 of the Franchise Disclosure Document is subject to any currently effective order of any national securities association or nation securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION at [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

ITEM 1 is amended by the addition of the following language to the original language:

“Because you collect information from customers, it may contain personal information of individuals which is protected by law. You are also responsible for complying with all applicable current and future federal, state and local laws, regulations and requirements, including the California Consumer Privacy Act (as applicable), pertaining to the collection, protection, use, sale, disposal and maintenance of such personal information. Personal information includes information that identifies, relates to, describes, is capable of being associated with, or could reasonably be linked, directly or indirectly, with a particular consumer, potential consumer, individual or household, as such term may be further defined or amended by applicable federal, state and local laws, regulations and requirements. You may also be required to comply with opt-in requirements on your website.”

ITEM 8 is amended by the addition of the following language to the original language:

“City Wide Franchise Company, Inc. and/or any of its subsidiaries, affiliates, parents agree that it has/or will obtain any required permits and licenses in the State of California to offer or provide the type of goods/services offered/listed in the FDD, and it hereby represents and undertakes to comply with any and all such licensing requirements.”

ITEM 13 is amended by the addition of the following language to the original language:

“We are aware of a company that is currently operating under the name “City Wide Maintenance Company” in the greater Los Angeles area and Orange County. This company provides painting contractors to landlords, homeowners, and management companies. This company’s right to use the City Wide name predates that of ours in the Los Angeles area and Orange County. To date this company has not objected to our use of the City Wide name in the Los Angeles area and Orange County, and we are not aware of any claims of consumer confusion, but we cannot promise you that this will not become an issue in the future.”

ITEM 13 is further amended by deleting the first sentence in the fourth paragraph under the table of trademarks and replacing it with the following language:

“Other than the instance disclosed above, there are no infringing uses actually known to us that could materially affect your use of the Marks in this state or in any other state in which the Franchised Businesses are to be located.

ITEM 17 is amended by the addition of the following language to the original language:

The following language is added as a second section before the chart/columns.

THE FRANCHISE AGREEMENT REQUIRES FRANCHISEE TO EXECUTE A GENERAL RELEASE OF CLAIMS UPON RENEWAL OR TRANSFER OF THE FRANCHISE AGREEMENT. CALIFORNIA CORPORATIONS CODE SECTION 31512 PROVIDES THAT ANY CONDITION, STIPULATION OR PROVISION PURPORTING TO BIND ANY PERSON ACQUIRING ANY FRANCHISE TO WAIVE COMPLIANCE WITH ANY PROVISION OF THAT LAW OR ANY RULE OR ORDER THEREUNDER IS VOID.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement and the Development Agreement provide for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement and the Development Agreement contain a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement and the Development Agreement require binding arbitration. The arbitration will occur only in the State of Kansas with the costs being borne by Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement and development agreement restricting venue to a forum outside the State of California.

The Franchise Agreement and the Development Agreement require application of the laws of the State of Kansas. This provision may not be enforceable under California law.

You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code § 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§ 31000 through 31516). Business and Professions Code §§ 20000 through 20043).

The Franchisor may: (1) terminate the Franchise Agreement; (2) grant additional franchises with a franchisee's designated area; and (3) reduce the size of a franchisee's Designated Territory if the franchisee fails to meet its Annual Gross Revenue Per Capita or capture Market Share.

The Franchisor reserves the right to establish alternative channels of distribution within Franchisee's exclusive territory.

ITEM 19 is amended by the addition of the following language to the original language under the "CAUTION" section:

"The earnings claims figures (i.e., Net Billings) do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchise business. Franchisees or form franchisees, listed in the disclosure document, may be one source of this information."

The RECEIPT Pages ("LAST PAGE"), are amended to add the following language:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF THE DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

## **HAWAII**

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER

WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

The following list reflects the status of the franchise registrations of the Franchisor in the states which require registration:

1. This proposed registration is effective in the following states:  
California, Hawaii, Illinois, Maryland, Michigan, New York, Virginia, and Wisconsin
2. This proposed registration is or will shortly be on file in the following states:  
None
3. States which have refused, by order or otherwise, to register these franchises are:  
None
4. States which have revoked or suspended the right to offer the franchises are:  
None
5. States in which the proposed registration of these franchises has been withdrawn are:  
None

## **ILLINOIS**

### **Illinois Addendum to the Disclosure Document and Franchise Agreement**

Illinois law governs the franchise agreement.

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

Franchisees' 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 law of Illinois is void.

See the last page of this Exhibit G for your Signature.

## INDIANA

The first sentence of the first Risk Factor is amended to read as follows:

“INDIANA LAW IS CONTROLLING FOR INDIANA FRANCHISEES.”

ITEM 3 is amended by the addition of the following language to the original language that appears:

“Company is not involved in any pending arbitration and has not, during the ten (10) year period before the date of this Franchise Disclosure Document, been a party to any arbitration proceeding.”

ITEM 5 is amended by the addition of the following language to the original language that appears:

“Indiana law prohibits franchisors from requiring their franchisees to prospectively agree to a release, assignment, novation, waiver or estoppel that attempts to relieve any person from liability.”

ITEM 6 (“indemnification” reference) is amended by the addition of the following language to the original language as follows:

“(Indiana Code 23-2-2.7-1[5] prohibits this provision)”

ITEM 8 is amended by the addition of the following language to the original language that appears:

“Company retaining any rebates, commissions or other consideration paid by suppliers will not apply to any Indiana franchisee as stated in Indiana Code, Title 23, Article 2, Chapter 2.7-1(4).”

ITEM 14 is amended by the addition of the following language to the original language that appears:

“If there is an alleged breach of Section 15, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.”

ITEM 17(c) is amended by the addition of the following language to the original language that appears:

“(Indiana Code Title 23-2-2.7-(5) prohibits this provision)”

ITEM 17(m) is amended by the addition of the following language to the original language that appears:

“(Indiana Code Title 23-2-2.7-(5) prohibits this provision)”

ITEM 17(t) is amended by the addition of the following language to the original language that appears:

“(subject to Indiana law)”

ITEM 17(v) is amended by the addition of the following language to the original language that appears:

“(Indiana Code Title 23-2-2.7-1(10) prohibits this provision)”

ITEM 17(w) is amended by the addition of the following language to the original language that appears:

“(subject to Indiana law)”

ITEM 17 is further amended by the addition of the following language to the original language that appears:

“Indiana law prohibits franchisors from requiring their franchisees to prospectively agree to a release, assignment, novation, waiver or estoppel that attempts to relieve any person from liability.”

“Company will not permit a franchise to sell or renew without good cause or in bad faith. However, Indiana law does not prohibit a Franchise Agreement from providing that the agreement is not renewable on expiration or that the agreement is renewable if you meet certain conditions specified in the agreement.”

“Unilateral termination of the franchise is not permitted under Indiana law if the termination is without good cause or in bad faith. Good cause within the meaning of Indiana law includes any material violation of the Franchise Agreement.”

“Franchisee will not be required to indemnify Franchisor for any liability imposed upon Franchisor as a result of Franchisee’s reliance upon or use of procedures or products which were required by Franchisor, if such procedures or products were utilized by Franchisee in the manner required by Franchisor.”

“You are not responsible for tortious claims from Company’s gross negligence or willful misconduct in the making of or causing of the changes necessary in Company’s protection of its Marks.”

“Indiana prohibits covenants not to compete in an area greater than the Area of Primary Responsibility; therefore, you agree to abide by the covenants not to compete terms within the Designated Territory as defined in this Franchise Agreement.”

“If there is an alleged breach of Sections 6 or 7 of the Franchise Agreement, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.”

“Indiana prohibits the limitation of litigation brought for breach of the Franchise Agreement in any matter. Any terms, which designate jurisdiction or venue or require you to agree to jurisdiction or venue in a forum outside of Indiana is void concerning any cause of action, which is otherwise enforceable in Indiana. The Franchise Agreement and all related agreements will be interpreted and construed under the Indiana Franchise Laws, except to the extent governed by the United States Trademark Act of 1946.”

“If there is an alleged breach of Section 15, Company may be entitled to seek immediate equitable remedies, including, restraining orders and injunctive relief to safeguard the proprietary and confidential information.”

“Despite anything to the contrary in this provision, the franchisee does not waive any right under the Indiana statutes with regard to prior representations made in the Indiana Uniform Franchise Offering Circular.”

## MARYLAND

The Franchise Disclosure Document and Franchise Agreement are amended to include the following modifications:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The first sentence of the “Summary” section of ITEM 17(c) of the Franchise Agreement chart entitled Requirements for You to Renew or Extend is deleted in its entirety and the following is substituted in its place.

“You must be in good standing, including compliance with the Annual Revenue Per Capita Growth or capture Market Share requirement; notify CITY WIDE in writing 12 months before the Franchise Agreement expires that you want a Successor Term; perform all required maintenance, refurbishing, renovating, remodeling, and equipment upgrades at your expense; sign CITY WIDE’s then-current form of Franchise Agreement, which may differ from the terms of the Franchise Agreement; pay a successor fee of 10% of your Initial Franchise Fee; sign a mutual release of all claims you may have against CITY WIDE (CITY WIDE will mutually release you), except for claims arising under the Maryland Franchise Registration and Disclosure Law; and a general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law; and provide proof to CITY WIDE that you have the right to remain at your Location.”

The “Summary” sections of ITEM 17(v) and 17(w) entitled Choice of Forum and Choice of Law, respectively, are amended by the addition of the following language:

“, except for claims arising under the Maryland Franchise Registration and Disclosure Law (Section 14-216[25]), including the right to submit matters to the jurisdiction of the courts of Maryland.”

The following sentence is added to the end of Section 2.2.5 of the Franchise Agreement:

“Provided, however, that the general release required as a condition of renewal shall not apply to any liability under the Maryland Franchise Registration and Disclosure Laws.”

The following sentence is added to the end of Section 4.1.2 of the Franchise Agreement:

“Provided, however, that the general release required as a condition of the refund shall not apply to any liability under the Maryland Franchise Registration and Disclosure Laws.”

The following sentence is added to the end of Section 13.4.6 of the Franchise Agreement:

“Provided, however, that the general release required as a condition of transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Laws.”

ITEM 17 of the Franchise Disclosure Document and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration & Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the franchise.

ITEM 17 of the Franchise Disclosure Document is hereby amended to the extent required under the Maryland Franchise Registration and Disclosure Laws.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 *et seq.*).

Exhibit I to the Franchise Disclosure Document, The Statement of Franchisee is hereby deleted in its entirety.

The Franchise Agreement contains provisions requiring you to acknowledge certain statements which are prohibited by Maryland law, including acknowledgements that: you have read or understand the franchise disclosure document or any exhibit; you understand the risks associated with the purchase of the franchise; no representations outside of or different from any representation in the disclosure document or any exhibit are binding; the success of the franchise is dependent solely or primarily on you; and you have had the opportunity to consult with professional advisors. These specific provisions within Section 30 of the Franchise Agreement are omitted as prohibited statements under Maryland law.

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

## **MINNESOTA**

The following is hereby added to the Special Risks Cover Page:

**"Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business."

Minnesota Stat. Sec. 80C.21 and Minnesota Rules 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 (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee can be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent of the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify franchisee from any loss, costs or expenses arising

out of any claim, suit or demand regarding use of the name. Minnesota considers it unfair not to protect the franchisee's right to use the trademarks. Refer to Minnesota Stat. Sec. 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J). Also, a court will determine if a bond is required.

The Limitations of Claims section must comply with Minnesota Stat. Sec. 80C.17, Subd. 5.

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

## **NEW YORK**

The following information is added to the cover page of the Franchise Disclosure Document:

**THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national

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

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

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

2. The following language replaces the “Summary” section of Item 17(d), titled “Termination by franchisee”:

You may terminate the agreement on any grounds available by law.

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

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

## **NORTH DAKOTA**

ITEM 17 of the Franchise Disclosure Document and corresponding Sections of the Franchise Agreement are amended by the addition of the following language to the original language or deleted as indicated:

“Requirements for you to renew or extend” (ITEM 17(c) of the Franchise Disclosure Document, and Section 2.2 of the Franchise Agreement) are amended to include the following language: “The execution of a general release upon renewal, assignment or termination will be inapplicable to franchises operating under the North Dakota Franchise Investment Law.”

“Your obligations on termination/non-renewal” (ITEM 17(i) and Section 15 of the Franchise Agreement) are amended to read:

“the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney fees.”

“Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.”

E. “Choice of Forum” (ITEM 17(v) of the Franchise Disclosure Document and Section 29 of the Franchise Agreement) is amended with the following language:

“Any action will be brought in the appropriate state or federal court in North Dakota.”

The “Choice of Law” (ITEM 17(w) of the Franchise Disclosure Document and Section 29 of the Franchise Agreement) is amended to read as follows:

“This Agreement takes effect upon its acceptance and execution by Company in North Dakota.”

“Applicable Law” (Section 29 of the Franchise Agreement) is amended to read as follows:

29(a) shall be deleted and amended to read as follows:

“This Agreement takes effect upon its acceptance and execution by Franchisor in North Dakota.”

“Acknowledgements” (Section 30 of the Franchise Agreement) is amended by the addition of the following language to the original language that appears therein to read as follows:

“Franchisee acknowledges that Franchisee received a copy of this Agreement, the attachments hereto, if any, and agreements relating thereto, if any, at least seven (7) days prior to the date on which this Agreement was executed.”

“Covenants” (Section 12 of the Franchise Agreement) is amended by the addition of the following language to the original language that appears therein:

“Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of North Dakota except in limited instances as provided by law.”

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

## **PUERTO RICO**

The following modifications are to the FDD and certain portions of the Franchise Agreement dated \_\_\_\_\_.

### **Franchise Agreement**

Section 29 Applicable Law is replaced with the following:

Franchisee acknowledges that (i) Franchisee is not a “dealer” as defined in 10 LPRA ss 278(a) and this Agreement is not a “dealer contract” as defined in 10 LPRA ss 278(b); (ii) nothing in this Agreement or the Confidential Operating Manual will obligate Franchisee to (1) distribute or maintain a facility for the sale or distribution of CITY WIDE products; (2) maintain an inventory of CITY WIDE products; (3) establish prices for the sale of CITY WIDE products to independent contractors or CITY WIDE customers in the Designated Territory; (4) establish terms for the sale of CITY WIDE products to independent contractors or CITY WIDE customers in the Designated Territory; (5) deliver CITY WIDE products to or perform billing or collection services for independent contractors or CITY WIDE customers in the Designated Territory; (6) extend credit to independent contractors or CITY WIDE customers in the Designated Territory; or (7) develop any marketing materials for the sale of CITY WIDE products in the Designated Territory; and (iii) the grounds for termination of the Agreement by Franchisor in Section 14 of the Agreement are reasonable and just cause for termination.

Section 30, Acknowledgement, the following is added:

BY SIGNING THIS AGREEMENT, FRANCHISEE ACKNOWLEDGES THAT:

1. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE SYSTEM AND RECOGNIZES THAT THE BUSINESS CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISK AND WILL LARGELY DEPEND UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESS PERSON; AND

2. FRANCHISOR HAS NOT GIVEN, AND FRANCHISEE HAS NOT RECEIVED ANY EXPRESS OR IMPLIED WARRANTY OR GUARANTY REGARDING POTENTIAL VOLUME, PROFITS, OR SUCCESS OF THE BUSINESS CONTEMPLATED BY THIS AGREEMENT; AND

3. FRANCHISEE IS NOT A PARTY TO OR SUBJECT TO AGREEMENTS THAT MIGHT CONFLICT WITH THE TERMS OF THIS AGREEMENT AND AGREES NOT TO ENTER INTO ANY CONFLICTING AGREEMENTS DURING THE INITIAL TERM OR ANY INTERIM PERIOD; AND

4. FRANCHISEE HAS RECEIVED THE FDD REQUIRED BY THE FEDERAL TRADE COMMISSION WITH APPLICABLE EXHIBITS AT LEAST FOURTEEN (14) DAYS BEFORE THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED AND HAS RECEIVED A COPY OF THE COMPLETED FRANCHISE AGREEMENT AT LEAST SEVEN (7) DAYS BEFORE THAT DATE ON WHICH THIS AGREEMENT WAS EXECUTED; AND

5. THE GROUNDS FOR TERMINATION OF THE AGREEMENT BY FRANCHISOR IN SECTION 14 OF THE AGREEMENT ARE REASONABLE AND JUST CAUSE FOR TERMINATION; AND

6. THE DISPUTE RESOLUTION METHODS SET FORTH IN SECTION 27, INCLUDING ARBITRATION, MEDIATION AND LITIGATION, WERE SUBSCRIBED FREELY AND VOLUNTARILY BY FRANCHISOR AND FRANCHISEE AS THE METHOD FOR DISPUTE RESOLUTION, INCLUDING THE SITE FOR MEDIATION OR LITIGATION PROCEEDINGS IN LENEXA, KANSAS; AND

7. THE GOVERNING LAW PROVISIONS OF SECTION 27.1. ARE BINDING ON FRANCHISEE AND THAT FRANCHISEE HAS HAD THE OPPORTUNITY TO CONSULT WITH COUNSEL AND UNDERSTANDS THE CONSEQUENCES OF THE GOVERNING LAW PROVISIONS OF THIS SECTION.

**ACKNOWLEDGMENT**

It is agreed that the applicable foregoing Puerto Rico Specific Addenda, if any, supersedes any inconsistent portion of the Franchise Agreement dated \_\_\_\_\_, and of the disclosure document.

DATED \_\_\_\_\_.

**CITY WIDE FRANCHISE COMPANY, INC.**

**FRANCHISEE:**

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

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

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

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

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

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

## **RHODE ISLAND**

The “Renewal, Termination, and Dispute Resolution” (ITEM 17) is amended by the addition of the following language to the original language:

“§19-28.1-14 of the Rhode Island Franchise Investment Act provides that [A provision in a Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.]”

ITEM 17(v) is amended as follows:

“This Section is invalid under Rhode Island General Law Section (19.28.1-4)”

ITEM 17(w) is amended as follows:

“This Section is invalid under Rhode Island General Law Section (19-28.1-14)”

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

## **SOUTH DAKOTA**

The “Summary” section of ITEM 17(g) entitled “Cause” Defined - Defaults Which Can Be Cured, is deleted in its entirety and the following is substituted in its place:

“If you fail to pay any amounts due to us or our affiliates and do not cure the breach within 30 days’ notice from us, you have 30 days to cure any other default (except those defaults listed in (h).”

The “Summary” section of ITEM 17(r) of the Franchise Disclosure Document and Section 12 of the Franchise Agreement are amended as follows:

“Covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.”

The “Summary” sections of ITEMS 17(v) and 17(w) entitled Choice of Forum and Choice of Law, respectively, are amended by the addition of the following language:

“Any provision in the Franchise Agreement restricting jurisdiction or venue to a forum outside of South Dakota or requiring the application of the laws of any other state is void with respect to a claim otherwise enforceable under the South Dakota Franchise Act.”

“Pursuant to SDCL 37-5B, any condition, stipulation or provision purporting to waive compliance with any provision of this chapter or any rule or order thereunder is void. Any acknowledgement provision, disclaimer or integration clause or a provision having a similar effect in a Franchise Agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.”

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

## **VIRGINIA**

The Franchise Disclosure Document is amended as follows:

Pursuant to the Virginia Retail Franchising Act (“VRFA”), the FTC cover page is modified by adding the words “or grant” at the end of the third sentence in the third Section so it reads as follows:

“You must receive this disclosure document at least fourteen (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 or grant.”

ITEM 17 is amended by striking the first Section and replacing it with the following language:

**“This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.”**

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for use in the Commonwealth of Virginia shall be amended as follows:

ITEM 17(h) is amended by the addition of the following language:

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute “reasonable cause”, as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.”

Pursuant to the VRFA, the ITEM 23 Receipts at Exhibit L are modified by adding the word “calendar” between the words “14” and “days” and the words “or grant” at the end of the second Section so each reads as follows:

“If City Wide Franchise Company, Inc. offers you a franchise, City Wide Franchise Company, Inc. must provide the Franchise Disclosure Document to you 14 calendar days (commencing the day after delivery of this Franchise Disclosure Document) before you sign a binding agreement or make a payment with the franchisor or an affiliate in connection with the proposed franchise sale or grant.”

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

## **WASHINGTON**

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

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

## **WISCONSIN**

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

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any

statement by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**ACKNOWLEDGMENT:**

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, and of the Franchise Disclosure Document.

DATED this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

CITY WIDE FRANCHISE COMPANY, INC., FRANCHISOR

By: \_\_\_\_\_  
Authorized Officer/Director

FRANCHISEE: \_\_\_\_\_

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

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

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



**EXHIBIT H**

**TO FRANCHISE DISCLOSURE DOCUMENT**

**CITY WIDE FRANCHISE COMPANY, INC.**

**FORM OF GENERAL RELEASE**

## EXHIBIT H

### GENERAL RELEASE

This General Release (“**Release**”) made this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between CITY WIDE FRANCHISE COMPANY, INC., a Kansas corporation and having its principal place of business at 15230 W. 105<sup>th</sup> Terrace, Lenexa, Kansas 66219 (“**CITY WIDE**”), and each of the undersigned individuals/partnerships/corporations/limited liability companies (jointly and severally, “**Franchisee**”).

#### WITNESSETH:

WHEREAS, Franchisee acquired one or more franchises from CITY WIDE to open and operate one or more CITY WIDE businesses (the “**Franchised Business(es)**”) pursuant to the CITY WIDE Franchise Agreement(s) between CITY WIDE and Franchisee dated \_\_\_\_\_ (“**Franchise Agreement(s)**”);

WHEREAS, Franchisee has elected to assign and transfer the Franchise Agreements and all Franchisee’s rights thereunder in accordance with the terms of the Franchise Agreements; and

WHEREAS, CITY WIDE has agreed to consent to such assignment and transfer on condition that, among other things, Franchisee execute this Release.

NOW, in consideration of the above, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Franchisee and CITY WIDE hereby agree as follows:

1. Release. Franchisee hereby absolutely and forever releases and discharges CITY WIDE and its Related Parties (as defined below), from and against any and all Claims (as defined below) of Franchisee arising out of or relating to the offer or sale of the Franchise Agreement(s), including violations of any federal or state law, rule, or regulation pertaining thereto. “**Related Parties**” means predecessors, affiliates, agents, employees, successors, assigns, and their respective officers, directors, shareholders, heirs, executors, and representatives. “**Claims**” means any and all claims, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever, whether now known or unknown, suspected or unsuspected, at law or in equity, which the releasing party now has, owns or holds, at any time before this time ever had, owned or held, or at any time after this time has, owns or holds. Franchisee hereby irrevocably covenants not to assert, or to initiate any suit or proceeding based in whole or in part upon any Claim released hereunder.

2. Entire Agreement. This Release supersedes any prior negotiations and agreements, oral or written, with respect to its subject matter. This Release may not be amended except in a writing signed by all of the parties. No representations, warranties, agreements, or covenants have been made with respect to this Release, and in executing this Release, none of the parties is relying upon any representation, warranty, agreement, or covenant not set forth herein.

3. Acknowledgement. Each of the parties certifies to the other that it has read all of this Release and fully understands all of the same and that it has executed this Release after having had the opportunity to obtain legal advice as to such party’s rights from legal counsel of its choice.

4. Power and Authority. Each of the parties represents and warrants to the other that it has the full power and authority to execute this Release, and to do any and all things reasonably required hereunder. Nothing herein shall constitute an admission of any liability or wrongdoing by any party hereto.

5. No Assignment. Franchisee represents and warrants to CITY WIDE that it has not assigned, transferred, or conveyed to any third party all or any part of or partial or contingent interest in any of the released matters which are called for to be released by this Release now or in the future, that it is aware of no third party who contends or claims otherwise, and that it shall not after this time purport to assign, transfer, or convey any such claim.

6. Choice of Law. This Release shall be construed in accordance with and all disputes hereunder shall be governed by the laws of the State of Kansas. If any legal action is necessary to enforce the terms and conditions of this Release, the parties hereby agree that any action sought to be brought by either party, shall be brought in the appropriate state or federal court covering Johnson County, Kansas with jurisdiction over the matter.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed this Release in multiple copies the day and year first above written.

ATTEST:

CITY WIDE FRANCHISE COMPANY, INC.

\_\_\_\_\_

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

ATTEST/WITNESS:

FRANCHISEE:

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

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

**\*\*This Release does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.**



**EXHIBIT I**

**TO FRANCHISE DISCLOSURE DOCUMENT**

**CITY WIDE FRANCHISE COMPANY, INC.**

**STATEMENT OF FRANCHISEE**

**STATEMENT OF FRANCHISEE**

[Note: Dates and Answers Must be Completed in the  
Prospective Franchisee’s Own Handwriting]

**California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington and Wisconsin franchisees should not complete this Statement of Prospective Franchisee. If a franchisee in one of these states does so, we will disregard and not rely on the Statement of Prospective Franchisee.**

**Do not sign this Statement of Franchisee if you are a resident of the states of California, Maryland or Washington, or your franchised business will be located in the states of California, Maryland or Washington.**

In order to make sure that no misunderstanding exists between you, Franchisee, and us, City Wide Franchise Company, Inc. (also called “City Wide” or the “FRANCHISOR” or “we”) and to make sure that no violations of law might have occurred, and understanding that we are relying on the statements you make in this document, you assure us as follows:

The following dates are true and correct:

Date	Initials	
1. _____, 20____	_____	The date on which I received a Franchise Disclosure Document regarding the City Wide Franchise.
2. _____, 20____	_____	The date of my first face-to-face meeting with Franchise Salesperson to discuss a possible purchase of a City Wide Franchise.
3. _____, 20____	_____	The date on which I received a completed copy (other than signatures) of the Franchise Agreement which I later signed.
4. _____, 20____	_____	The date on which I signed the Franchise Agreement.
5. _____, 20____	_____	The earliest date on which I delivered cash, check or other consideration to the Franchise Salesperson or an officer of City Wide Franchise Company, Inc.

**Representations.**

1. No oral, written, visual or other promises, agreements, commitments, representations, understandings, “side agreements,” options, right-of-first-refusal or otherwise have been made to or with me with respect to any matter (including but not limited to advertising, marketing, site location, operational, marketing or administrative assistance, exclusive rights or exclusive or protected territory or otherwise), nor have I relied in any way on same, except as expressly listed in the Franchise Agreement or an attached written Addendum signed by me and City Wide, except as follows:

---

(If none, you should write NONE in your own handwriting and initial.)

2. No oral, written, visual or other promises, agreements, commitments, representation, understandings, “side agreements” or otherwise which expanded upon or were inconsistent with the Franchise

Disclosure Document or the Franchise Agreement or any attached written addendum signed by me and an officer of City Wide, were made to me by any person or entity, nor have I relied in any way on same, except as follows:

---

(If none, you should write NONE in your own handwriting and initial.)

3. Except as listed in ITEM 19 of the City Wide Franchise Disclosure Document, no oral, written, visual or other claim or representation (including but not limited to charts, tables, spreadsheets or mathematical calculations to demonstrate actual or possible results based on a combination of variables, such as multiples of price and quantity to reflect gross sales, or otherwise), which stated or suggested a specific level or range of actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or from which such items might be ascertained) from City Wide Franchises, was made to me by any person or entity, nor have I relied in any way on any such claim or representation, except as follows:

---

(If none, you should write NONE in your own handwriting and initial.)

4. No contingency, prerequisite, reservation or otherwise exists with respect to any matter (including but not limited to my obtaining financing, or my fully performing any of my obligations), nor have I relied in any way on same, except as described in the Franchise Agreement or any attached written Addendum signed by me and City Wide:

---

(If none, you should write NONE in your own handwriting and initial.)

5. The individuals signing for me constitute all of the executive officers, partners, shareholders, investors and/or principals. Each of such individuals has reviewed the Franchise Disclosure Document and all exhibits and carefully read, discussed, understands and agrees to the Franchise Agreement, each attached written Addendum and any personal guaranties.

6. I have had an opportunity to consult with an independent professional advisor, such as an attorney or accountant, prior to signing any binding documents or paying any sums, and City Wide has strongly recommended that I obtain such independent advice. I have also been strongly advised by City Wide to discuss my proposed purchase of a City Wide Franchise with any existing City Wide franchisees prior to signing any binding documents or paying any sums and City Wide has supplied me with a list of all existing franchisees if any exist.

7. I fully understand that any training, support, guidance or tools that City Wide will provide to me as part of the franchise are for the purpose of protecting the City Wide brand and trademarks and to assist me in the operation of my franchised business and not for the purpose of controlling or in any way intended to exercise or exert control over any of my decisions or the day to day operations of my franchised business, including my sole responsibility for the hiring, payment of wages and other compensation (including benefits), training, supervision and termination of my employees, and all other employment and employee related matters that occur involving my franchised business.

8. I understand that a) entry into any business venture necessarily involves some unavoidable risk or loss or failure; b) while the purchase of a franchise may improve the chances for success, the purchase of a City Wide Franchise or any other franchise is a speculative investment; c) investment beyond that outlined in the Franchise Disclosure Document may be required to succeed; d) there exists no guaranty against possible loss or

failure in this or any other business; and e) the most important factors in the success of any City Wide Franchise, including the one to be operated by me, are my personal business skills, which include marketing, sales, and management, and require sound judgment and extremely hard work.

If there are any matters inconsistent with the statements in this document or if anyone has suggested that you sign this document without all of its statements being true, correct and complete, immediately inform City Wide (Phone: (866) 887-4029) and our president.

You understand and agree that we do not furnish, or authorize our salespersons, brokers or others to furnish any oral or written information concerning actual or potential sales, costs, income, expenses, profits, cash flow, tax effects or otherwise (or information from which such items might be ascertained), from franchise or non-franchised units, that no such results can be assured or estimated, and that actual results will vary from unit to unit.

You understand and agree to all of the foregoing and represent and warrant that all of the above statements are true, correct and complete.

MARYLAND RESIDENTS: This Statement of Franchisee is not intended to limit any rights you may have under local law. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

**PROSPECTIVE FRANCHISEE:**

**FRANCHISE SALESPERSON:**

\_\_\_\_\_  
Date  
\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
Date  
\_\_\_\_\_  
(Printed Name)

**REVIEWED BY FRANCHISOR:**

By: \_\_\_\_\_  
\_\_\_\_\_  
(Printed Name)

\_\_\_\_\_  
Date

Its: \_\_\_\_\_

**\*\*This Questionnaire does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.**



**EXHIBIT J**

**TO FRANCHISE DISCLOSURE DOCUMENT**

**CITY WIDE FRANCHISE COMPANY, INC.**

**STATE EFFECTIVE DATES AND RECEIPT**

### 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:

<b>State</b>	<b>Effective</b>
California*	Exempt
Hawaii	
Illinois*	
Indiana*	Exempt
Maryland*	
Michigan	
Minnesota	
New York*	
North Dakota*	
Rhode Island*	
South Dakota	
Virginia*	
Washington*	Pending
Wisconsin	May 6, 2024

\*Large Franchise Exemptions

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.

In all other states, the effective date of this Franchise Disclosure Document is the issuance date of.



**EXHIBIT J  
RECEIPT**

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

If CITY WIDE offers you a franchise, CITY WIDE must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, CITY WIDE or an affiliate in connection with the proposed franchise sale or grant. Under Illinois, Iowa, Maine, Nebraska, Oklahoma, Rhode Island, or South Dakota law, if applicable, CITY WIDE must provide this disclosure document to you at your first personal meeting to discuss the franchise. Under New York law, CITY WIDE must provide this disclosure document to you 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.

If City Wide Franchise Company, Inc. does not deliver this Franchise Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the State Administrator listed in **Exhibit E**.

The name, principal business address and telephone number of the Franchise Seller offering the franchise: Adria Hartwig, Director of Franchise Development, 15230 W. 105<sup>th</sup> Terrace, Lenexa, KS 66219, 913.888.5700 x-265. Other Franchise Seller: \_\_\_\_\_

Date of Issuance: May 6, 2024

See **Exhibit E** for our registered agents authorized to receive service of process.

I (the undersigned) received a Franchise Disclosure Document dated May 6, 2024 that included the following exhibits:

- Exhibit A: Financial Statements
- Exhibit B: Form of Franchise Agreement
  - Attachment A: Guaranty and Assumption of Obligations
  - Attachment B: Designated Territory
  - Attachment C: Marks
  - Attachment D: Mark Use Guidelines
  - Attachment E: Confidentiality Agreement
  - Attachment F: Non-Compete Agreement
  - Attachment G: Acknowledgement Regarding Ownership
  - Attachment H: ACH Recurring Payment Authorization Form
  - Attachment I: SBA Addendum
  - Attachment J: Successor Addendum
  - Attachment K: Business Development Center Agreement
  - Attachment L: Accounting Services Agreement
  - Attachment M: IT Services Agreement
- Exhibit C: List of Franchise Locations
- Exhibit D: List of Terminated or Cancelled Franchises
- Exhibit E: List of State Administrators
- Exhibit F: Table of Contents-Operating Manual
- Exhibit G: State Specific Addenda
- Exhibit H: Form of General Release
- Exhibit I: Statement of Franchisee
- Exhibit J: State Effective Dates & Receipt

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Please date and sign this copy of the Receipt and keep it for your records.